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015/032 Incoming
cc: PAm

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
www.ut.blm.gov

IN REPLY REFER TO :
3484
UTU-78953
(UT-932)

FEB 27 2003

Dave Shaver
Genwal Resources
P.O. Box 902
Price, Utah 84501

Dear Mr. Shaver:

With a decision on The South Crandall Canyon federal coal tract due to be made in the near future, the BLM needs to move forward with some of our final activities before offering the lease tract for sale. BLM needs to determine the Fair Market Value (FMV) for the federal coal by developing a Presale Appraisal for the tract. The information needed includes:

Comparative Sales Information

We are of course aware of BLM comparative sales in Utah and surrounding states and most transactions involving transfer of Federal leases. In some cases where no assignments of leases are involved, we do not receive detailed information so anything you have may be useful as it relates to value of transferred leases. Any information that you believe would be useful for evaluation by this method, please provide.

Income Approach to Valuation

In order to determine FMV for the tract thru the income approach, the BLM will be constructing models of your operation with and without the South Crandall Canyon tract. The key factors that will be entered into the model that we are seeking your input on include (information on per ton basis where applicable):

Recoverable Coal Reserves:

- Without the tract:
- With the tract:

Size of Operation (annual production):

- Present
- Future
- Without the tract:
- With the tract:

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DIV. OF OIL, GAS & MINING

Capital Costs:
Dollars to Present:
Future: (Broken down by item, cost, year to be purchased)
 Without Tract:
 With Tract:

Mine Operating Costs (per ton basis):
Direct Operating Costs:
Other Costs:
 Rec. Tax:
 Black Lung Fee:
 Local Property Tax:
 All Royalty Requirements:

Coal Prices:
Existing:
Trends:
Future:

Risk Summary:
Geologic:
Market:
Mining:
Other:

Any Information on Recent Coal Contracts:

Existing Trucking Costs:

Any other information you feel is relevant:

Development of dependable information is vital to a good evaluation. Data you can provide will be helpful to this process. We would also like to visit the mine in conjunction with this request that will give us a better feel for what is being presented by Genwal Resources. This visit can be scheduled at your convenience. All information that is submitted by your company will be kept confidential and we would like it by April 14, 2003.

The FMV hearing is scheduled for Monday, March 17, 2003 at the Huntington Senior Citizens Center (100 North, 176 West) at 7:00 p.m. We thank you for your assistance on this matter. If you have any questions, please call Stan Perkes at 801-539-4036 or Jeff McKenzie 801-539-4036.

Sincerely,



/s/ Douglas Bauer

James F. Kohler
Chief, Solid Minerals Branch

cc: Mary Ann Wright, Utah Division of Oil, Gas and Mining, w/o enc
PFO