C/04/002 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
https://www.blm.gov/utah

IN REPLY REFER TO:
UTU 923
UTU-84102

JAN 09 2017

RECEIVED
JAN 13 2017
DIV. OF OIL, GAS & MINING

Memorandum

To: State Director

From: Deputy State Director, Lands and Minerals

Subject: Post-Sale Recommendations Regarding the Competitive Leasing of the Greens Hollow Coal Lease Tract, UTU-84102, LBA submitted by Canyon Fuel Company, LLC

The Greens Hollow Coal Lease Tract, UTU-84102 (Greens Hollow) coal sale panel met on January 5, 2017 at 9:00 a.m. at the State BLM Office in Salt Lake City, Utah to consider the competitive coal lease sale for the coal lease tract.

The sale for this tract was held at 1:00 p.m. on January 4, 2017 at the Salt Lake Public Library in Salt Lake City, Utah.

At the sale, the bid from Canyon Fuel Company, LLC was opened and read to those attending. The high bid was for $22,850,000 or $3,700.17 per acre. Based on the recoverable coal tonnage determined by BLM of 55.7 million tons, this is $0.41/ recoverable ton.

The high bid meets the statutory minimum of $100 per acre. The bid meets or exceeds the minimum bid found at 43 CFR 3422.1(c)2. A copy of the sale minutes are Attachment 1.

The coal sale panel[1] consisted of:

Coal Sale Panel Chairman Deputy State Director for Mineral Resources	Kent Hoffman
Chief, Branch of Minerals	Roger Bankert
BLM WO representative Mining Engineer	John Lewis

1 As per: BLM Manual H-3420-1 Chapter 4

Recommendation

The coal sale panel recommends accepting the Canyon Fuel Company, LLC bid for the Greens Hollow Coal Lease Tract, UTU-84102 because it meets or exceeds[3] the OVS-DME reviewed and accepted fair market value (FMV). Dana Dean, Associate Director, Mining, representing the State of Utah, concurs with this recommendation, Attachment 2.

Deputy State Director, Lands and Minerals

I CONCUR:

FOR BLM State Director, Utah

Date 1-9-2017

I DO NOT CONCUR:

BLM State Director, Utah

Date _____

Attachments (2)

cc: John Baza, DOGM Director
State of Utah (w/attachments)

3 As per H-3073-1 Coal Evaluation Handbook 6.4.2

Attachment 1

Minutes of Lease by Application
Coal Sale
Utah State Office

The Greens Hollow Tract

January 4, 2017

A coal lease sale was held at 1:00 p.m., January 4, 2017, pursuant to a notice posted November 30, 2016, 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 Greens Hollow 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 6,175.39 acres located approximately ten and one-half miles west of Emery, Utah in Sanpete and Sevier Counties, Utah.

The sale was held by Ed Roberson, State Director, Utah State Office. 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-84102

Salt Lake Meridian, Utah
T. 20 S., R. 4 E., (Sevier County)
sec. 36, lot 4, E1/2NE1/4, and NE1/4SE1/4.

T. 21 S., R. 4 E., (Sevier County)
sec. 1;
sec. 2, SE1/4;
sec. 11, E1/2, E1/2NW1/4, and E1/2SW1/4;
sec. 12, NE1/4, W1/2, and W1/2SE1/4;

sec. 13, W1/2NE1/4 and NW1/4;
sec. 14, NE1/4 and E1/2NW1/4.

T. 20 S., R. 5 E., (Sanpete and Sevier Counties)
sec. 19, lots 5 thru 8, E1/2SW1/4, and SE1/4;
sec. 20, S1/2;
sec. 21, W1/2SW1/4;
sec. 28, W1/2;
sec. 29;
sec. 30;

sec. 31;
sec. 32, N1/2, N1/2SW1/4, and N1/2SE1/4;
sec. 33, NW1/4NW1/4.

T. 21 S., R. 5 E., (Sevier County)
sec. 6.

Acres: 6,175.39

Coal Quality Upper Hiawatha:

Btu/lb.:	11,565
Percent Moisture:	7.46
Percent Ash:	9.81
Percent Volatile Matter:	36.55
Percent Fixed Carbon:	46.10
Percent Sulfur:	0.55

Coal Quality Lower Hiawatha:

Btu/lb.:	11,538
Percent Moisture:	7.21
Percent Ash:	9.69
Percent Volatile Matter:	38.88
Percent Fixed Carbon:	43.85
Percent Sulfur:	1.26

Minimum Acceptable Bid:	Per Acre	$ 100.00
	Total	$ 617,600.00

High Bidder: Canyon Fuel Company, LLC

Total Bid:	$ 22,850,000
Bid per Acre:	$ 3,700.17
Total Submitted With Bid:	$ 4,570,000
Per Ton Bid:	$ 0.41

It was announced at the sale that the sale panel will meet to determine whether the bid meets Fair Market Value.

The coal sale was declared closed at 1: 03 p.m.

United States Department of the Interior

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440 West 200 South, Suite 500
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https://www.blm.gov/utah

IN REPLY REFER TO:

COAL SALE ROSTER

Greens Hollow Coal Tract
UTU-84102
January 4, 2017 (1:00 p.m.)

Name	Address	Representing
Bill Buge	BLM SO	BLM
Jeff McKenzie	BLM SO	BLM
Roger L Bankert	BLM - SO	BLM
Ryan Wilson	CFC-225N 5th, Grand Junction, CO	CFC
Wendell Koontz	Bowie	
Mark Bunnell	Bowie	CFC
Jacob Smith	"	"
Chris Hansen	"	"
Ed Roberson	BLM - West 200, SLC	BLM
Kent Hoffman	" " "	"
Ryan Smithermans	" "	"
Pam Tarnecke	" "	"
Tom Fackler	State 500 SO 700E SLC Utah	
Robin Hoggan	BLM	BLM

Attachment 2

McKenzie, Jefferson <jmckenzi@blm.gov>

Green's Hollow Lease Sale Panel

1 message

Dana Dean <danadean@utah.gov> Thu, Jan 5, 2017 at 9:42 AM
To: "Bankert, Roger L" <rbankert@blm.gov>, "McKenzie, Jefferson D" <jmckenzi@blm.gov>, John Baza <johnbaza@utah.gov>, Daron Haddock <daronhaddock@utah.gov>

Hi Roger and Jeff,

This email is to confirm that the State is in support of Canyon Fuel Company's bid on the Green's Hollow Tract, which was accepted by the BLM. The price bid exceeds the recommended amount, and thus will be beneficial to the State of Utah.

We will follow with a letter from John Baza ASAP.

Thank you,
Dana

Dana Dean, P.E.
Associate Director - Mining
Utah Division of Oil, Gas and Mining

ogm.utah.gov

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Mineral Evaluation	Jeff McKenzie
Mining Engineer	Steve Rigby
Geologist	Michael Glasson
Mining Engineer	Steve Falk
State of Utah representative	Dana Dean
Division of Oil, Gas and Mining (DOGM)	

The coal sale panel deliberations considered the conduct of the sale, the Presale Estimate of Fair Market Value for the tract as reviewed and accepted by the Office of Valuation Services – Division of Mineral Evaluations[2] (OVS-DME), and the bidder's qualifications.

Coal Sale Panel Meeting Summary

- The sale was conducted in accordance with BLM regulations in 43 CFR 3422, BLM Handbook 3420-1 BLM Handbook 3073.

- The high bidder passes all the qualification requirements delineated in 43 CFR Subpart 3472.

- There is no indication of collusion in the bidding of the coal lease tract(s).

- Canyon Fuel Company, LLC is the high bidder and qualified to hold the lease.

- The bid meets or exceeds the minimum bid found at 43 CFR 3422.1(c)2
  The high bid meets the statutory minimum of $100 per acre.

- The high bid was $22,850,000.
  The high bid meets or exceeds the OVS-DME approved Fair Market Value.

- The Coal Sale Panel unanimously approved a motion to accept the bid of $22,850,000 which is $3,700.17 per acre for the Greens Hollow Coal Lease Tract, UTU-84102.

2 Memorandum of April 27, 2016 OVS-DME to BLM