



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:
 3425
 UTU-78953
 (UT-924)

JUN 13 2003

CERTIFIED MAIL—Return Receipt Requested

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

*Incoming
 6/15/03*

Dear Mr. Braxton:

This office held a competitive coal lease sale on June 12, 2003. ANDALEX Resources, Inc. (50%) and Intermountain Power Agency (50%) were declared the highest qualified bidder for the South Crandall Canyon Tract, assigned serial number UTU-78953, described as follows:

T. 16 S., R. 7 E., SLM, UT
 Sec. 4, W2SW, S2SWNW;
 Sec. 5, SE, S2SENE;
 Sec. 8, E2, NENW, S2NW;
 Sec. 9, NW.

Containing 880.00 acres

Enclosed is a copy of the minutes of the sale. The bid of \$6,561,800.00 was accepted by our State Director on June 12, 2003.

Sincerely,

Kent Hoffman
 Deputy State Director
 Lands and Minerals

Enclosures:

1. Minutes of Sale (2 pp)
2. State Director's Concurrence (2 pp)

RECEIVED
 6/20/03
JUN 15 2003
 (MWR)

DIV. OF OIL, GAS & MINERALS

Minutes of Lease By Application
Coal Sale
Utah State Office

The South Crandall Canyon Tract

June 12, 2003

A coal lease sale was held at 1:00 p.m., June 12, 2003, pursuant to a notice posted May 13, 2003, 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 South Crandall 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 880.00 acres located approximately 10 miles northwest of Huntington, Utah in Emery County.

The sale was conducted by Chris Merritt, of the 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-78953

Acres: 880.00

Coal Quality:

BTU/lb.:	12,790
Percent Moisture:	5.26
Percent Sulphur:	0.61
Percent Ash:	4.68
Percent Fixed Carbon:	45.88
Percent Volatile Matter:	44.18

Minimum Acceptable Bid:	Per Acre	\$100.00
	Total	\$88,000.00

High Bidder: ANDALEX Resources, Inc./Intermountain
Power Agency

Total Bid:	\$6,561,800.00
Per Acre Bid:	\$7,456.591
Total Submitted With Bid:	\$1,312,360.00
Per Ton Bid:	\$0.86

The coal sale was declared closed at 1:07 p.m.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
UTAH STATE OFFICE
324 SOUTH STATE, SUITE 301
SALT LAKE CITY, UTAH 84111-2303

COAL SALE ROSTER

SOUTH CRANDALL CANYON COAL TRACT
UTU-78953
June 12, 2003 (1:00 p.m.)

<u>Name</u>	<u>Address</u>	<u>Representing</u>
CHRISTOPHER J. MERRITT	324 S. STATE SALT LAKE CITY, UT	BLM
Stephen Falk	125 S. 600 W. Price UT	BLM - Price
John Bradsh	45 West 10th S and 401	Andalex
John Blake	675 E. 500 S. SLC	TLA
DAVE MASCARENHAS	324 S. STATE	BLM
Ronald W. Daniels	1574 W. N. Temple	UT DORM
Connie Mountain	324 South State	BLM
Janet Cristelli	324 S. State	BLM
LaRae Frie	324 S. State #400	BLM
17 D Pick		Canyon
Lance Lee		IPA
Reed Seale		IPA
Jeff McKenzie	324 S. State #400	BLM
STAN PERLES	"	"
Gregg S Hudson	"	"
BILL ENGRS	111 N. HOPE ST. #263 LA. CA 90012	IPA
DOUG BAUER	324 S. State SLC, UT	BLM
JIM KOHLER	324 S. State SF. SLC, UT	BLM



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

In Reply Refer To:
3425
(UT-924)

JUN 12 2003

Memorandum

To: State Director, Utah

From: Deputy State Director, Lands and Minerals
Chairman of the Coal Sale Panel

Subject: Post-Sale Recommendations Regarding the Competitive Leasing of
South Crandall Canyon Coal Lease Tract, UTU-78953, ANDALEX Resources, Inc.
(50%) Intermountain Power Agency (50%)

The Utah Coal Sale Panel met on Wednesday, June 12, 2003, to consider the competitive coal lease sale for the South Crandall Canyon coal lease tract. The sale for this tract was held at 1:00 p.m. on June 12, 2003, in the Bureau of Land Management Fourth Floor Conference Room, 324 South State, Suite 400, Salt Lake City, Utah. The sale panel met after the bid opening at the BLM Office to conduct the Post-Sale analysis. The following were in attendance:

Jim Kohler:	Coal Panel Chairman
Stan Perkes:	Mining Engineer
Jeff McKenzie:	Mining Engineer
Doug Bauer:	Geologist
Gregg Hudson:	Geologist
Ron Daniels:	Representative for the State of Utah
John A. Lewis:	Washington Office Representative (By Phone)

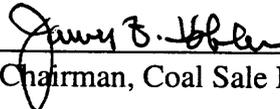
At the sale for the South Crandall Canyon Tract, a single bid was submitted for the tract which was by ANDALEX Resources, Inc. (50%) and Intermountain Power Agency (50%). The bid was for \$6,561,800.00 or \$7,456.591 per acre. Based on the recoverable coal tonnage determined by BLM of 7.63 million tons, this is \$.86 /ton. The bid meets the statutory minimum of \$100 per acre and was announced as the "high bid" for the tract. A copy of the sale minutes is attached to this memorandum.

The sale panel deliberations considered the conduct of the sale, the Pre-sale Estimate of Value for the tract by the Utah Evaluation Team, and the bidders qualifications. The panel found the following:

1. The sale was conducted in accordance with BLM regulations in 43 CFR 3422 and BLM Handbook 3420-1.
2. The high bid meets the Pre-Sale Estimate of Value calculated by the BLM and is determined to meet Fair Market Value for the South Crandall Canyon Tract.
3. The qualifications of the bidders are on file. Neither is in violation of 2(a)(2)(A) of the Minerals Leasing Act. Neither holds coal leases in excess of 75,000 acres statewide or 150,000 nationwide.

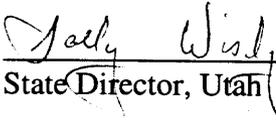
The Pre-Sale Estimate of Value was based on use of the market approach with significant consideration of the income approach with appropriate adjustment for risk in mining the property.

The Sale Panel unanimously recommends acceptance of the bid on June 12, 2003, as having met the BLM Pre-Sale Estimate of Value and Fair Market Value of the South Crandall Canyon Tract.


Chairman, Coal Sale Panel


DSD, Lands and Minerals

I CONCUR:


State Director, Utah

I DO NOT CONCUR:

State Director, Utah