

C/015/032 Incoming

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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

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

RECEIVED

DEC 27 2012

DIV. OF OIL, GAS & MINING

IN REPLY REFER TO:

3453

UTU-88554

UTU-88990

(UT-9223)

DEC 26 2012

CERTIFIED MAIL—Return Receipt Requested

7009 1410 000 19070 6461

7009 1410 0001 9070 6478

7009 1410 0001 9070 6485

DECISION

Assignor:	:	
PacifiCorp	:	Federal Coal Lease
1407 West North Temple	:	UTU-88554
Suite 310	:	UTU-88990
Salt Lake City, Utah 84116	:	
	:	
Assignee:	:	
ANDALEX Resources, Inc.	:	
794 North "C" Canyon Road	:	
P. O. Box 910	:	
East Carbon, Utah 84520	:	
	:	
Principal:	:	
ANDALEX Resources, Inc.	:	
794 North "C" Canyon Road	:	
P. O. Box 910	:	
East Carbon, Utah 84520	:	
	:	
Surety:	:	Current Bond Amount: \$5,000
Rockwood Casualty Ins. Company	:	Bond No. ISB-3010
601 S. Figueroa Street, Suite 1600	:	
Los Angeles, California 90017	:	

Partial Assignment of Federal Coal Lease UTU-88554 Approved

Bond Accepted

Bond Returned

On September 11, 2011, ANDALEX Resources, Inc., submitted an assignment of an undivided 100% interest in a part of Federal Coal lease UTU-88554, with PacifiCorp as assignor, and ANDALEX Resources, Inc. as assignee. With the approval of this assignment, ANDALEX Resources, Inc. will hold an undivided 100% interest in a portion of this lease. Therefore, pursuant to 43 CFR 3453.2-5 the assigned portion of this lease shall become Federal coal lease UTU-88990.

Satisfactory evidence of the qualifications and holdings of ANDALEX Resources Inc. has been previously filed along with the information concerning the assignee's coal holdings, required pursuant to the regulations at 43 CFR 3422.3-4. The required coal holding information was submitted to the Department of Justice on October 5, 2011, and no objections were forthcoming. Additionally, a determination has been made on January 6, 2012, by the Office of Natural Resources Revenue that the lease account for the above noted lease is in good standing.

Therefore, the assignment meets the requirements of the regulations and is hereby approved effective January 1, 2013. Approval of the assignment does not constitute approval of any of the terms therein which may be in violation of the lease terms.

The legal description and the acreage of each of the leases are noted below:

UTU-88990:

T. 16 S., R. 7 E., SLM, Utah
sec. 8, NW $\frac{1}{4}$ NW $\frac{1}{4}$;

UTU-88554:

T. 16 S., R. 6 E., SLM, Utah
sec. 1, SE $\frac{1}{4}$;
sec. 10, E $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{4}$;
sec. 11, all;
sec. 12, all;
sec. 13, all;
sec. 14, all;
sec. 15, E $\frac{1}{2}$ E $\frac{1}{2}$;
sec. 22, lots 1, 2, 4-7, E $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$
N $\frac{1}{2}$ SE $\frac{1}{4}$;
sec. 23, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$;
sec. 24, N $\frac{1}{2}$;

T. 16 S., R. 7 E., SLM, Utah

sec. 6, lots 5-8, S $\frac{1}{2}$ SE $\frac{1}{4}$;
sec. 7, all;
sec. 18, lots 1,2, NE $\frac{1}{4}$.

Containing 40.00 acres
Emery County

Containing 5,522.82 acres, more or less.

Pursuant to Section 3.3 of the lease terms "In absence of actual production in commercial quantities as set forth in paragraph 3.2, Extension beyond Secondary Term, this lease shall remain in effect beyond the primary term only if the Lessee is engaged in diligent operations,....and Lessee pays an annual minimum royalty in advance on or before the anniversary date of the Effective Date (April 1, 1999). The minimum royalty shall be calculated by determining the production royalty that would be payable upon production of one percent (1%) of the recoverable reserves within the Leased Premises, as such recoverable coal reserves are determined by Lessor after consultation with Lessee, subject to adjustment from time to time based upon reasonable justification from the Lessee." This minimum royalty will be due on or before April 1, 2013.

On November 13, 2012, ANDALEX Resources, Inc. as principal, and Rockwood Casualty Insurance Company as surety, submitted a surety bond (No. ISB-3010) in the amount of \$5,000 to cover Federal coal lease UTU-88990.

This bond has been examined, found to be satisfactory and is hereby accepted effective the date of filing. The regulations at 43 CFR 3474.2 does allow for the amount of any bond to be increased when additional coverage is determined to be appropriate. A written request must be submitted when you want to have the period of liability of this bond terminated.

Additionally, a lease bond submitted April 20, 2012, with ANDALEX Resources, Inc. as principal, and U. S. Specialty Insurance Company as surety, (No. 1000900013) is returned unapproved, as the above noted surety bond was submitted to replace it.

If you have any questions, please contact Bill Buge of this office at (801)539-4086.

 
Juan Palma
State Director

cc: **Mr. John Baza, Director, UDOGM, Box 145801, Salt Lake City, Utah 84114-5801**

ONNR, MRM, Solid Minerals Staff, Attn: Patrick Mulcahy, MS390B2, Box 25165,
Denver, Colorado 80225-0165

Price Field Office (UTG02)

U. S. Specialty Insurance Company, 922 Philadelphia St., Indiana, Pennsylvania 15701

Denise A. Dragoo, Snell & Wilmer, 15 West South Temple, Suite 1200, Salt Lake City,
Utah 84101-1531