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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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December 5, 2017

Roger Bankert, Minerals Support Supervisor
Bureau of Land Management
440 West 200 South, Suite 500
Salt Lake City, Utah 84101-1345

Subject: Royalty Rate Reduction Federal Coal Leases U-63214 and UTU-84102 C-1362, SUFCO Mine, Canyon Fuel Company, C/041/0002

Dear Mr. Bankert:

I have reviewed PacifiCorp's application for a Royalty Rate Reduction (RRR) for the U-63214 and UTU-84102 C-1362 federal coal leases at the SUFCO Mine, and other pertinent documents you supplied. I find the request to be reasonable in light of the geologic, quality and engineering challenges to be encountered in mining the panel. My understanding is that the unforeseen challenges make this coal economically unrecoverable and without the Royalty Rate Reduction it may not in fact be mined. This means that the state will have a net benefit from allowing the reduced rate; as such I offer Utah's support in favor of the BLM's proposed action approving the Royalty Rate Reduction.

If you have any questions regarding this matter, please contact Dana Dean at 801.538.5320.

Sincerely,

John R. Baza
Director

JRB/DD/sqs
cc: Daron Haddock
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