



4310-22

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLWY922000-L57000000-BX0000; WYW172684]

Notice of Competitive Coal Lease Sale, WYW172684, Wyoming

AGENCY: Bureau of Land Management, Interior

ACTION: Notice.

SUMMARY: Notice is hereby given that certain coal resources in the Hay Creek II Coal Tract described below in Campbell County, Wyoming, will be offered for competitive lease by sealed bid in accordance with the provisions of the Mineral Leasing Act of 1920, as amended.

DATES: The lease sale will be held at 10 a.m. on Wednesday, September 18, 2013.

Sealed bids must be submitted on or before 4 p.m. on Tuesday, September 17, 2013.

ADDRESSES: The lease sale will be held in the First Floor Conference Room (Room 107), of the Bureau of Land Management (BLM) Wyoming State Office, 5353 Yellowstone Road, P.O. Box 1828, Cheyenne, WY 82003. Sealed bids must be submitted to the Cashier, BLM Wyoming State Office, at the address given above.

FOR FURTHER INFORMATION CONTACT: Mavis Love, Land Law Examiner, or Kathy Muller Ogle, Coal Coordinator, at 307-775-6258, and 307-775-6206, respectively.

SUPPLEMENTARY INFORMATION: This coal lease sale is being held in response to a lease by application (LBA) filed by Kiewit Mining Properties, Inc., on behalf of its subsidiary, Buckskin Mining Company, Gillette, Wyoming. The coal resource to be

offered consists of all reserves recoverable by surface mining methods in the following-described lands located approximately 12 miles north of Gillette, Wyoming, approximately 2 miles east of U.S. Highway 14/16, and adjacent to Collins and McGee Roads along its western boundary.

Sixth Principal Meridian

T. 52 N., R. 72 W.,

sec. 7, lot 21;

sec. 8, lots 13 to 16, inclusive;

sec. 9, lots 13 and 14;

sec. 17, lots 1 to 4, inclusive, and lots 17, 19, 21, and 23;

sec. 18, lots 5, 14, 18, 19, 21, 24, 25, 27, and 30;

sec. 19, lots 6, 7, 10, 11, 14, 15, and lots 17 to 19, inclusive, and lots 22, 23, 26, 27.

The areas described aggregate 1,253.27 acres.

The tract is adjacent to Federal leases along the northern and western lease boundary of the Buckskin Mine, and adjacent to additional unleased Federal coal to the west and north.

All of the acreage offered has been determined to be mineable, except for Collins and McGee Roads, which present a barrier due to the qualified surface owner to the west. A 100-foot buffer is required from the right-of-way of these public roads, and a 300-foot buffer is required from any occupied residence off-lease. Reasonable costs to move features such as utilities and pipelines to allow coal recovery have been included in the economic analysis. In addition, coal bed natural gas wells have been drilled on the tract. The estimate of the bonus value of the coal lease will include consideration of the future

production from these wells and the successful coal lessee's interaction with the gas producers regarding any pre-existing rights of such producers. An economic analysis of this future income stream will consider reasonable compensation to the gas lessee for lost production of the natural gas when the wells are bought out by the coal lessee. The surface estate of the tract is largely owned by Kiewit Mining Properties, Inc.

The LBA tract contains surface mineable coal reserves in the Wyodak-Anderson Coal Zone currently being recovered in the adjacent, existing mine. On the LBA tract, there are two mineable seams, the Anderson Rider, which ranges from about 2 feet to 49 feet thick and averages about 26 feet thick, and the merged Anderson/Canyon Seams, which range from about 46 feet to 120 feet thick and average about 68 feet thick. Overall, the two mineable seams average about 94 feet thick over the LBA tract. The two seams are continuous over the entire tract with no outcrops or subcrops. Overburden depth to the upper Anderson Rider ranges from approximately 50 feet to 449 feet thick and averages approximately 163 feet thick. The interburden to the merged Anderson/Canyon Seams ranges from approximately 0 feet to 190 feet thick and averages approximately 88 feet thick.

The tract contains an estimated 167,001,577 tons of mineable coal. This estimate of mineable reserves includes the main seams mentioned above but does not include any tonnage from localized seams or splits containing less than 5 feet of coal. The total mineable stripping ratio of the coal in Bank Cubic Yards per ton is approximately 2.8:1. Potential bidders for the LBA should consider the recovery rate expected from multiple seam mining.

The Hay Creek II LBA coal is ranked as subbituminous C. The overall average quality

on an as-received basis is 8,297 British Thermal Units per pound containing approximately 0.27 percent sulfur. These quality averages place the coal reserves near the lower end of the range of coal quality currently being mined in the Wyoming portion of the Powder River Basin.

The tract will be leased to the qualified bidder of the highest cash amount provided that the high bid meets or exceeds the BLM's estimate of the fair market value (FMV) of the tract. The minimum bid for the tract is \$100 per acre or fraction thereof. No bid that is less than \$100 per acre, or fraction thereof, will be considered. The bids should be sent by certified mail, return receipt requested, or be hand-delivered. The BLM Wyoming State Office Cashier will issue a receipt for each hand-delivered bid. Bids received after 4 p.m. local time on Tuesday, September 17, 2013, will not be considered. The minimum bid is not intended to represent FMV. The FMV of the tract will be determined by the Authorized Officer after the sale. The lease that may be issued as a result of this offering will provide for payment of an annual rental of \$3 per acre, or fraction thereof, and a royalty payment to the United States of 12.5 percent of the value of coal produced by surface mining methods. The value of the coal will be determined in accordance with 30 CFR 1206.250.

Pursuant to the regulation at 43 CFR 3473.2(f), the applicant for the Hay Creek II Tract, Kiewit Mining Properties, Inc., has paid a total case-by-case cost recovery processing fee in the amount of \$199,243. The successful bidder for the Hay Creek II Tract, if someone other than the applicant, must pay to the BLM the \$199,243 previously paid by Kiewit Mining Properties, Inc. Additionally, the successful bidder must pay all processing costs the BLM will incur after the date this sale notice is published in the Federal Register,

which are estimated to be \$10,000.

Bidding instructions for the LBA tract offered and the terms and conditions of the proposed coal lease are available from the BLM Wyoming State Office at the address above. Case file documents, WYW172684, are available for inspection at the BLM Wyoming State Office.

Donald A. Simpson
State Director

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