

C/015/018 Incoming



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>



IN REPLY REFER TO:

3452

UTU-88554

(UT-9223)

SEP 01 2015

RECEIVED

SEP 08 2015

DIV. OF OIL, GAS & MINING

CERTIFIED MAIL – 91 7199 9991 7035 9001 7136
Return Receipt Requested

Interwest Mining Co., Managing Agent
Subsidiary of PacifiCorp
Scott M. Childs
Manager, Lands and Regulatory Affairs
1407 W. North Temple, Suite 310
Salt Lake City, Utah 84116

Subject: Deer Creek Mine Royalty Rate Reduction Application 25th West Outby Longwall

Dear Mr. Childs:

On June 17, 2013, the Bureau of Land Management (BLM) received a Royalty Rate Reduction (RRR) application from Interwest Mining Company (Interwest), a subsidiary of PacifiCorp, dated June 17, 2013 (hand-delivered). The request is for a Category 1 royalty rate reduction for the block of coal titled "25th West Outby Longwall Panel."

The BLM has examined the PacifiCorp application for a RRR in Federal coal lease UTU-88554 and determined the Deer Creek Mine had unique adverse geologic conditions (high sulfur and ash levels) in the 25th West longwall area. These conditions have been confirmed by the BLM field inspector.

The lease is in good standing with the Office of Natural Resource Revenue (ONRR). The Utah Division of Oil, Gas and Mining as well as the Washington Office of the BLM have sent letters of concurrence to the RRR.

The BLM approves a Category 1 RRR for a royalty rate reduction from 8% to 5%, effective July 1, 2013, the start of the first royalty reporting period after the date the application for the RRR was filed (June 17, 2013). The term of the RRR will be for the production of up to 1.571 million tons from the 25th West longwall coal panel, in federal coal lease UTU-88554. Interwest

tons from the 25th West longwall coal panel, in federal coal lease UTU-88554. Interwest provided a final accounting of the coal quality encountered and the tonnage in a letter dated April 17, 2014.

Excess royalties paid on production shall be recouped as directed by ONRR.

RRR's approved under this category are transferable with the lease, provided all lease payments are current and the lease accounts are in good standing.

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. 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 have any questions please call Roger Bankert of this office at (801) 539-4037.



Jenna Whitlock
Acting State Director

cc: BLM Price Field Office (Attn: Steve Rigby)

ONRR (Attn: LeAnn M. Martin)

UDOGM