



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Colorado State Office
2850 Youngfield Street
Lakewood, Colorado 80215-7210

In Reply Refer To:

3485 (CO-921)
COC1362, COC67232
COC56447, COD044569

The Honorable Jared Polis
Governor of Colorado
136 State Capitol
Denver, CO 80203-1792

Dear Governor Polis:

The Bureau of Land Management (BLM) is processing an application for a royalty rate reduction (RRR) from Mountain Coal Company (MCC) for the West Elk Mine, located in Gunnison County, Colorado. MCC is requesting a RRR from 8.0 to 5.0 percent due to adverse geologic conditions at its underground coal mining operation for the remaining recoverable coal reserves (approximately 16.64 million tons in leases COC1362, COC67232, COC56447 and COD044569). The adverse conditions that MCC claims warrant the RRR are identified in the attached draft Decision from the BLM Colorado State Director.

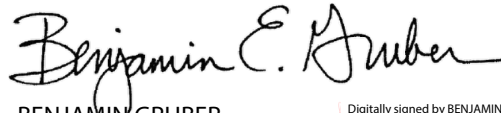
The BLM determined there are adverse geological conditions that warrant a RRR to encourage the greatest ultimate recovery. The RRR will allow MCC to recover thin seams, seams with a thin interburden, and seams with thin partings. MCC would also be able to mine additional seams it had not previously considered recoverable. An RRR would encourage recovery of additional coal seams that MCC would otherwise bypass due to the seams' adverse geologic conditions. Granting the requested RRR is likely to lead to the greatest ultimate recovery of the Federal coal.

Therefore, the BLM is proposing to approve the Category 1—Adverse Geologic Conditions—RRR. The BLM proposes to reduce MCC's royalty rate from 8.0 percent to 5.0 percent for the remaining coal in leases COC1362, COC67232, COC56447 and COD044569 (16.64 million tons) for a period of 5 years or completion of the mining of the identified coal.

The RRR would be effective on February 1, 2020 the first day of the royalty reporting period following BLM's receipt of MCC's application, per BLM Manual 3485.

We would appreciate your comments within 30 days of receipt of this letter. If you have any questions, please contact Doug Siple at (303) 239-3774.

Sincerely,



BENJAMIN GRUBER

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Date: 2020.12.22 14:09:09 -07'00'

Benjamin E. Gruber
Deputy State Director
Energy, Lands and Minerals

Attachment

1 – BLM State Director's Draft Decision

cc: Dan Gibbs, Executive Director
Colorado Dept. of Natural Resources
1313 Sherman St., Room 718
Denver, CO 80203