

→ Pam, *J. [unclear]* 6/15/03

FYI, *Timberland*

Minutes of Lease By Application  
Coal Sale  
Utah State Office

*was accepted by the  
BLM State Director*

The South Crandall Canyon Tract by June 12, 2003

*letter of*

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.

*6/13*

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.

*Andalex/IPA (50/50) [unclear]*

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  
P.O. Box 45155  
324 South State Street  
Salt Lake City, Utah 84145-0155

DETAILED STATEMENT OF COAL LEASE SALE TERMS OF LEASE OFFER  
AND OF COAL LEASE THAT MAY BE ISSUED AS A RESULT OF OFFER

South Crandall Canyon Tract

UTU-78953

At 1:00 p.m., on June 12, 2003, in the Bureau of Land Management Fourth Floor Conference Room, 324 South State Street, Suite 400, Salt Lake City, Utah, an authorized officer of the Bureau of Land Management, Utah State Office, will offer certain coal resources in the lands hereinafter described for competitive lease by sealed bid of \$100.00 or more per acre minimum to the qualified bidder of the highest cash amount per acre, or fraction thereof, in accordance with the provisions of the Mineral Leasing Act of 1920, as amended (41 Stat. 437). **However, no bid will be accepted for less than fair market value as determined by the authorized officer.**

This lease is being offered for sale under the provisions set forth in the regulations for leasing on application at 43 CFR 3425.

**COAL OFFERED:** The coal resources to be offered consist of all coal recoverable in the following lands located in Emery County, Utah, approximately 10 miles northwest of Huntington, Utah on public lands located in the Manti-LaSal National Forest:

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

Containing 880.00 acres

The tract contains two potentially minable coal seams, the Blind Canyon and the Hiawatha. The minable portions of the seams in this area are from 6 to 8 feet in thickness. This tract contains an estimated 7.63 million tons of recoverable high volatile C bituminous coal.

The estimated coal quality using weighted averages of samples on an as-received basis is:

12,790	BTU/lb.;
5.26	Percent moisture;
0.61	Percent sulphur;
4.68	Percent ash;
45.88	Percent fixed carbon;
44.18	Percent volatile matter.

(Totals do not equal 100% due to rounding)

**RENTAL AND ROYALTY:** A lease issued as a result of this offering will provide for payment of an annual rate of \$3.00 per acre and a royalty payable to the United States of 12.5 percent of the value of coal mined by surface methods, and 8 percent of the value of coal mined by underground methods. The value of coal shall be determined in accordance with BLM Manual 3070.

**ADVANCE ROYALTY:** Upon request by the lessee, the authorized officer, BLM, may accept, for a total of no more than 10 years, the payment of advance royalties in lieu of the conditions of continued operation for any particular year consistent with the applicable regulations in 43 CFR 3473 and 43 CFR 3483.

**WHEN AND WHERE TO SUBMIT BIDS:** Sealed bids must be received by 10:00 a.m., June 12, 2003, Utah State Office, P.O. Box 45155, Salt Lake City, Utah 84145-0155. Sealed bids may be hand delivered to the cashier, Utah State Office, 324 South State Street, Suite 400, Salt Lake City, Utah. The envelope used for the sealed bids must be plainly marked that it is not to be opened before the hour and date of the sale and must show that the bid is for Coal Lease UTU-78953. A company or individual is limited to **one sealed bid**. If a company or individual submits two or more bids for this tract, all of the company's or individual's bids will be rejected. The sealed bids may not be modified or withdrawn unless modification or withdrawal is received before 10:00 a.m., June 12, 2003.

**SEALED BIDDING REQUIREMENTS:** No special form of sealed bid is required but all bids must show the amount bid per acre, the total amount bid, the amount submitted with the bid, and must be signed by the bidder or a person authorized to act for the bidder. Each sealed bid must be accompanied by the following:

1. A bid deposit of one-fifth of the amount bid in the form of a cashier's check, certified check, bank draft, or money order payable to the Bureau of Land Management

2. A statement over the bidder's own signature as to:
  - (a) The bidder's qualifications to hold this lease as required under 43 CFR 3472.
  - (b) The bidder's acreage holdings. A lease will not be issued to a bidder who holds or controls more than 75,000 acres of Federal coal leases in any one state or 150,000 acres of Federal coal leases in the United States; and
  - (c) Whether or not the bidder is the sole party in interest in the bid as specified in 43 CFR 3472.2-1.
3. A signed statement that the bidder is in compliance with section 2(a)(2)(A) of the Mineral Leasing Act of 1920, as amended by Section 3 of the Federal Coal Leasing Amendments Act, effective December 31, 1986.
4. A complete and signed Form 1140-6, Independent Price Determination Certificate, to the effect that the bid was arrived at by the bidder independently and was rendered without collusion with any other bidder.

**Bidders are warned against violation of Sec. 1860, Title 18 U.S.C., prohibiting unlawful combination or intimidation of bidders.**

**A coal lease issued to an entity determined to be in noncompliance with Section 2(a)(2)(A) of the Mineral Leasing Act at the time of lease issuance is subject to termination.**

**BID OPENING:** At 1:00 p.m., June 12, 2003, in the Bureau of Land Management Fourth Floor Conference Room, 324 South State Street, Suite 400, Salt Lake City, Utah, the authorized officer will open and read the sealed bids. The highest bid will be announced and the successful high bidder will be notified in writing after the authorized officer has made his determination. The Department of the Interior reserves the right to reject any and all bids, and also the right to offer the lease to the next highest qualified bidder if the successful bidder fails to obtain the lease for any reason. If any bid is rejected, the deposit associated with the bid will be returned as soon as practical.

If an authorized coal lease does not result from this lease sale, the tract or portions thereof will be considered for reoffer by the authorized officer in order of its priority relative to other coal lease applications and other workloads that exist.

**CONSULTATION WITH THE ATTORNEY GENERAL:** In accordance with the Federal Coal Leasing Amendments Act of 1976, and implementing regulations 43 CFR 3422.3-4, the successful bidder and prospective lessee will be required to disclose the nature and extent of its coal holdings to the Department of Justice prior to lease issuance. The Department of Justice has devised a reporting form for the submission of this information and **will not accept** the data in any other form. To insure the confidentiality of the information submitted, the successful bidder is required to furnish the data in a separate envelope which has been clearly marked to show its contents. Information on the prospective lessee's noncoal-related land holdings is not required. The lease will not issue until 30 days after this information has been received by the Attorney General or the Attorney General notifies the authorized officer that issuance would not create or maintain a situation inconsistent with the antitrust laws, whichever comes first.

**DEFERRED BONUS:** Payment of the bonus bid shall be on a deferred basis. One-fifth of the bonus will be payable on the day of the sale. The balance shall be paid in equal installments due and payable on the first four anniversary dates of the lease. If a lease is relinquished or otherwise terminated, the unpaid remainder of the bid shall be immediately payable to the United States.

**LEASE ISSUANCE REQUIREMENTS:** Prior to the issuance of a lease, the successful bidder will be required to furnish:

1. First year's rental, \$2,640.00;
2. Advertising cost of this offering;
3. A lease bond which will cover the deferred bonus bid amount;
4. Four executed copies of the coal lease form; and
5. Information required for antitrust review (see "Consultation with the Attorney General" paragraph).

**LEASE FORM AND STIPULATIONS:** The attention of all prospective bidders is directed to the attached blank copy of the standard coal lease form used by the Bureau of Land Management and the special stipulations which will be included as part of the lease issued for the tract listed in this offering. The form and stipulations may receive further minor modifications prior to lease issuance in order to conform to current Bureau instructions.

Attachments (sent only to prospective lessees)

1. Coal Lease Form
2. Stipulations
3. Form 1140-6
4. Western Coal Lease Form (Dept. of Justice Form)