



4310-22 (P)

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLWY922000-L57000000-BX0000; WYW173360]

Notice of Competitive Coal Lease Sale Maysdorf II North, WY

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: Notice is hereby given that certain coal resources in the Maysdorf II North 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, August 21, 2013. Sealed bids must be submitted on or before 4 p.m. on Tuesday, August 20, 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, Wyoming 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 Cordero Mining LLC, Gillette, Wyoming. The coal resource to be offered consists of all reserves recoverable by surface mining methods

in the following-described lands located approximately 15 miles south-southeast of Gillette, Wyoming, immediately east of State Highway 59, west of the Cordero Rojo Mine, and south of the Belle Ayr Mine.

Sixth Principal Meridian

T. 47 N., R. 71 W.,

sec. 7, lots 6 to 11, inclusive, and lots 14 to 19, inclusive.

T. 47 N., R. 72 W.,

sec. 1, lots 9 to 13, inclusive, and NW¹/₄SE¹/₄;

sec. 12, lots 1 to 12, inclusive, and lots 14 to 16, inclusive.

The areas described aggregate 1,338.37 acres.

The tract is adjacent to a Federal lease to the east controlled by the Cordero Rojo Mine, to a Federal lease to the north controlled by the Belle Ayr Mine, and to the Maysdorf II South Coal Tract to the southeast awaiting a future lease sale. The LBA is adjacent to additional unleased Federal coal to the west across State Highway 59. A qualified surface owner restricts leasing on the Maysdorf II North Tract toward the south.

Most of the acreage offered has been determined to be minable except for the State Highway 59 right-of-way and 100 foot buffer along the western boundary of the LBA.

Acreage south of the LBA has been removed from the application due to the lack of qualified surface owner consent; however, the economic analysis of the bonus value for the LBA coal along this southern boundary includes a reasonable cost to acquire an overstrip agreement toward the end of mine life in order to mine the last of the LBA coal. Reasonable costs to move features such as utilities and pipelines to allow coal recovery have also been included in the economic analysis. In addition, numerous oil and 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 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. Most of the surface estate of the tract is owned by Alpha Coal West, Inc., with a small portion in the southeast corner owned by Caballo Rojo, Inc.

The LBA tract contains surface mineable coal reserves in the Wyodak Coal Zone currently being recovered in the adjacent, existing mines. Several beds are merged on the LBA tract into a single mineable seam. The average total coal thickness is approximately 69 feet and the range of overburden thickness is approximately 266 to 397 feet.

The tract contains an estimated 148,565,000 tons of mineable coal. This estimate of mineable reserves includes the main seam mentioned above but does not include any tonnage from localized seams or splits containing less than 5 feet of coal. It also excludes coal within and along the highway right-of-way as required by typical mining practices. The total mineable stripping ratio of the coal in bank cubic yards per ton is approximately 4.5:1. Potential bidders for the LBA should consider the recovery rate expected from thick seam mining.

The Maysdorf II North LBA coal is ranked as subbituminous C. The overall average quality on an as-received basis is 8,602 British Thermal Units per pound containing approximately 0.24 percent sulfur. These quality averages place the coal reserves near the middle 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, August 20, 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 Maysdorf II North Tract, Cordero Mining LLC, has paid a total case-by-case cost recovery processing fee in the amount of \$86,165. The successful bidder for the Maysdorf II North Tract, if someone other than the applicant, must pay to the BLM the \$86,165 previously paid by Cordero Mining, LLC. 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, WYW173360, are available for inspection at the BLM Wyoming State Office.

Nancy L. Beres
Acting State Director

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