

0037

2015/015 Incoming



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, UT 84145-0155

<http://www.blm.gov>

IN REPLY REFER TO:

3425

UTU-86038

(UT-923)

SEP 14 2009

CERTIFIED MAIL – Return Receipt Requested

Mr. John Baza, Director
Utah Division of Oil, Gas and Mining
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Dear Mr. Baza:

This office held a competitive coal lease sale on September 3, 2009. Consolidation Coal Company was declared the highest qualified bidder for the Miller Canyon Tract, assigned serial number UTU-86038, described as follows:

T. 22 S., R. 6 E., SLM, Emery County, Utah
Sec. 23, S $\frac{1}{2}$ SW;
Sec. 26, NW $\frac{1}{4}$ NW $\frac{1}{4}$.

Containing approximately 120.00 acres in Emery County, Utah.

Enclosed is a copy of the minutes of the sale. The bid of \$201,600 was accepted by our State Director on September 11, 2009.

Sincerely,

Kent Hoffman
Deputy State Director
Lands and Minerals

Enclosures:
Minutes of Sale

RECEIVED

SEP 17 2009

DIV. OF OIL, GAS & MINING

Minutes of Lease by Application
Coal Sale
Utah State Office

The Miller Canyon Tract

September 3, 2009

A coal lease sale was held at 1:00 p.m., September 3, 2009, pursuant to a notice posted July 28, 2009, and was conducted under the authority of Section 2(a)(1) of the Mineral Leasing Act of 1920, as amended.

The sale included one tract, the Miller Canyon Tract, which conformed to the Lease By Application sale criteria set forth in 43 CFR 3425.1-5, and was found to be environmentally suitable for leasing, potentially economic for coal production, and consistent with local or regional, social and economic needs. The tract contains 120.00 acres located approximately three miles south of Emery, Utah in Emery County.

The sale was held by William Buge of the Solid Minerals Adjudication Group. A list of attendees is attached.

The coal resources were offered for lease by sealed bid. One sealed bid was received on the tract. A summary is shown below:

UTU-86038

T. 22 S., R. 6 E., SLM, Emery County, Utah
Sec. 23, S $\frac{1}{2}$ SW;
Sec. 26, NW $\frac{1}{4}$ NW $\frac{1}{4}$.

Acres: 120.00

Coal Quality I Bed:

Btu/lb.:	12,180
Percent Moisture:	6.07
Percent Ash:	8.37
Percent Volatile Matter:	38.89
Percent Fixed Carbon:	47.24
Percent Sulfur:	1.08

Minimum Acceptable Bid:	Per Acre	\$ 100.00
	Total	\$ 12,000.00

High Bidder: Consolidation Coal Company

Total Bid: \$ 201,600

Bid per Acre:	\$ 1,680.00
Total Submitted With Bid:	\$ 40,320
Per Ton Bid:	\$.36

The coal sale was declared closed at 1:04 p.m.

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SEP 17 2009



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IN REPLY PLEASE REFER TO:

UTU-79975

(U-930)

SEP 11 2009

Memorandum

To: State Director

From: Chief, Minerals Branch

Subject: Post-Sale Recommendations Regarding the Competitive Leasing of Miller Canyon Coal Lease Tract, UTU-86038, LBA by Consolidation Coal Company

The Utah coal sale panel met on Thursday September 3, 2009 at 1:30 pm at the Utah BLM Office in Salt Lake City to consider the competitive coal lease sale for the Miller Canyon coal lease tract. The sale for this tract was held at 1:00 p.m. on September 3, 2009 at the BLM Office in Salt Lake City.

At the sale, a single bid was opened for the tract by: Consolidation Coal Company, the applicant for the lease by application (LBA). The bid was for \$201,600 or \$1,680 per acre. Based on the recoverable coal tonnage determined by BLM of 561,085 million tons, this is \$0.36 / recoverable ton.

The bid meets the statutory minimum of \$100 per acre and was the sole bid for the tract. A copy of the sale minutes are attached to this memo as Appendix A.

The coal sale panel consisted of:

Coal Sale Panel Chairman/
Chief, Minerals Branch
State of Utah Representative
Mining Engineer
Geologist
Adjudication
Mining Eng/Financial

Roger Bankert
Dana Dean – non-voting
Steve Rigby
Mike Glasson
Bill Buge' – non-voting
Jeff McKenzie

The coal sale panel deliberations considered the conduct of the sale, the Presale Estimate of Value and Recommended Minimum Bid for the tract by the Utah Evaluation Team, the bidder's qualifications, the bidder's motivation and interest, including potential for bypass of any Federal coal.

September 3, 2009 Coal Sale Panel Meeting Summary

The panel found the following at the sale review meeting:

- The sale was conducted in accordance with BLM regulations in 43 CFR 3422 and BLM Handbook 3420-1.
- The sole bid was \$201,600 or \$0.36 / recoverable ton.
- The like sale assessment and recommendation was met or exceeded.

The coal sale panel unanimously approved a motion to accept the bid of \$0.36 / recoverable ton for the Miller Canyon Coal Lease Tract, UTU-86038.

Recommendation

The coal sale panel recommends accepting the \$201,600 bid for the Miller Canyon Coal LBA Lease Tract because it exceeds the final adjusted coal sale panel Estimate of fair market value (FMV). John R. Baza Director Utah Division of Oil, Gas and Mining, represented by Dana Dean Associate Director, Mining, concurs with this recommendation.

/s/ Roger L. Bankert

Roger L. Bankert
Chief, Minerals Branch

I concur:

/s/ Selma Sierra

Selma Sierra
State Director

I do not concur:

Selma Sierra
State Director

Cc: John R. Baza
Director Utah Division of Oil, Gas and Mining
Kent Hoffman
Deputy State Director Lands and Minerals

MillerCanyonLBASalpanelJM-SA-9-4-09