



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101-1345

<http://www.blm.gov/ut/st/en.html>

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AUG 04 2016

DIV. OF OIL, GAS & MIN.

IN REPLY REFER TO:

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UTU-86038

(UT-9223)

AUG 01 2016

CERTIFIED MAIL

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DECISION

Bronco Utah Reserves LLC

P.O. Box 527

Emery, UT 84522

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Coal Lease

UTU-86038

Application for Payment of Advance Royalties in Lieu of Production Approved

On June 30, 2016, the Utah State Office of the Bureau of Land Management (BLM) received a request dated June 28, 2016 from the Bronco Utah Reserves LLC to make payment of advanced royalty in lieu of continued operation requirement per 43 CFR 3483.4. The current continued operation annual requirement for Federal coal lease UTU-86038 is 5,600 tons which will not be met for the Continued Operation Year (COY) 7 [March 1, 2016- February 28, 2017]. Pursuant to this regulation, for advance royalty purposes, the value of the federal coal will be calculated in accordance with 43 CFR 3485.2 and the Office of Natural Resources and Revenue (ONRR) is responsible for determining the value of the coal.

The Energy Policy Act (P.L. 109-85) has increased the amount of times advance royalty can be paid to 20. Payment for COY 7 (March 1, 2016 – February 28, 2017) will make the 6th time that this lease has paid advanced royalties. The BLM hereby approves this request for the payment of advanced royalties.

The BLM would like to make Bronco Utah Reserves LLC aware of the following subparts of 43 CFR 3483.4 governing advance royalty requests.

1. Subpart (a) Advance royalty may only be accepted in lieu of continued operation upon application to and approval by the authorized officer.
2. Subpart (b) However, any request by an operator/lessee for suspension of the continued operation requirement and payment of advance royalty in lieu thereof shall be made no later than 30 days after the beginning of the continued operation year. If an operator/lessee requests

authorization to pay advance royalty in lieu of continued operation later than 30 days after the beginning of any continued operation year, the authorized officer may condition acceptance of advance royalty on the payment of a late payment charge on the amount of the advance royalty due. The late payment charge will be calculated in accordance with 30 CFR 1218.20.1.

3. Subpart (g) If an operator/lessee fails to make an approved advance royalty payment in any continued operation year, the authorized officer shall inform the operator/lessee in writing that the operator/lessee is in violation of the continued operation requirement. If the operator/lessee then fails to comply with 30 CFR 218.200, the Federal lease or LMU shall be subject to cancellation pursuant to §3483.2 of this title.

This filing is in conformance with 43 CFR 3483.4(b) and no late payment charges will be assessed for this COY. The BLM may charge these in the future if the requests are not received on time.

Please be advised that any future requests that are submitted, the BLM will require detailed justification as to why payment of advanced royalty in lieu of continued operations will be required before the BLM will consider the approval of payment of advanced royalty.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4, and the instructions found on Form 1842.1 (enclosed). If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (pursuant to regulation 43 CFR 4.21)(58 FR 4939, January 19, 1993) (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay **must** also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards.

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellant's success on the merits,
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and

(4) Whether the public interest favors granting the stay.

If you have any questions on this application to pay advanced royalties approval, please contact Mr. Stan Perkes of my staff at 801-539-4036.

A handwritten signature in blue ink, appearing to read 'KA 7/6/11', is written over a horizontal line.

Kent Hoffman
Deputy State Director
Lands and Minerals

Enclosure Form (1842-1)

cc: ONRR, Western Audit and Compliance, Denver C, Attn: Karen Garza, MS 62530B,
P.O. Box 25165, Denver. CO 80225-0165
Mr. John Baza, Director, UDOGM, Box 145801, Salt Lake City, Utah 84114-5801
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