U.S DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RECORD OF DECISION
THE PITTSBURG & MIDWAY COAL MINING CO.
EXCHANGE PROPOSAL
WYW148816
LINCOLN, CARBON, AND SHERIDAN COUNTIES, WYOMING

INTRODUCTION

This Record of Decision (ROD) documents the decision to approve a land exchange between the U.S. Department of Interior, Bureau of Land Management (BLM), the U.S. Department of Agriculture, U.S. Forest Service (FS), Bridger Teton National Forest (BTNF) and The Pittsburg & Midway Coal Mining Co. (P&M), a Chevron-Texaco Company. As such, Chevron U.S.A. Inc. is also a party to the exchange. The land exchange proposal has been discussed in detail in the *Environmental Impact Statement* (EIS) *for The Pittsburg & Midway Coal Mining Co. Coal Exchange Proposal* that BLM prepared to evaluate this land exchange proposal.

On February 4, 1999, P&M filed a proposal with BLM to exchange 6,065.77 acres of P&M-owned land and minerals in Lincoln, Carbon, and Sheridan Counties in Wyoming for Federal coal in Sheridan County. The lands involved in the proposed exchange are shown in Figures 1 through 5 of Appendix 1 and described in Appendices 2 and 3. In Lincoln County, P&M proposes to transfer 3,086.25 acres of surface and mineral estate to the United States (Appendix 1, Figure 2). Approximately 2,447.88 acres are within the BTNF and would be managed by the Forest Service as part of the BTNF after the exchange. The remaining 638.37 acres in Lincoln County are located outside of the BTNF, and will be managed by the Pinedale BLM Field Office. Under the exchange proposal, P&M will transfer ownership of 1,233.55 acres of land commonly referred to as the JO Ranch Lands in Carbon County to the United States, and the Rawlins BLM Field Office will manage the JO Ranch Lands after the exchange is completed. The JO Ranch Lands are shown in Appendix 1, Figure 3, which is a corrected version of Figures ES-3 and 1-3 in the Final EIS. P&M does not own the subsurface estate under the JO Ranch Lands, and the mineral estate under the JO Ranch Lands is not included as part of the exchange. In Sheridan County, P&M will transfer the Welch Lands consisting of 1,745.97 acres of surface estate and approximately 810.09 acres of the coal estate to the United States (Appendix 1, Figure 4). After the exchange is completed, the Buffalo BLM Field Office will manage the Welch Lands.

During the feasibility stage of the exchange, it was determined that the offered Welch Lands would require a survey to determine the correct acreages. As a result of an approved survey, the legal description of the land has not changed; however, the non-

Federal surface acreage offered has increased from approximately 1,539 acres to 1,745.97 acres, and the coal estate offered has increased from 800 acres to 810.09 acres, due to irregularities found in the original survey. Consequently, the total non-Federal surface acres being offered have increased from 5,858.5 to 6,065.77 acres.

As proposed, P&M would acquire the Federal coal estate within the PSO Tract, which includes approximately 2,045.53 acres in Sheridan County, Wyoming, (Appendix 1, Figure 5) in exchange for the private lands described above. In their proposal P&M estimated that the PSO Tract included approximately 107 million tons of recoverable Federal coal. BLM independently evaluated the coal resources included in the PSO Tract and estimated that the PSO Tract includes approximately 84.2 million tons of recoverable Federal coal. This estimate of recoverable reserves and appraisal was reviewed and approved by the Appraisal Services Directorate on April 26, 2004. P&M owns most, but not all of the surface estate in the PSO coal tract (Appendix 1, Figure 5).

All proposals that seek to sell, lease, or exchange Federal coal in the Powder River Basin have to be reviewed by the Powder River Regional Coal Team (PRRCT) before any case processing can begin. The PRRCT reviewed the P&M exchange proposal at a public meeting held on October 27, 1999, in Gillette, Wyoming.

The exchange is being processed under the Federal Land Policy and Management Act of 1976, the Federal Land Exchange Facilitation Act of 1988, and the regulations in 43 (Code of Federal Regulations) CFR 2200.

In accordance with Section 7 of the Taylor Grazing Act, 43 U.S.C. 315f, sec. 202 of the Federal Land Policy and Management Act of October 21, 1976, and Executive Order No. 6910, the Federal land described in the Environmental Impact Statement (EIS) for The Pittsburg & Midway Coal Mining Co. Coal Exchange Proposal, is hereby classified for disposal by exchange.

The Forest Service is a Cooperating Agency on the Final EIS for The Pittsburg & Midway Coal Mining Co. Coal Exchange Proposal. The Bridger Lands in Lincoln County include most of the remaining parcels of private land in the Kemmerer Ranger District of the BTNF. The Forest Service would manage any land acquired within the BTNF. The Office of Surface Mining Reclamation and Enforcement (OSM) is also a cooperating agency on the EIS. OSM has primary responsibility to administer programs that regulate surface coal mining and the surface effects of underground coal mining operations. If the land exchange is completed, the coal would be privately owned, but OSM would retain some oversight responsibility to regulate any future surface mining operations.

DECISION

The BLM has determined that the proposed P&M land exchange is in the public interest, and it is BLM's decision to proceed with the proposed land exchange as described under the Proposed Action in the Final EIS forThe Pittsburg & Midway Coal Mining Co. Coal Exchange Proposal. P&M will transfer ownership of the private land and associated subsurface interests described in detail in Appendix 2 to the United States, to be managed as indicated, by the BLM or the FS. In exchange, the United States through BLM, will transfer ownership of 2,045.53 acres of Federal coal estate, which BLM estimates to include approximately 84.2 million tons of recoverable Federal coal, to P&M. The legal description of the coal estate to be transferred to P&M is described in Appendix 3.

REASONS FOR THE DECISION

Public Interest Determination

The factors that BLM must consider in evaluating whether an exchange is in the public interest or not are discussed in the Federal regulations at 43 CFR 2200.0-6 (b). In accordance with those factors, BLM has determined that the public interest is "well served" by the proposed P&M land exchange. It is in the public interest to acquire the private lands proposed for exchange and to dispose of the Federal land or interests in land. To determine if an exchange is in the public interest, BLM must fully consider the opportunity to achieve better management of Federal lands, to meet the needs of state and local residents and their economies, and to secure important objectives. The term "secure important objectives" has a variety of different meanings. The term can refer to protecting fish and wildlife habitat, cultural resources, watersheds, wilderness, and aesthetic values by acquiring private lands with these resource values. The term can also mean that a land exchange is in the public interest if it enhances recreation opportunities, improves public access, or improves management by consolidating ownership (both surface and/or subsurface estates), provides for the expansion of communities, accommodates land use authorizations, promotes multiple–use values, and helps fulfill public needs.

Public Interest Determination Associated with Parcels to be Acquired

Bridger Lands. The Bridger tracts include 2,447.88 acres within the BTNF and include most of the remaining parcels of private land within the Kemmerer Ranger District. The acquisition of these parcels will prevent future private development of the land inside of the National Forest and will ensure that the public has access to other larger blocks of National Forest System lands. The lands within the BTNF include perennial streams with habitat for Colorado River Cutthroat trout and important habitat for big game species, including elk, moose, mule deer and antelope. These lands also provide opportunities for recreational activities such as camping, hiking, hunting and fishing (See Section 3.1 of the EIS). Acquisition of these inholdings has been a high priority for the BTNF. The other Bridger Lands (638.37 acres) are located outside of the Forest boundary, and can be readily managed by BLM as an integral part of the surrounding public land management. These lands contain some of the same resource values as the inholdings within the BTNF.

JO Ranch Lands. The 1,233.55 acres of JO Ranch Lands are surrounded by public lands. BLM would acquire riparian habitat along Cow Creek, and some sand hills habitat in the northern part of JO Ranch Lands (See Section 3.2 of the EIS). The portion of Cow Creek included within the exchange, the adjacent riparian area, and the sand hills provide important habitat in terms of the plant and animal species they support and they are not common in terms of total acreage in the area. The sand hills habitat would be added to the existing Sand Hills Area of Critical Environmental Concern (ACEC) through a future planning amendment. The Sand Hills ACEC currently protects unique vegetation, and maintains wildlife values, including bald eagle habitat, and potential black tailed prairie dog, western boreal toad, and yellow-billed cuckoo habitat, minimizes soil erosion, and promotes recreational opportunities. The lands to be exchanged also include the JO Ranch buildings, which are historically significant and may be suitable as a National Historic Site.

BLM received comments about the fact that the public would not acquire the mineral estate under the JO Ranch Lands as part of this land exchange. The comments expressed the view that BLM should acquire the subsurface estate along with the surface estate in this exchange. BLM would prefer to acquire both the surface and subsurface estates, but P&M does not own the mineral estate and cannot offer to exchange the mineral estate under the JO Ranch Lands. Others commented that P&M should be required to acquire the mineral estate before the exchange and include the subsurface estate with the exchange. That may or may not be possible, depending on the willingness of the current owners to sell, and it would affect the value of the JO Ranch Lands. In any event, BLM believes that the JO Ranch Lands include important surface resources (discussed above and in Section 3.2 of the EIS) and that acquisition of the surface estate of the JO Ranch would provide significant public benefits even without acquiring the mineral estate.

The JO Ranch Lands are within the Washakie Basin and contain some leasable mineral resources, including oil and gas reserves. There are actively producing conventional oil and gas wells near the JO Ranch Lands, but there are no producing wells on the land proposed for acquisition. Portions of the JO Ranch Lands have coal beds, but coal development in this part of Wyoming is not economic at this time. When or if there is a proposal to develop the private coal under the JO Ranch Lands, adjacent Federal coal would also be needed to start an economic mining operation. BLM believes that the possibility of such development of the mineral estate under the JO Ranch is remote. There are no known locatable mineral resources on the property.

Coal bed natural gas (CBNG) exploration has started in southern Wyoming. On the JO Ranch Lands, one CBNG well has been drilled (1999) and is currently shut-in and a permit to drill one additional CBNG well has been approved (September 2003), according to the Wyoming Oil and Gas Conservation Commission database as of June 2004. At a minimum, some CBNG exploration and development on the JO Ranch Lands can be expected in the foreseeable future. After reviewing and analyzing the potential for mineral development under the JO Ranch Lands, BLM believes that any foreseeable development of the private mineral estate can be managed and that any impacts can be satisfactorily mitigated. BLM believes that it is in the public interest to acquire the JO Ranch Lands without acquiring the subsurface estate at this time.

Welch Lands. The 1,745.97 acres of Welch Lands in Sheridan County are surrounded by privately owned lands and include 1.5 miles of Tongue River frontage. Public access to the Tongue River is extremely restricted by the private land ownership along both sides of the river from Sheridan to the Montana/Wyoming State line. After the land exchange is completed, the Welch Lands will provide the only public access to the Tongue River in Sheridan County. The Welch Lands, which are described in Section 3.3 of the EIS, also have a highly productive riparian habitat, scenic upland hills, and numerous scoria outcrops. The property has the potential for providing public recreation including fishing, non-motorized boating, hiking, horseback riding, mountain biking, and picnicking.

As part of the exchange proposal, the public would acquire, in addition to the surface, 810.09 acres of coal. The BLM currently owns and will retain the remaining coal estate on the Welch Lands. The mineral report prepared for the lands shows that the only known mineral values on the offered Welch lands are for coal, and oil and gas. P&M does not own and is not proposing to exchange any additional mineral interests other than coal. CBNG is being developed in this area but there are currently no active CBNG wells or active permits to drill CBNG wells on the Welch Lands, based on the Wyoming Oil and Gas Conservation Commission database as of June 2004; however CBNG exploration and development could be anticipated in this area in the future. After reviewing and analyzing the potential for mineral development under the Welch Ranch Lands, BLM believes that any foreseeable development of the partial, private mineral estate can be managed and that any impacts can be satisfactorily mitigated. BLM believes that it is in the public interest to acquire the Welch Ranch Lands without acquiring all of the subsurface estate at this time.

There have been a number of comments expressed about the public interest factors associated with the acquisition of the Welch Lands. While most of the comments, including comments from county governments and from the Wyoming Governor's Office, have been favorable, a few comments expressed reservations about the public acquisition of the Welch Lands due to the presence of a coal seam fire burning on the southeast part of those lands. BLM received several comments related to acquiring that portion of the Welch Lands. One of those commenters also expressed the opinion that the coal seam fire started the Thunder Child Range Fire that burned the Welch Lands and other adjacent private property in July 2001.

After receiving these comments, BLM completed additional field work to define the parameters of the existing coal seam fire on the Welch Lands, and prepared a technical report, which is included as D in the final EIS. A fire in the abandoned Acme Mine immediately south of the Welch Lands is the probable source of the current coal seam fire on the Welch Lands. According to available information, coal fires have been burning at the Acme Mine for many years and the fire has moved north about 300 feet in the past 24 years. The fire will probably continue to burn north and west until it runs out of fuel or oxygen. Coal seam fires are difficult to control, and they can persist for an indefinite period of time. In September 2002, the State Abandoned Mine Land (AML) program completed emergency stabilization by filling some fissures at the north end of the Welch Lands fire with inert material. It is still too early to judge the long term success of this effort to stabilize the existing coal fire.

A number of alternatives for dealing with this issue are discussed in the BLM's Technical Report on the coal seam fire. These alternatives include deleting from 40 acres to as much as 110 acres of the Welch Lands from the exchange to exclude the fire areas. This course of action would, in addition to deleting the coal seam fire area from the exchange, also delete as much as a quarter of a mile to half mile of the Tongue River from the exchange. Under the circumstances, BLM believes that resource values on the Welch Lands and the public access to the Tongue River provided by the Welch Lands outweigh any limitations that the fire might impose on future management. Spontaneous coal seam fires were a natural occurrence in the Powder River Basin in prehistoric times and have helped create the landscape that exists in this area today. BLM believes the area can be managed in such a way as to capitalize on the educational values associated with the coal seam fire.

The cause of the Thunder Child Range Fire is undetermined, but potential causes include a lightning storm and/or the underground coal seam fire. The potential causes of the Thunder Child Range Fire are also discussed in BLM's Technical Report on the coal seam fire.

Public Interest Determination Associated with the Federal Coal to be Exchanged

The Federal coal proposed for exchange to P&M is referred to as the PSO Tract in the EIS. The PSO Tract is located immediately north of the Welch Lands and northeast of Sheridan, Wyoming. The Federal coal is present in two mineable seams, the Dietz 1 and the Dietz 3 seams. The Dietz 1 coal seam has an average heating value of 9,279 British thermal units per pound (Btu/lb), and the Dietz 3 seam has an average heating value of 9,352 Btu/lb. BLM estimates that the PSO Tract includes approximately 84.2 million tons of recoverable Federal coal.

In 1990, BLM completed the JY Ranch land exchange, which involved an exchange of Federal coal east of the PSO Tract to the Sloan Kettering Cancer Foundation. This coal is now owned by CONSOL Energy, Inc (CONSOL).

Most of the surface estate on the PSO Tract is owned by P&M (see Appendix 1, Figure 5); however, as discussed in Section 3.4.11 and shown in Figure 3-13 of the Final EIS, there are four other private surface owners, as well as about 6.41 acres of Federal surface estate, administered by BLM.

BLM received some comments concerning the public interest associated with exchanging the Federal coal under the PSO tract, which are discussed in the following paragraphs.

Competitive Interest. Kennecott Energy Company commented during the environmental process and at the September 17, 2003, public meeting that there is competitive interest in the Federal coal proposed for exchange. To make their point, Kennecott quoted an October 13, 1999, letter from CONSOL, which states: "It remains the intent of CONSOL to competitively lease the Ash Creek Tract in advance of mining operations at Youngs Creek." The October 13, 1999, letter was a formal objection to the proposed P&M exchange; it was not a commitment to file an application to lease the Federal coal. In the October 13, 1999 letter, CONSOL also stated: "Economic evaluations completed as part of the JY Ranch Exchange anticipated project start-up on or about the year 2005." However, in a subsequent letter, dated September 15, 2003, CONSOL made the following statement: "Fully understanding that leasing will not occur in the near term, the value of the Tract will certainly be enhanced in the future as demand for low ratio, low sulfur coal increases." The October 13, 1999, letter does not represent a formal expression of interest in competitively leasing the Federal coal proposed for exchange. Kennecott and CONSOL did not provide information that gives an indication of when such a formal expression of interest would be likely to occur.

Loss of Bonus and Royalty Payments. A few comments expressed the concern that exchanging the Federal coal under the PSO Tract would eliminate any possibility for bonus bids and royalty payments. The comments in this vein expressed the opinion that the exchange would result in estimated losses of as much as $208 million in potential bonus bid and royalty payments. BLM believes that the impacts described in or claimed by these comments are not realistic for a variety of reasons. These include the following:

1. Under the proposed land exchange, the coal would be exchanged in fee to P&M. In exchange the public would receive several different pieces of private land with significant resource values now instead of bonus bids or royalty payments at some unspecified time in the future. Under the Federal Land Policy and Management Act, lands or interests in lands in an exchange shall be of equal value. Some cash equalization can be allowed, but cash equalization payments cannot exceed 25 percent of value of the Federal lands to be conveyed. This standard is satisfied for this land exchange.
2. There is currently little competitive interest in leasing Federal coal in the Sheridan area, including the Federal coal proposed for exchange. Since 1990, the BLM has been leasing Federal coal in the Powder River Basin competitively, using the lease by application (LBA) process. During that time, there have been no applications to lease Federal coal in the PSO Tract or elsewhere in Sheridan County. The Federal coal under the PSO Tract is not located adjacent or even close to an operating coal mine. There are no operating surface or underground coal mines in Sheridan County; the nearest operating coal mines are the Decker and Spring Creek Coal mines which are located six miles northeast of the PSO Tract in Montana. The Decker Mine has recently reduced both coal production

and its number of employees. The Spring Creek Mine, operated by a subsidiary of Kennecott Energy Company, acquired approximately 150 acres of Federal coal resources adjacent to the existing mine using the LBA process in 2000. When these mines need to acquire additional coal, it seems reasonable to believe that they would follow the LBA process to acquire Federal coal close to their existing operations.

3. It is very expensive to develop a new mine and a new mine would have to compete for a share of the coal market with existing mines in the Powder River Basin that already have facilities in place. This has severely limited competitive leasing interest in the PSO Tract and elsewhere in Sheridan County. The necessary infrastructure needed to support a mine does not exist near the PSO tract, and before the coal in the PSO tract can be mined someone must invest a significant amount of money in the infrastructure needed to operate a mine and transport the coal.
4. BLM exchanged the Federal coal immediately east of the coal identified for the P&M Exchange Proposal as part of the JY Ranch Land Exchange in May 1990. CONSOL subsequently acquired this coal after the JY Exchange was completed and has held the coal for over thirteen years without any development. The absence of development of this and other private coal adjacent to the coal proposed for exchange illustrates the economic difficulty with developing coal in this area.

The public interest associated with exchanging Federal coal under the PSO tract has been considered at length. Under the proposed exchange, P&M would acquire actual ownership of the coal with a Federal patent instead of receiving a coal lease. Both the exchange and the coal leasing processes have advantages and disadvantages for both the coal producer and for the public. It is in the public interest to lease Federal coal if there is competitive interest in leasing the coal. In the absence of competitive interest in leasing the Federal coal in the foreseeable future, a land exchange may better serve the public interest under the right circumstances. In this case, there is currently no interest in leasing the Federal coal but, if it is exchanged at this time, the public would receive equal value private land with important public values. Under the P&M exchange proposal, the public would acquire ownership of and access to private inholdings in the BTNF, the JO Ranch Lands, and the Welch lands. The fact that the Federal coal that would be transferred under a land exchange would not be encumbered with an obligation to pay royalty may actually improve or enhance the chances of actual development of the coal since the cost of producing the coal would be reduced. Unleased Federal coal does not produce any local or state taxes until it is leased and developed, but private coal does produce tax revenue even if it isn't developed. Although the State of Wyoming has expressed concerns with the potential loss of royalty and bonus bid payments, they have also stated that the project will benefit the citizens of Wyoming and will provide an economic boost for the citizens of Sheridan County. The Sheridan County Commissioners have expressed support for completing the exchange.

<u>Appraisals and Equal Value Determination</u>. During the environmental process, at the public meeting, and as a result of subsequent reviews, the public made comments

concerning the fair market value (value) appraisal of the Federal coal. Several comments asked how BLM would ensure that the proposed land exchange represented an "equal value" exchange. At least two comments indicated that one of the primary public interest considerations should be the value placed on the Federal coal proposed for exchange. Comments were received that expressed the view that the appraised value of the coal was too low in comparison with sales of Federal coal to existing mines in the eastern portion of the Powder River Basin.

BLM prepared the appraisal for the Federal coal. After completion, the coal appraisal was reviewed by the Appraisal Services Directorate of the Department of the Interior, in Washington, D.C., who approved BLM's appraisal on April 26, 2004. After approval, a thirty day public review period was provided from the date of the "Dear Reader" notice, issued on May 3, 2004, to allow those parties who had participated in the EIS process and who may be interested in the actual appraisal to review and comment on the Federal coal and private land values established for this exchange. This was another public outreach to receive comments, as it was provided in addition to the requirements outlined in the regulations at 43 CFR 2200 and 2203. The comment period was allowed to ensure that BLM afforded those parties who participated in the process a forum to provide comments for the public interest determination as it related to the appraisals, since the final reviewed and approved values were not available at the public interest determination meeting held in Sheridan, Wyoming on September 17, 2003. As a result of this process, BLM received 3 (three) comments) to the appraisal. The first comment was from the Lincoln/Uinta County Association of Governors, endorsing the exchange, while the second and third comment letters received were received from CONSOL Energy and John Willson. Copies of these comment letters and BLM's response to these comments are included in Appendix 4. While many of the comments we received were insightful, there was nothing presented that resulted in changing the BLM's decision to proceed with the preferred alternative stated in the Final EIS, which is to complete the exchange.

The approved and reviewed appraisal for the Federal coal under the PSO tract established a value of $5,400,000 for the Federal coal proposed for exchange.

The appraisals for the other properties were prepared under contract and accepted by BLM. These appraisals were forwarded for review and approval by an independent outside review appraiser and the Department of the Interior's Appraisal Services Directorate (ASD). The approved and reviewed appraisals established the following value for the private lands and interest to be exchanged:

1. Bridger Teton Lands $4,166,000

2. JO Ranch Lands $388,000

3. Welch lands $890,000

One comment received from CONSOL intimated that P&M might want to consider retaining the P&M land holdings since they have appreciated from an estimated $2.62

million in 1999 to $5.4 million in today's real estate market. The majority of this increase can be attributed to the steep escalation in values associated with lands in and near the BTNF, imitating the increased price of lands in the Jackson Hole and Pinedale markets. Market analysis of the properties and independent review of the appraisals confirmed the value attributed to the P&M lands of $5,400,000.

Equal Value Resolution

Section 206(b) of The Federal Land Policy and Management Act (FLPMA) as amended establishes an "equal value" standard for land exchanges. Under FLPMA, the values of the lands exchanged either shall be equal, or if they are not equal, the values shall be equalized by the payment of money to the grantor or to the Secretary so long as the payment does not exceed 25 percent of the total value of the lands or interests transferred out of Federal ownership. Based on the above appraised values for the land and coal included in the exchange, the Forest Service will make a cash equalization payment at closing in the amount of $44,000.

Conformance with BLM Land Use Plans

Acquisition of the private lands and disposal of the Federal coal estate are consistent with existing BLM resource management plans (RMPs).

The Buffalo Area RMP (approved in 1985 and updated in 2001) provides for the exchange of the Federal coal estate at Decision MM-3 which states "Federal coal land available to be considered for lease modifications, emergency leases, and exchanges includes the uncommitted coal land determined to be acceptable for coal development and leasing consideration both within the priority areas for competitive leasing . . . and outside the priority areas for competitive leasing.

Concerning the 638.37 acres of the Bridger Lands within in the Pinedale Field Office administrative boundaries, the Pinedale RMP (1988) states that the lands BLM will acquire in this area lie within a retention area and goes on to say: ". . . acquisition of non-Federal lands will be pursued, if needed, to accomplish management objectives. Lands actions (e.g., exchanges) will be pursued to enhance and maintain key wildlife habitats". When the land exchange is completed, the Pinedale RMP will be maintained to extend existing management direction to the newly acquired land. Concerning the JO Ranch Lands, the Great Divide RMP (1990) states that the preferred method of disposal or acquisition of lands by BLM will be through exchange. When the exchange is completed, the Great Divide RMP will be maintained to extend existing management direction to the newly acquired lands. Concerning the Welch Lands, the Buffalo Area RMP states "Exchanges are used to acquire high resource value lands and to reduce management burdens on other parcels. Exchanges can also be used for the sole purpose of acquiring access." The plan goes on to discuss that "the combination of population density and a limited public land base results in a higher demand for recreation on public lands." Acquisition of the Welch Lands will provide the only public access to the Tongue River in Sheridan County and will also provide more public lands for recreation in an area which has historically been closed to the public. When the land exchange is completed and the Welch lands become public lands, future management of the lands and coal estate would be administered under the Buffalo Area RMP. Actions to consider future management will be determined through additional NEPA analysis.

Conformance with BTNF Land Use Plan

The BTNF Forest Plan addresses the acquisition of lands and indicates they will be pursued with willing landowners, and that the lands acquired will be managed consistent with the adjoining BTNF lands.

Threatened and Endangered Species Consultation

The BLM prepared a biological assessment to evaluate the potential effects to threatened and endangered species and requested that the U.S. Fish and Wildlife Service review BLM's determinations of effects to listed threatened and endangered species if the exchange is completed. U.S. Fish and Wildlife Service provided written concurrence of "no effect", with BLM's determinations pursuant to section 7(a)(2) of the Endangered Species Act of 1973, as amended in letters dated January 29, 2004, and April 15, 2004.

PUBLIC INVOLVEMENT

BLM prepared a Notice of Exchange Proposal (NOEP) informing the public of the land exchange proposal and asking for any comments on the proposal. The NOEP was published for four weeks in *The Sheridan Press,* Sheridan, Wyoming, *The Rawlins Daily Times*, Rawlins, Wyoming, *The Daily Rocket Miner*, Rock Springs, Wyoming, and in *The Kemmerer Gazette*, Kemmerer, Wyoming, beginning on December 21, 2000 and ending on January 11, 2001. The NOEP described the proposed land exchange and described both the coal to be exchanged by BLM and the land that BLM would acquire under the proposed P&M exchange. A personal copy of the NOEP was also mailed to the known mineral lessees affected by the proposed land exchange, to other parties who have expressed an interest in the proposed land exchange, and to the Clearinghouse Coordinator of the Office of Federal Land Policy, State of Wyoming.

A notice of "The Intent to Prepare an Environmental Impact Statement and Notice of Scoping on Proposed Exchange" was published on February 14, 2001. Three public scoping meetings where scheduled for the exchange proposal. A meeting was held on March 5, 2001, in LaBarge, Wyoming, a meeting was held on March 6, 2001, in Rawlins, Wyoming, and a meeting was held on March 7, 2001, in Sheridan, Wyoming.

All proposals that seek to sell, lease, or exchange Federal coal in the Powder River Basin are reviewed by the Powder River Regional Coal Team (PRRCT) before any case processing begins. The PRRCT consists of the BLM State Directors of Wyoming and Montana, the BLM Deputy State Director, Division of Minerals and Lands, Wyoming State Office, and the Governors (or their representatives) of Montana and Wyoming. The PRRCT reviewed the P&M exchange proposal at a public meeting held on October 27, 1999, in Gillette, Wyoming. P&M presented information about the proposed land exchange to the PRRCT. The PRRCT recommended that the BLM continue to process the exchange and the PRRCT instructed BLM to proceed with an EIS to evaluate the environmental effects of the land exchange.

The issues and concerns raised during the initial scoping and public comment period are summarized on page 1-16 of the final EIS.

A draft EIS was issued in April 2002. The document generated 21 written comments. The final EIS was distributed in July 2003, and 12 written comments were received in response. A formal public hearing was held on September 17, 2003 in Sheridan, Wyoming. Ten people made formal statements at the public hearing. The written comments and the transcript of the formal hearing are on file at the BLM Casper Field Office and BLM Wyoming State Office, Cheyenne, Wyoming. On May 3, 2004, BLM sent out a "Dear Reader" Notice, which afforded an opportunity to all interested parties who had participated in the EIS process, an opportunity to comment on the appraised values associated with the Federal and non-Federal lands. BLM received three comments as described earlier. All comments that were received during the EIS process were considered in the preparation of both the Draft and Final EISs, and in this Record of Decision. See Appendix 4.

On June 29, 2000, BLM sent a letter to Office of Attorney General, Antitrust Division, asking that the Department of Justice review the P&M exchange proposal for any possible antitrust violations.

As part of the Federal regulations governing land exchanges of Federal coal, a public meeting was held on September 17, 2003, to receive public comment on the public interest factors of the proposed exchange. As required by regulations at 43 CR 2203.4(a), all public comments received and the transcript of the public meeting were sent to the Attorney General on June 15, 2004, (received on June 16, 2004), so the Attorney General could advise, in writing, of any antitrust consequences of the proposed exchange. In accordance with regulations at 43 CFR 2203.4(d), on September 13, 2004, the 90 day period for response expired. Since the BLM received no response from the Attorney General within the timeframe allowed by regulations, exchange processing may proceed.

The appraisal information for the private (Non-Federal) lands in the P&M exchange is as follows:

Property Identification & Appraisal Date	Approved Amount	Appraisal Reviewed 3rd Party Independent Reviewers & ASD on
Welch Lands 11/5/03 - (extended to 11/26/04)	$890,000	George Luther and ASD Approved 2/4/2004

J.O. Ranch Lands		
9/30/03	$388,000	Hastings & Associates and ASD
– (extended to 11/26/04)		Approved 2/6/2004
Bridger Lands		
4/19/04	$4,166,000	ASD Approved 4/27/2004
Total	$5,444,000	

The coal appraisal for the offered (Federal estate) in the P&M exchange was prepared by BLM and reviewed by the ASD in Washington, D.C., on April 26, 2004, for a value of $5,400,000, and then according to BLM policy, signed and approved by the BLM on May 3, 2004.

The value difference will be equalized at closing by a cash equalization payment from the Forest Service in the amount of $44,000, as provided for in the regulations found at 43 CFR 2201.6.

ALTERNATIVES ANALYZED IN DETAIL

Proposed Action: Complete the Exchange

Under the proposed action, an equal value land exchange would be completed between P&M and the United States. P&M would acquire ownership of the Federal coal underlying the PSO Tract. P&M estimated that there are approximately 107 million tons of recoverable coal included in the tract. BLM's evaluation concluded that there are approximately 84.2 million tons of recoverable coal included in the tract. The proposed action and the analysis assume that P&M would develop a new surface coal mine which would mine, process, and sell the coal in the PSO Tract.

Under the exchange, the United States would acquire ownership of the Bridger Lands in Lincoln County, ownership of the JO Ranch Lands in Carbon County, and ownership of the Welch Lands. Under the proposed action, the mineral estate under the Bridger Lands would be acquired by the United States. The United States would not acquire the mineral estate under the JO Ranch Lands, and the United States would acquire coal under 808.89 acres of the Welch Lands in Sheridan County, Wyoming, reuniting the surface and coal estates of the property in the United States.

Alternative 1: No Action Alternative

Alternative 1 is the no action alternative. Under the no action alternative, the exchange would not be completed. For purposes of comparison with the Proposed Action, the No Action Alternative assumes that the PSO Tract would not be mined in the foreseeable future, but selection of this alternative would not preclude leasing of the Federal coal in the future. Under the No Action Alternative, the Bridger Lands, the JO Ranch Lands and the Welch Lands would remain in private ownership.

This is the environmentally preferable alternative if it is assumed that the Federal coal under the PSO Tract will not be mined in the foreseeable future and if it is assumed that existing land use for the Bridger Lands, the JO Ranch Lands, and the Welch Lands will not change in the foreseeable future.

ALTERNATIVES CONSIDERED BUT NOT ANALYZED IN DETAIL

Alternative 2: Purchase the Bridger Lands, the JO Ranch Lands, and the Welch Lands

Under this alternative, which was based on a comment received during scoping, a land exchange would not take place; instead, the United States would purchase the three private parcels from P&M. This alternative assumes that P&M would be willing to sell the offered lands, and that the BLM could obtain the necessary funding to pay for the purchase. P&M is not willing to sell the private lands to the United States, but even if P&M would entertain a possible sale, it is highly unlikely that BLM could obtain the funding to buy the property. This alternative was not analyzed in detail.

Alternative 3: Hold a Competitive Coal Lease Sale

Under this alternative, BLM would hold a competitive coal lease sale for the Federal coal under the PSO Tract, and the revenue generated from the coal sale would be used to purchase the land offered by P&M. Since decertification of the Powder River Basin as a coal producing region in 1990, Federal coal has been leased under the LBA process. The LBA process responds to applications for maintenance tracts to extend the lives of existing mines. The PSO Tract would not be a maintenance tract, and BLM has not received an application to lease any of the Federal coal in the PSO Tract.

Revenue generated from the leasing of Federal coal goes to the General Fund, and cannot be used to purchase the P&M lands without special congressional legislation. This alternative is not analyzed in detail in the EIS.

Land Title Concerns

As title work was completed on the private land owned by P&M, more complete information about the title was collected. Additional information is now available about the mineral estate title on the private land proposed for exchange. The information contained in the EIS was based on P&M's understanding of their mineral ownership when exchange processing began, and the extent of the mineral ownership was discussed at various locations throughout the EIS.

For example, the existing mineral ownership is discussed in the following locations throughout the final EIS.

-In the fist column on page ES-1 of the final EIS, we indicate that "P&M owns portions of the mineral estate in the lands in . . . Sheridan Counties."

-In the second column on page ES-1 of the final EIS, we state, "If the exchange is completed as proposed, P&M would transfer approximately 1,539 acres of surface estate and 808 acres of coal estate to U.S. ownership."

-In the first column on page ES-14, we state, "The BLM would also acquire about 800 acres of coal estate. The rest of the mineral estate…., including the oil and gas estate is privately owned and that mineral ownership would not change if the exchange is completed."

-In the second column on page 1-1 of the final EIS, we state, "if the exchange is completed as proposed, P&M would transfer approximately 1,600 acres of surface estate and 800 acres of coal estate to U.S. ownership. . . .P&M does not have ownership of the rest of the mineral estate, including the oil and gas estate."

-In the second column on page 2-3 of the final EIS we state, "P&M does not own and is not offering to exchange any non-coal mineral rights underlying the Welch lands."

After P&M obtained a title insurance policy for the private lands, they discovered that Fort Union Coal has a 2% overriding royalty interest in the coal estate under the Welch lands that P&M is exchanging as part of this exchange. In addition, the oil and gas mineral interest has been divided a number of times, and P&M owns a "very" small portion of the oil and gas mineral interest under the Welch Lands. Exact percentage of ownership is not known, and this information is not readily available without more expensive research and title work. After examining these findings, we have concluded that for all practical purposes, nothing has changed regarding the title on the Welch Lands. The overriding royalty interest in the coal on the Welch Lands is not a factor affecting value since the existing coal has been found to have no economic value, and BLM has no intention of developing the coal under the Welch Lands. The fragmented oil and gas ownership under the Welch Lands was found to be insignificant, and in the unlikely event of future development, BLM feels they would be able to require the necessary mitigation for any surface concerns.

Appendix 1 – General Location Maps
Appendix 2 – Description of the Private Lands
Appendix 3 – Description of the Public Land (coal estate)
Appendix 4 - Comment Letters on Appraisal Value & BLM Responses

/S/ Robert A. Bennett **11/17/04**

Robert A. Bennett Date
State Director

APPENDIX 1

APPENDIX 1

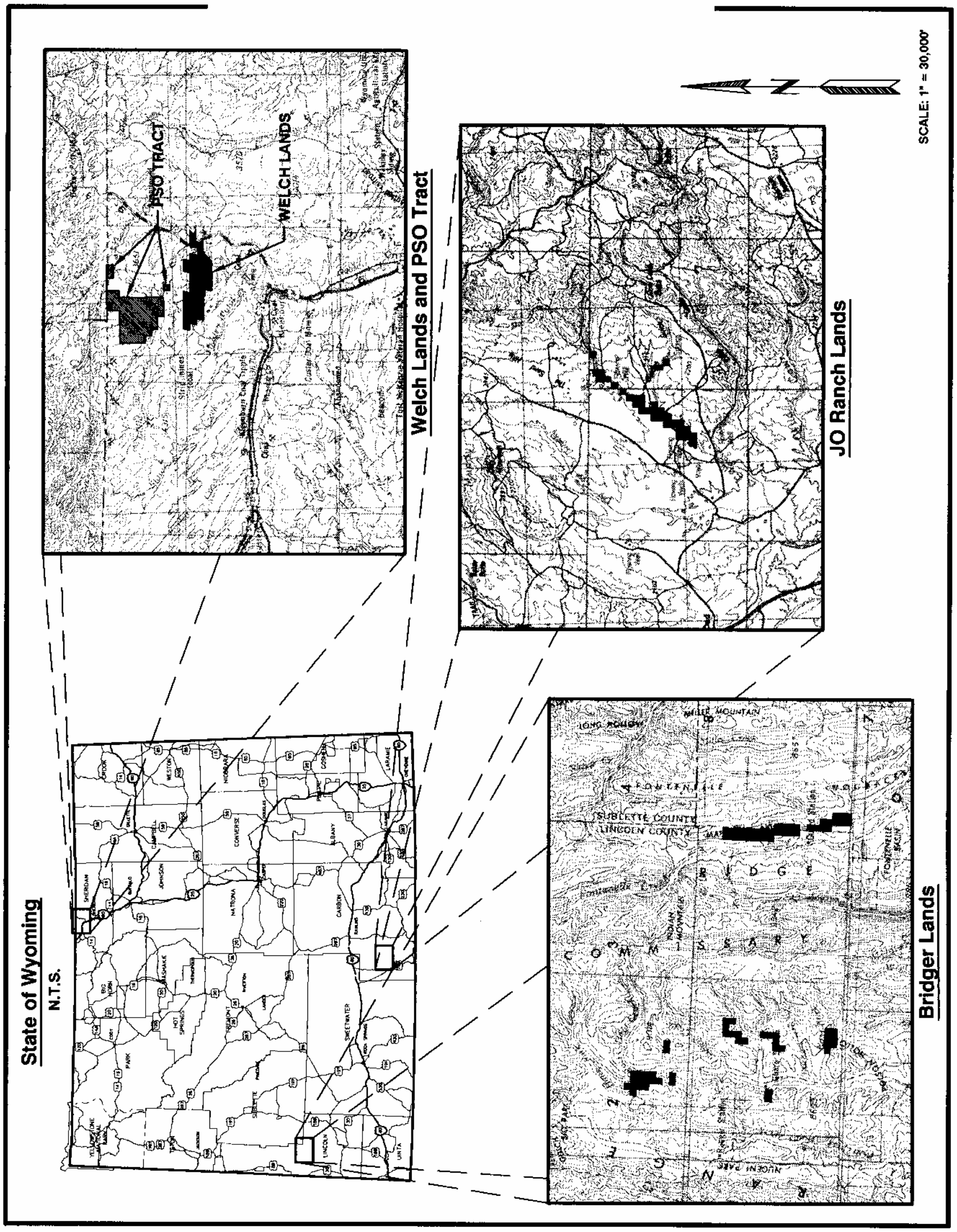

Figure 1. General Location of Lands Being Offered for Exchange by P&M and the PSO Tract.

APPENDIX 1

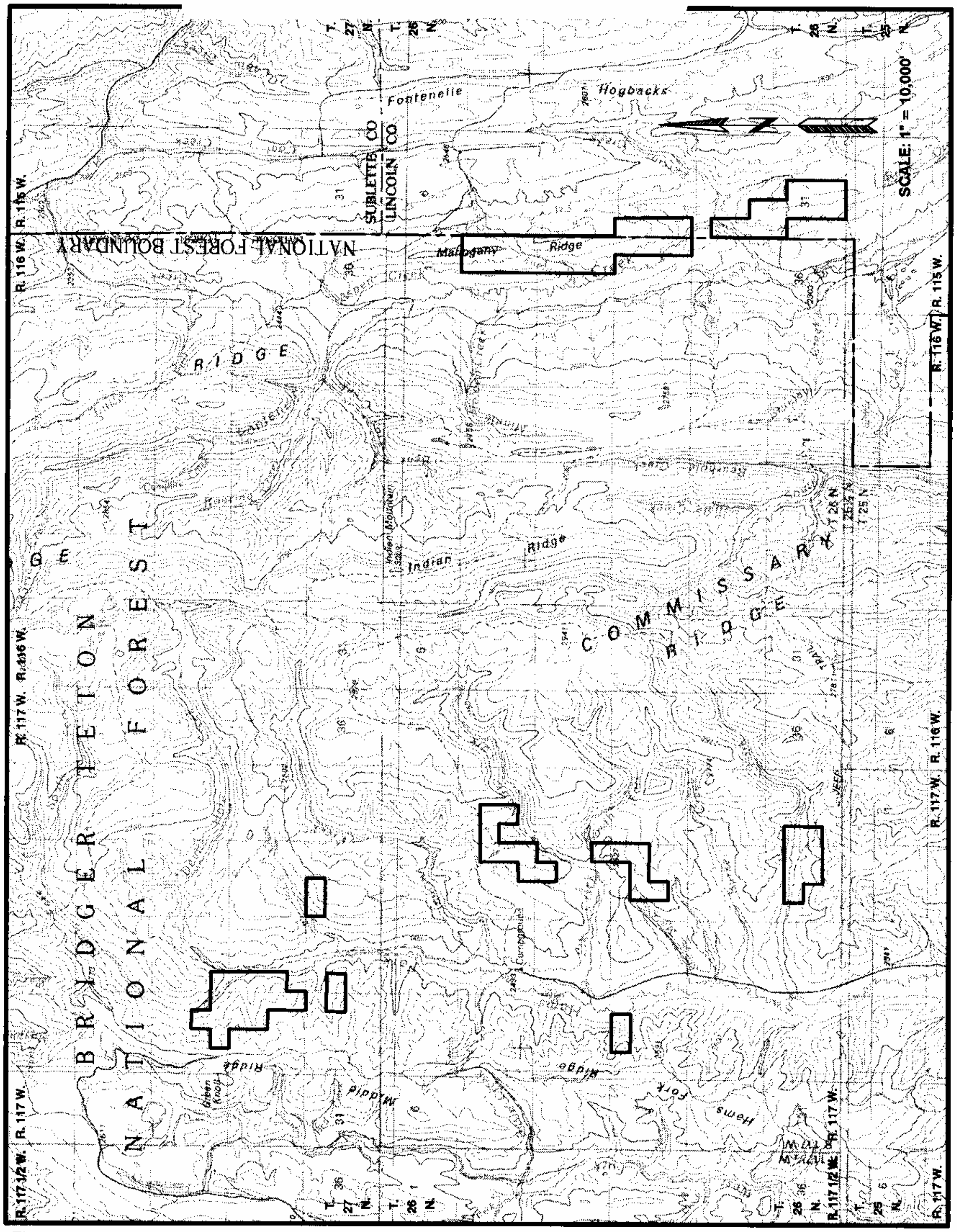

Figure 2. Bridger Lands Location Map.

APPENDIX 1

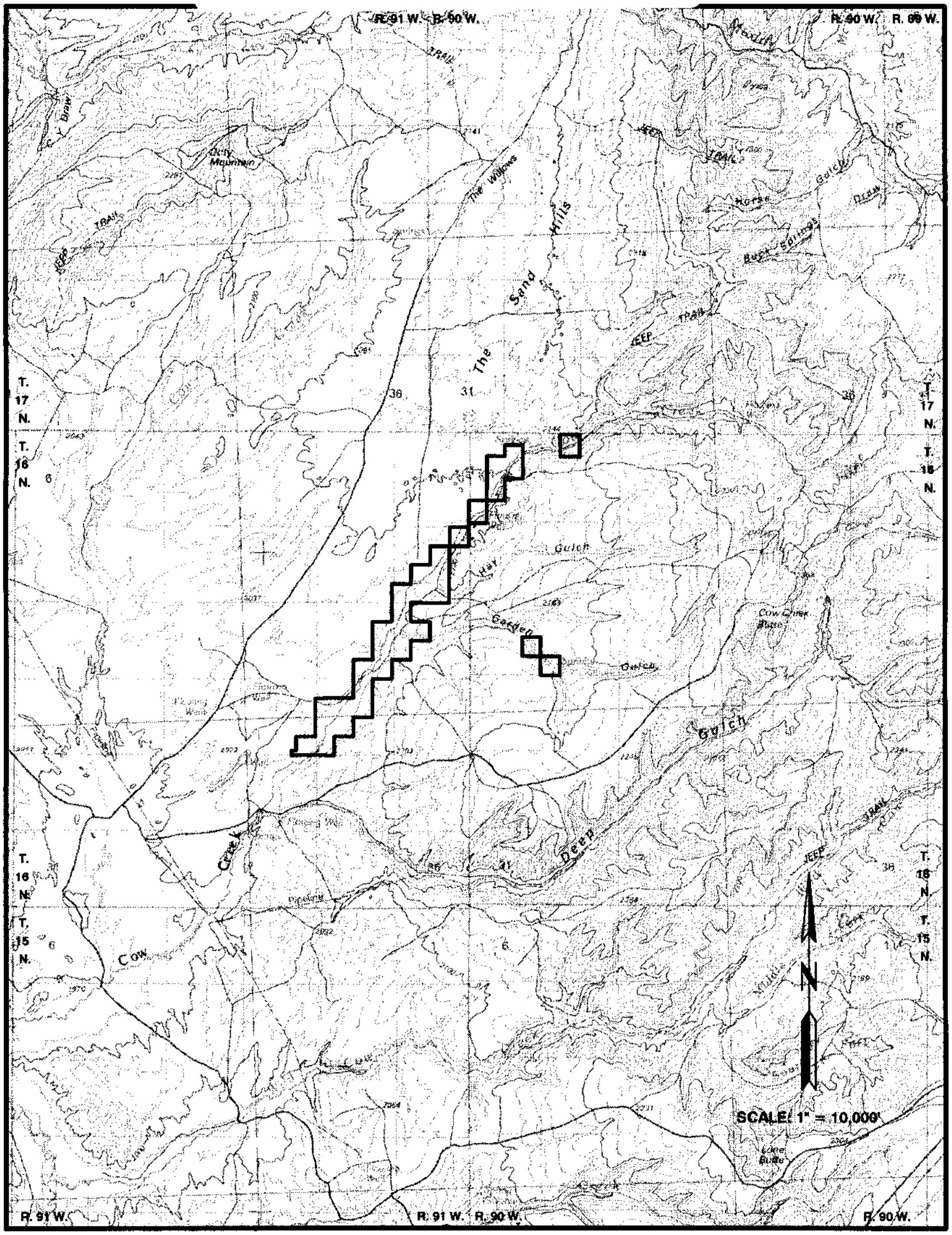

Figure 3. JO Ranch Lands Location Map.

APPENDIX !

APPENDIX 1

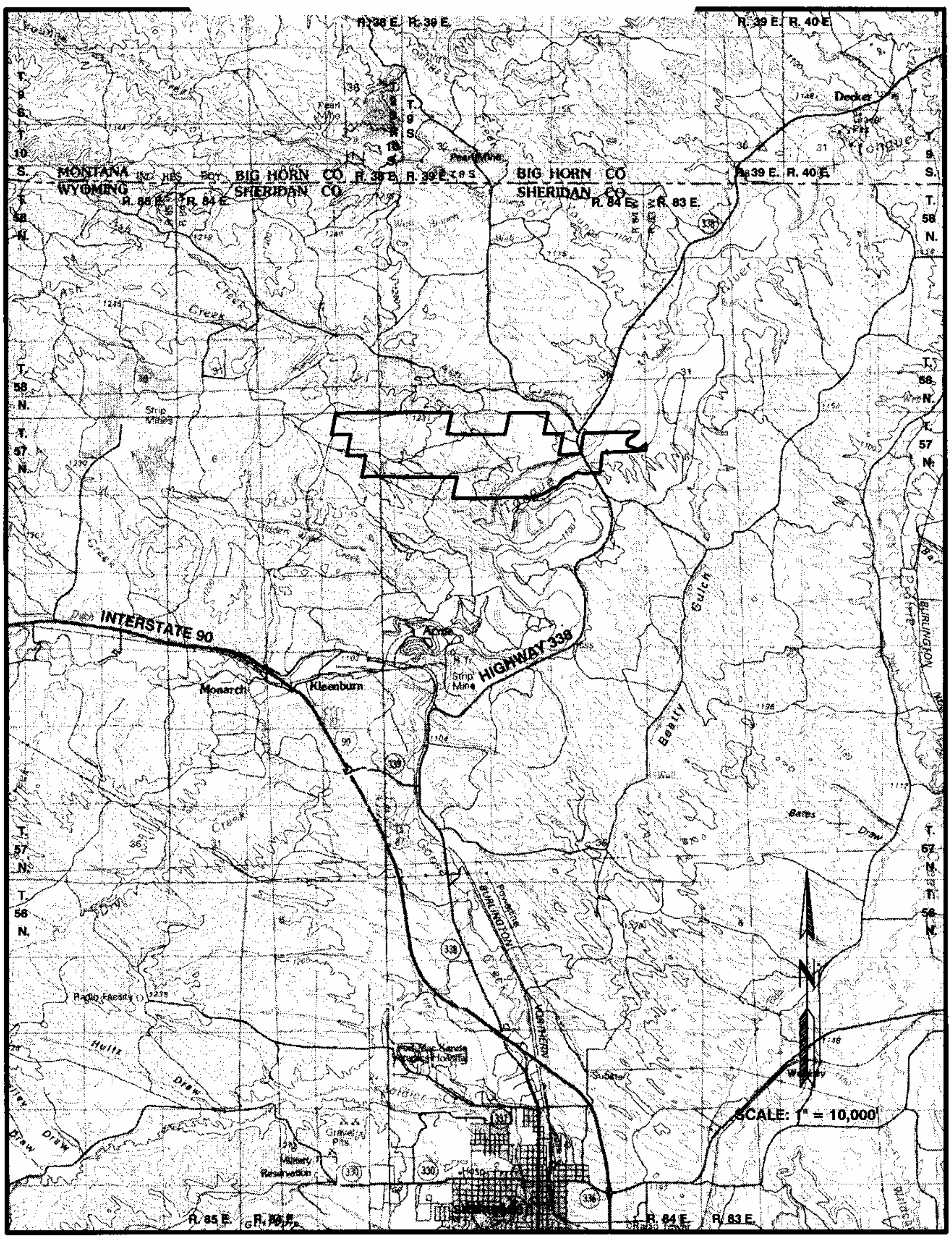

Figure 4. Welch Lands Location Map.

APPENDIX 1

APPENDIX 1

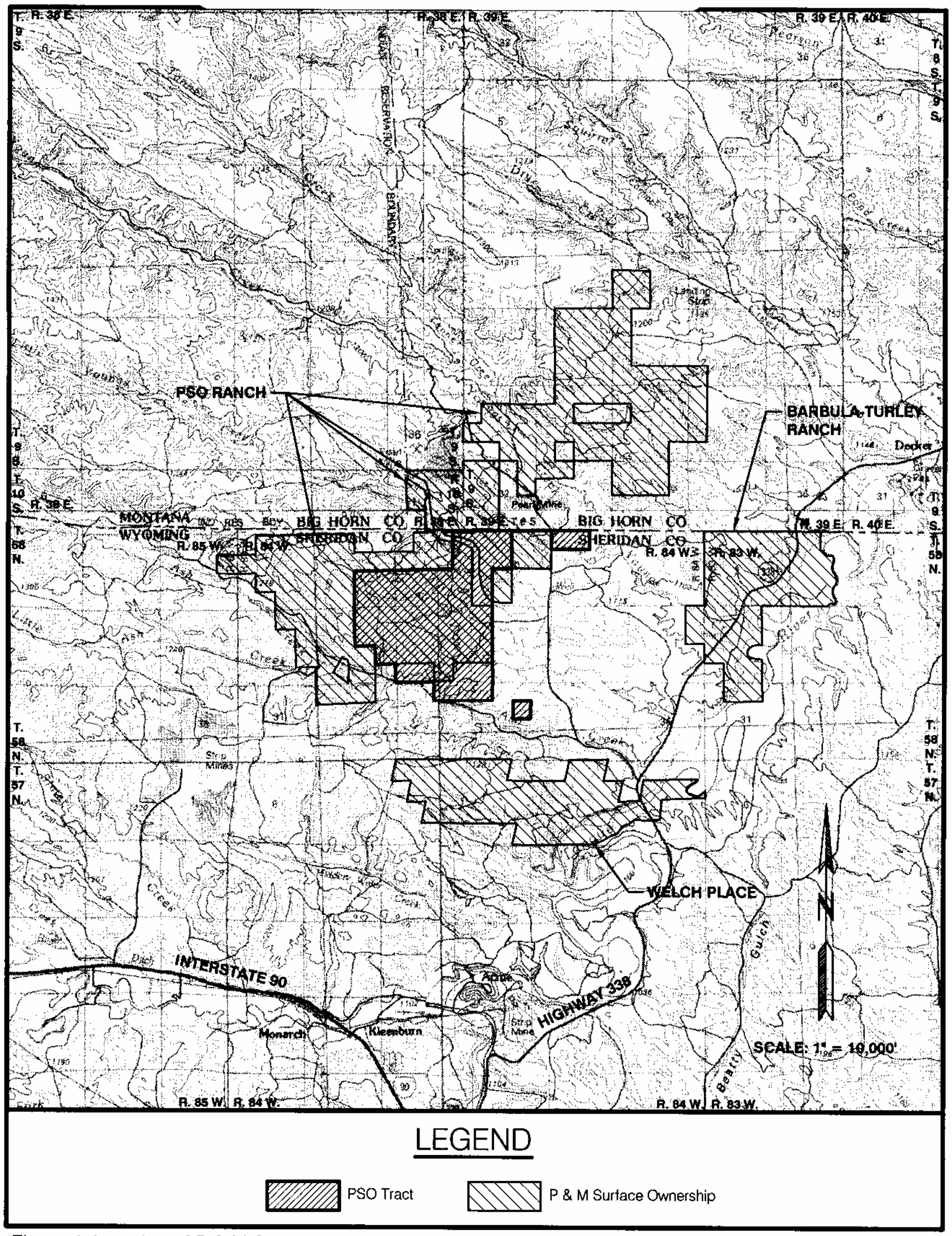

Figure 5. Location of P & M Surface Lands and PSO Tract.

Appendix 2

Offered Private Land in P&M Coal Exchange

Bridger Lands to be administered by U.S.F.S. and mineral estate

6th Principal Meridian, Lincoln County, Wyoming

T. 26 N., R. 116 W.,
Tracts 39, 41, and 42.
T. 26 N., R. 117 W.,
Tracts 37, 38, 39, 40, 41, 42 and 43.
T. 27 N., R. 117 W.,
Tracts 37, 38, 39, 40, 41, and 42.

Containing 2,447.88 acres more or less.

Bridger Lands to be administered by BLM and mineral estate

6th Principal Meridian, Lincoln County, Wyoming

T. 26 N., R. 115 W.,
Tracts 49, 57, and 71.

Containing 638.37 acres more or less.

JO Ranch Lands – Surface Estate

6th Principal Meridian, Carbon County, Wyoming

T. 16 N., R. 90 W.,
sec. 6, lots 20, 23, 24, 27, NE1/4SW1/4;
sec. 17, SW1/4SW1/4;
sec. 18, NE1/4SE1/4;
Tract 46.

T. 16 N., R. 91 W.,
sec. 12, NE1/4NE1/4, SW1/4NE1/4, SW1/4SW1/4, E1/2SW1/4, W1/2SE1/4;
sec. 13, W1/2NW1/4, SE1/4NW1/4, NW1/4SW1/4;
sec. 14, SE1/43NE1/4, NE1/4SE1/4,S1/2SE1/4;

sec. 22, SE1/4SE1/4, SE1/4SE1/4SW1/4SE1/4;
sec. 23, W1/2NE1/4, S1/2NW1/4, N1/2SW1/4, SW1/4SW1/4.

Containing 1,233.55 acres more or less.

Welch Lands - Surface Estate

PARCEL 1:

TOWNSHIP 57 NORTH, RANGE 84 WEST, 6TH PM
Section 1: SW¼NE¼, SE¼NW¼, N½SW¼ ;

AND all of the SE¼NE¼ **EXCEPT** the following tract of land:

BEGINNING at the northeast corner of said SE¼NE¼, thence along the east line of said Section 1, S02°14'10"E, 836.15 feet to a point, said point lying on the centerline of Tongue River; thence along the centerline of Tongue River for the following bearings and distances as described in Book 403 of Deeds, Page 574:

S48°43'08"W, 27.32'
S53°50'34"W, 255.83'
S52°23'43"W, 296.84'
N89°42'38"W, 161.14'
N78°02'58"W, 140.41'
N64°55'04"W, 238.56'
N78°10'43"W, 161.31'
N65°10'29"W, 105.43'
N39°17'53"W, 141.08'
N10°02'25"E, 282.01'
N40°09'55"E, 128.42'
N60°02'03"E, 84.76'
N59°12'38"E, 396.07'
N59°27'32"E, 129.33'
N44°13'27"E, 122.09'

thence N26°58'25"E, 97.27 feet to a point on the north line of said SE¼NE¼ of Section 1; thence along said north line N89°09'53"E, 500.85 feet to the **POINT OF BEGINNING**.

Said tract contains 25.53 acres of land, more or less.

Section 2: Lots 2 and 3, S½N½, N½S½, S½SW¼, SW¼SE¼,

AND all of the SE¼SE¼, **EXCEPT** the following tract of land:

BEGINNING at the southeast corner of said Section 2; thence S89°38'07"W, 1038.70 feet along the south line of said Section 2 to a point, said point lying on the southerly line of a tract of land described in Book 403 of Deeds, Page 574; thence N69°58'09"E, 317.91 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point; thence N67°57'44"E, 700.48 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point; thence N49°30'39"E, 271.42 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point, said point lying on the east line of said Section 2; thence S12°04'01"W, 553.58 feet along the east line of said Section 2 to the **POINT OF BEGINNING** of said tract.

Said tract contains 5.31 acres of land, more or less.

Section 3: S½NE¼, SE¼NW¼, NW¼SE¼, E½SE¼.

PARCEL 2:

A tract of land situated in the SW¼SW¼ of Section 1, Township 57 North, Range 84 West, 6th Principal Meridian, Sheridan County, Wyoming; said tract being more particularly described as follows:

Commencing at the southwest corner of said Section 1, thence N12°04'01"E, 553.58 feet along the west line of said SW¼SW¼ to the **POINT OF BEGINNING** of said tract, said point lying on the southerly line of a tract of land described in Book 403 of Deeds, Page 574; THENCE N49°30'39"E, 123.15 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point; thence N81°37'34"E, 342.02 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point; thence N45°08'47"E, 353.26 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point; thence N43°54'00"E, 377.30 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point; thence N82°52'38"E, 348.06 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point; thence N60°45'38"E, 221.58 feet along said southerly line described in Book 403 of Deeds, Page 574 to a point, said point lying on the east line of said SW¼SW¼; thence N12°31'16"E, 164.25 feet along said east line to the northeast corner of said SW¼SW¼; thence S89°06'03"W, 1317.24 feet along the north line of said SW¼SW¼ to the northwest corner of said SW¼SW¼; thence S12°04'01"W, 963.14 feet along the west line of said SW¼SW¼ to the **POINT OF BEGINNING** of said tract.

Said tract contains 16.14 acres of land, more or less.

PARCEL 3:

<u>TOWNSHIP 57 NORTH, RANGE 84 WEST, 6TH P.M.</u>
Section 3: Lots 3 and 4, SW¼NW¼, N½SW¼;
Section 4: Lots 1, 2, 3, and 4, SE¼NW¼, S½NE¼, N½SE¼.

Total land in Welch Lands contains 1,745.97 acres more or less.

Welch Lands – Coal Estate and any residual P&M owned (other) mineral estate

6th P.M., Sheridan County Wyoming
T. 57 N., R. 84 W.,
sec. 1, SW¼NE¼, and the SE¼NE¼ (excluding 25.53 acres),
SE¼NW¼, N½SW¼;
sec. 2, S½NW, S½ (excluding 5.31 acres located in the SE¼SE¼);
sec. 3, S½NE¼, SE¼NW¼, N½SE¼, SE¼SE¼.

Containing 810.09 acres, more or less.

APPENDIX 3

SELECTED FEDERAL (COAL ESTATE) in P&M EXCHANGE

Sixth Principal Meridian, Sheridan County, Wyoming

T. 58 N., R. 84 W.,
sec. 15, lot 1;
sec. 20, SE¼;
sec. 21, E½NE¼, S½;
sec. 22, NW¼, W½SW¼;
sec. 23, lots 3 and 4;
sec. 27, W½NW¼, W½SW¼;
sec. 28, All;
sec. 29, NE¼, NE¼SE¼;
sec. 33, N½NE¼;
sec. 34, SW¼NE¼, NW¼NW¼.

The land described above contains 2,045.53 acres, according to the official BLM dependent resurvey accepted May 28, 1953.

APPENDIX 4

RESPONSE TO JOHN C. WILSON COMMENTS

Page 12 What is the basis for the determination that mining is not feasible in the 10 year lease term with a 12.5% royalty, other PRB mines are feasible or P&M could apply for a royalty rate reduction.

BLM Opinion: The DCF analysis in the appraisal found a negative value for the property even without the 12.5% royalty assuming a fee exchange. An additional 12.5% royalty clearly makes the property uneconomic. Other PRB mines have been open for years with much of their initial capital expenses recovered or written off. Leasing a coal tract and then immediately applying for a royalty rate reduction to make the mine work does not make economic sense.

Comparable Sale 1 Use spot price comparison rather than inflation adjustment.

Appraisal Method: The inflation adjustment was one of several adjustments considered to reflect changes from the sale date to today. The inflation adjustment only captured the component of the total change relative to making the dollars considered equivalent. Another adjustment to help account for different market conditions did use the relative spot prices from 1989 to today as suggested.

Comparable Sale 2 Use spot price comparison rather than inflation adjustment, no value for royalties included, southern Wyoming market shrinking while PRB market growing.

Appraisal Method: Same answer as above for inflation versus spot adjustment. Royalty income only occurs when the mine actually becomes competitive enough to produce and sell in the open market. Therefore, the 8% underground and 12.5% surface royalty of this lease sale was included as a cost in the DCF analysis, which was compared to the DCF analysis of the Ash Creek tract without any royalty payments so this factor was considered. The DCF analysis of both the sale and the subject tracts used price forecasts specific to each individual market, which helps account for the different future potential of these different areas.

Comparable Sale 3 Why are the West Rocky Butte and Rocky Butte tonnage and price added together, should use $0.30/T and add in 12.5% royalty.

BLM Opinion: The comment itself explains the rationale. The West Rocky Butte lease not only secured the 55 MM tons offered but saved the entire Rocky Butte lease from expiration. Therefore, the buyer was actually paying for 600 MM tons, which included the West Rocky Butte lease plus the money that had been spent acquiring and holding the original lease for a total estimated cost of $22,000,000.

Appraisal Method: Again, the 12.5% royalty was included as a cost in the DCF analysis, which was compared to the DCF analysis of the Ash Creek tract without any royalty payments.

Comparable Sale 4 Use spot price comparison rather than inflation adjustment, include 12.5% royalty value as adjustment.

Appraisal Method: Same answer as above for inflation versus spot adjustment and for royalty consideration.

Price Forecast No credible forecast shows negative growth rate for PRB.

BLM Opinion: The three sources listed in the appraisal report on page 29 are considered to be credible sources for price forecasts in the PRB.

Value Estimate BLM value of $0.06/T is too low, value above $0.30/T should be used.

BLM Opinion: The estimated value of $0.0642/T is based on both an economic comparison of actual sales and a direct comparison with an adjacent sale. It is considered to represent a reasonable and supportable estimate of the fair market value for the subject.

(3

John C. Willson
PO Box 2244
Gillette, WY 82717

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
04 JUN -2 AM 10: 00
RECEIVED
CHEYENNE, WYOMING

May 31, 2004

Ms. Tamara Gertsch
5353 Yellowstone Avenue
Cheyenne, WY 82009

RE: P & M Coal Co. Exchange Proposal

Dear Ms. Gertsch:

I would like to comment on the appraisal information developed for the Pittsburg and Midway Coal Exchange. I believe the analysis and assumptions used in the coal appraisal are flawed and deserve comment.

On page 12 of the coal appraisal a statement is made that mining is not feasible in a ten-year period with a 12.5% royalty but would be if the mineral were held in fee. This is a general statement and is not substantiated with facts. Where is the complete economic analysis for this? If this is in fact true, BLM land leasing policies allow for mining companies to apply for a royalty reduction. To the best of my knowledge no Powder River Basin coal company has applied for and received a royalty reduction. This includes higher ratio mines selling coal into a far more depressed market than exists now. I believe this is an unsubstantiated and inaccurate statement.

I find fault with all four analysis of comparable exchanges or LBA comparisons. While the information available may not have included all the backup data and calculations, the analysis and subsequent conclusions are misleading.

In Comparison 1, the 1989 Youngs Creek Exchange with Consol, the 1989 exchange value of \$.027 / ton was adjusted for inflation to \$.0364 / ton. This assumes that the value established in 1989 for the exchange was fair and justified at the time under different coal market conditions. The value of coal over the last 15 years and the ensuing market conditions I believe have out paced inflation. Wouldn't inflating the exchange value of \$.027 by the ratio of the spot price of PRB coal in 2004 to the spot price of PRB coal in 1989 be a more accurate way of determining current value in this comparison? This would exceed the \$.0364 / ton calculated in this comparison.

In Comparison 2, the Carbon Basin tract 1999 LBA, the same spot market value based inflation calculation as proposed above for Comparison 1 could be used. In 1999 the spot market price for 8800 BTU Southern PRB coal was \$4.25 / ton with the current spot market for this same coal being \$7.25 / ton. Using this ratio the current value would be \$.0508 / ton not \$.0319. This was also an LBA that resulted in a 12.5% lease. No value for future royalties was included in the valuation. If the coal is not developed in 10 years the lease will revert back to BLM and would be available for another LBA. Additionally this comparison is for coal in Southern Wyoming, whose market in general has been shrinking, not growing at the same rate as the PRB market.

In Comparison 3, the West Rocky Butte LBA, the calculation presented was wrong and misleading. North Western Resources paid $16,500,000 for 55 million tons resulting in a bonus bid price of $.30 / ton for a 12.5% royalty. Why would BLM add this tonnage (55 million) and bid price ($16,500,000) to the original reserve tonnage (545,000,000) and bid price ($5,500,000)? The calculation used in this comparison averages up the original LBA values. Then BLM allowed NWR to incorporate the new LBA in to the old Logical Mining Unit and thus circumvent the 10-year due diligence requirement of the original LBA and the forfeiture of the original lease. This comparison should use $.30 / ton with a market inflator as mentioned in Comparisons 1 & 2 and include value for the 12.5% lease.

In Comparison 4, the North Roundup (North Rochelle), was adjusted for inflation from $.1994 / ton to $.2194 / ton. A market based adjustment as suggested in the above 3 comparisons ($7.25 / ton current spot market versus $4.25 / ton 1998 spot market) would result in a market adjusted price of $.3401 / ton. North Rochelle will be mining on this LBA in 2004 and in 2005 could be selling 22 million tons @ $7.00 / ton. With a 12.5% royalty rate this will produce $19.25 million dollars in revenue for the Federal and State Governments and continue to produce this revenue (or greater) for the next 7 years. Why shouldn't this value be included (discounted) in adjusting the price?

I also take exception to the sales forecast BLM used that forecast a decline from $7.47 / ton (2001) to $6.90 / ton in 2010. I know of no credible forecast that has negative growth rate for PRB coal.

BLM seems to feel that the best comparison for the P & M exchange is the 15-year-old Youngs Creek exchange, one made under a significantly different coal economy. By properly adjusting the most recent values for the West Rocky Butte LBA and the North Rochelle LBA and incorporating value for the 12.5% leases, an exchange value well in excess of $.30 / ton would be fair. The BLM established value of $.06 / ton is much too low and unreasonable in today's market. I am requesting that BLM review their analysis and assumptions and revise their methods in calculating the value of the coal for this exchange.

Sincerely,

John C. Willson

Cc: Senator Michael B. Enzi
Senator Craig Thomas
Representative Barbara Cubin
Governor David Freudenthal

RESPONSE TO CONSOL COMMENTS

Page 4, P 1 Acquisition cost of little significance to new mine start costs, cannot assume less value to Consol, could be greater value to Consol.

BLM Opinion: P&M controls some of the surface and coal rights in the Ash Creek area, which are considered to be sunk costs in the appraisal. Any other company would have to pay these costs, which would reduce value. The appraisal states that the Ash Creek tract may have similar value to Consol but greater value than to the market in general.

Page 4, P 3 Low value now but could be competitive and high value later, estimate is value to P&M and not market value.

Public Interest: Future value is not ~~know~~ now or guaranteed as noted in the appraisal. Present value of the selected coal and future potential is weighed against present value of offered surface and future potential. Public interest is served if acquired rights and potential is greater or more important than selected rights and potential. The appraisal notes the low or declining market potential for this coal while CONSOL notes the rapid increase in the surface values.

Appraisal Method: The Linowes Commission in 1984 found that market value estimates on tracts appraised as stand-alone new mines with no competition were too low. Their recommendation to Interior and the BLM was accepted, which estimated value on non-competitive tracts to adjacent mines or owners. This method reflects the added value to an owner who has already spent time, money, and effort in the area. It better reflects what the tract is actually worth even if P&M or CONSOL are the only likely buyers.

Page 10, P 1 Reference to steeply dipping PRB implies difficult mining on relatively flat tract.

Clarification: "Steeply dipping" is a generalized description only of the western portion of the PRB. The description of recovery factors is based on thickness, quality, aerial extent, and depth with no mention at all of dip as a recovery or value factor.

Page 10 P 5 Limit the exchange to the two recoverable seams and retain ownership of others for later.

Public Interest: The purpose of an exchange is to acquire lands that the government in more interested in managing and to dispose of lands that they are less interested in managing. Isolated coal seams are even harder to manage than isolated coal tracts. The decision will be made to include all or none of the selected lands, which will effectively remove the BLM from this area totally.

Page 10 P 6 Explain the reduction in tonnage from 107 MM tons in EIS to 84.2 MM tons in appraisal, reduce the size of the selected tract if reserves are not mineable.

BLM Opinion: The BLM has accepted information from P&M on geology, mining, economics, and value some of which has been used in the EIS for analysis of impacts. The BLM has made its own independent analysis of these factors and has not attempted to correlate, defend, or refute P&M's analysis.

Public Interest: Again, it is even more difficult to manage small, isolated tracts than larger, isolated tracts. The exchange will be all or none.

Page 11 P 1 Explain why the appraisal has a higher stripping ratio than shown in the EIS.

BLM Opinion: The independent analysis by BLM has arrived at this conclusion without attempting to correlate, defend, or refute P&M's analysis.

Page 11 P 2 Need value adjustment for better quality.

Appraisal Method: The adjustment for spot price in the appraisal includes consideration of the quality.

Page 13 P 1 Inconclusive highest and best use of the tract.

BLM Opinion: All other factors of the highest and best use analysis favor the P&M mine. This expected use is therefore assumed unless it is reasonably clear that another use has a higher return. Holding the coal reserves for later does not clearly result in a higher return.

Page 13 P 3 Little apparent basis for highest and best use determination.

BLM Opinion: The entire section "Highest and Best Use" walks through the criteria for determining highest and best use. The proposed and expected use by P&M as part of a new mine start is examined. No factors exclude this use and no alternatives are found to be superior to this use. BLM believes the highest and best use determination is well supported.

Page 13 P 5 PSO's Ash Creek Mine is a permitted mine and not a test pit.

Clarification: The term "test pit" is only used descriptively to represent the limited production from this area rather than being technically precise.

Page 14 P 2 Expansion into the Youngs Creek tract is unlikely.

BLM Opinion: Whether likely or unlikely, these reserves are adjacent to the Ash Creek tract and could be used to extend the mine life if the companies reach an agreement.

Page 14 P 7 Actual mine development is unlikely.

BLM Opinion: The "...best opportunity for a new mine start..." does not mean that this is a good opportunity. The appraisal finds a negative DCF value for the mine and a low market value for the reserves, which shows that this proposed mine is marginal at best. However, the appraisal is merely estimating value for use in an exchange decision and is not supporting or discrediting a specific proposed mine.

Page 20 P 2 Are the differences in DCF methods from the 1989 sale reflected in the sales comparison adjustments, is "easier" necessarily better when selecting a method.

Appraisal Method: The sales comparison adjustments focused on more narrowly defined factors than the DCF models and so could be compared with greater confidence in spite of the differences in DCF methods.

Clarification: The term "easier" refers to simpler adjustments in the sales comparison process as opposed to the more complicated, and not necessarily more accurate, DCF calculations.

Page 25 P 1 The sales price of Sale #3 is not what has been reported by BLM for the West Rocky Butte lease, acquisition costs for the Rocky Butte lease should not be inflation adjusted from 1993 but from 10 years earlier.

BLM Opinion: As presented in the description of Sale #3, the price for the West Rocky Butte lease was not just for 55 MM tons but for those tons plus the tonnage in the adjacent Rocky Butte lease, which was saved from expiration by inclusion in the West Rocky Butte LMU. The actual price for the total 600 MM ton new mine start was the $16,500,000 from the West Rocky Butte sale plus the acquisition costs on the Rocky Butte lease up to 1993. The total estimated price of $22,000,000 for the total 600 MM tons was as of 1993 and so was properly inflation adjusted from 1993.

Page 29 P 3 Why was there a change in market outlook within the report.

BLM Opinion: The first discussion of market outlook on page 27 was for the general NPRB area, which described "...stagnant or even declining..." *demand*. The second discussion of market outlook on page 29 was for the impact this *demand* forecast would have on *selling price*, which described "...forecast price declines...".

Page 33 P 4 A more applicable comparison process would look at changes in the spot price or value from 1989 to the present rather than spot prices then and now, tables show a substantial increase in value on Wyoming and Utah sales.

Appraisal Method: The adjustment for spot price focuses on known prices at the time of the sale and at the present time for the proposed mine. Uncertainty in future prices is considered in the later comparison discussion of forecasts. The consideration for inflation-adjusted dollars has already been applied earlier in the section. Together, these attempt to quantify the change in value over time from 1993 to today. Merely listing sales and calculating a percentage change from a table does not take into consideration the relative comparability of any or all of the sales presented.

BLM Opinion: The section "Selection of Comparable Sales" explains why the appraisal does not use tracts adjacent to fully developed existing mines and does not use tracts from out of state as presented in the comments. The appraisal is more properly based on a comparison of sales that are the most similar to a new mine start.

Page 34 P 1 How was the 29 year period for start up of the Youngs Creek Mine derived.

BLM Opinion: The BLM analysis of the Youngs Creek tract in 1993 indicated very low potential for development when compared with existing reserves and other possible coal properties in the PRB. The 29 year period was the estimated time needed for the Youngs Creek tract to become competitive and possibly open.

Page 34 Missing P Analysis factor considering added value from competition should be included.

Appraisal Method: Fair market value estimates assume an open, competitive market with no separate adjustment needed. Real competition in the future at Ash Creek may or may not exist that would produce a higher value. This prospect was previously discussed in the section "Highest and Best Use".

Page 35 P 3 Low economic value from DCF monte carlo calculations.

Public Interest: The tone of the entire appraisal report is that the Ash Creek tract is not a highly desirable or valuable coal property at this time. However, the exchange decision is not confined to the coal estate, but will be made on equal present value and relative management objectives between the offered and selected tracts.

Page 38 P 6 Actual coal fire on Welch Ranch is not offset by potential fire on Ash Creek tract.

Public Interest: The addendum on uneconomic/speculative coal is not technically part of the appraisal report, but was prepared as part of the equal value requirement for an exchange. The existence of or potential for a coal seam fire is not the basis for comparison. The comparison is between potential liabilities of a known fire impacting uneconomic reserves versus the potential for a fire impacting known economic reserves that are included in the appraised value.

Independent Contract Review Is this review available to the public.

Review comments are part of the internal deliberative process, which is protected from release under FOIA exemption 5. The review itself was conducted by Interior's

Appraisal Services Directorate. The comments were considered in the preparation of the final appraisal report prior to recommendation by the Chief of Solid Minerals and approval by the Deputy State Director for Minerals and Lands. These comments were primarily concerned with definitions and the level of reporting detail but did not question the actual value determination, which was approved as prepared.

Surface Property Appraisals High percentage increase in value from 1999 to 2004.

Public Interest: This comment is a good illustration of why the exchange should probably be finalized. The offered surface properties appear to have far greater future potential than the selected coal property.

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June 2, 2004

Bureau of Land Management
Wyoming State Office
Attn: Tamara Gertsch
5353 Yellowstone Avenue
Cheyenne, WY 82009

Re: Comments - Appraisal Information
Pittsburg and Midway Coal Mining Company Coal Exchange Proposal
Serial Number: WYW148816

Dear Ms. Gertsch:

CONSOL Energy Inc. (CONSOL) appreciates the opportunity to participate in the comment period offered upon completion of the appraisal documents prepared for the coal exchange proposed by Pittsburg and Midway Coal Mining Company (P&M). CONSOL feels compelled to submit comments due to the impact the proposed exchange will impose upon company held reserves adjacent to the tract that BLM may patent to P&M.

As is referenced within the Appraisal Report (Report), CONSOL is the owner of a significant parcel of owned surface and coal located adjacent to the defined eastern boundary of the Ash Creek tract (Tract) P&M seeks to acquire. As may be expected, CONSOL's adjacent property ownership, and associated investment in that property, contributes significantly to the level of scrutiny afforded the ongoing exchange process.

CONSOL is cognoscente of the fact that the appraisal process is not an exact technical science and it is required that the appraiser make certain assumptions and suppositions; however, a grounding in verifiable fact and logic remains of foremost importance. The following comments on the Report are respectfully submitted. Comments provided are referenced to the Report by page and paragraph.

2) Page 4, Paragraph 1 – It is stated that; "In this situation, a consideration that should be given substantial weight in bargaining is the fact that most of the surface rights are already controlled by the applicant as well as some of the adjacent coal reserves and so the tract may have considerably more value to the applicant than to the open market in general". The fact that P&M controls most of the surface rights, as well as some of the adjacent coal reserves is of insignificant importance provided the Tract remains under current BLM control. In the event the Tract were competitively leased by any company besides P&M, the cost for acquisition of the surface from an unqualified surface owner would be of little significance when

considered in relationship to start-up cost for a new mine operation. Regarding the reference to open market, CONSOL is part of the open market and controls adjacent reserves. Is it reasonable for the appraiser to speculate that the Tract would be of less value to CONSOL? Could it not be of greater value to CONSOL based upon the investment already made in the Young Creek reserve?

3) Page 4, Paragraph 3 – This paragraph states " In this case, there is no competition expected for the Ash Creek tract." Comments submitted on the Final EIS by CONSOL and Kennecott indicate the contrary. While it is agreed that CONSOL, or perhaps Kennecott, would not lease the Tract under market conditions evident today, justification has not yet been provided by BLM to warrant the hasty disposal of the Tract for an amount that can be demonstrated to be substantially less than would be realized through leasing, in a time frame 6 to 15 years into the future. It appears that the proposed exchange is enabling speculation on the future value of the Federal coal resource, a practice that the Federal leasing program has diligently fought.

A comparison may be seen in Federal oil shale reserves. BLM would not likely consider it prudent to conduct an exchange for oil shale reserves, which in today's market have little or no market value. It is felt that BLM would determine that the value of the oil shale would eventually increase as development economics become more comparable to conventional methods of oil production and competition for acquisition of the resource escalates. As part of the recent failed land exchange proposal in Utah, the San Rafael Exchange, oil shale deposits were one of the highly contested components of the exchange, slated to be transferred from Federal to State control. It was contended that the oil shale properties were severely undervalued.

At the end of this paragraph, it is stated that; "The value to the applicant is expected to be far greater than the value to the market in general although the value to CONSOL might be similar if they would have made an exchange proposal". The fact that CONSOL did not initiate an exchange does not alter the value of the Tract to CONSOL. By evaluating market value for the Tract with the pre-determined assumption that P&M is the only available purchaser, narrows the concept of "market value" to "P&M value".

4) Page 10, Paragraph 1 (Site Geology) – It is stated that; "The subject is located in the steeply dipping western portion of the PRB". This statement implies that the coal beds within the Tract are steeply dipping, and could be inferred as a characterization that the steeply dipping nature of the coal beds would impact their mining recovery and ultimate value. This depiction is not true, as the coal beds are relatively flat lying.

5) Page 10, Paragraph 5 – The Report states that; "Therefore, both the Dietz 2 and Monarch have been removed from the recoverable reserve base presented below". Since the coal within these two seams adds no value to the Tract and is considered unmineable, BLM should not sever the Dietz 2 and Monarch seams from Federal ownership. In the future, these coals may hold potential for Federal leasing as an underground mineable resource, thus generating bonus and royalty revenue to the Federal and State governments.

Page 10, Paragraph 6 (last) – The recoverable reserves listed for the Tract total 84.2 MM tons, representing a 21.3 percent reduction of the 107 MM recoverable ton reserve estimate submitted to BLM by P&M for inclusion into the EIS. This difference in reserve estimates was not addressed within the Appraisal Report. Inquiry made to the Cheyenne BLM Office found that the tonnage decrease was based upon BLM's decision to modify P&M's mine plan by eliminating reserves lying within two separate northeast-trending fault blocks. The mine plan modification eliminated reserves to the south of a fault near the southern extent of the Tract, as well as reserves to the north of a fault near the north side of the Tract. This modification of the P&M mine plan and reduction in tonnage appears arbitrary and lacks justification, in particular given P&M's history in successful surface mining within Wyoming. BLM should re-evaluate the revised reserve estimate and re-calculate the tonnage or provide justification that the results of their reserve evaluation are valid; therefore providing a degree of consistency with BLM regulations addressing maximum economic recovery.

If the reserve estimate remains fixed at the current level, redelineation of the Tract should be undertaken by BLM to ensure the Tract boundary reflects the actual extent of the mineable coal reserve.

Page 11, Paragraph 1 (continued from Page 10) – BLM reports the average stripping ratio for the 84.2 MM recoverable ton reserve to be 3.02 BCY/ton. This represents a ratio increase of at least one-half point from that reported in the Final EIS, or about 30 feet of overburden over the entire reserve area. This is a significant volume. If the BLM evaluation was predicated upon defining a more conservative reserve estimate, as illustrated by the elimination of coal lying across faults, it could be expected that a lower average stripping ratio would result. This was not the case. BLM should justify the reason(s) for the increase in stripping ratio.

Page 11, Paragraph 2 (Coal Quality) – The Report states; "It should also be noted that the selected coal is generally better quality than the private reserves in the adjacent Youngs Creek tract". Within the Comparable Sales Analysis section of the Report (pages 33 and 34), there does not appear to be a value adjustment made to the Tract to reflect the "generally better quality" over that of the Youngs Creek tract. BLM should take this factor into account to ensure that a representative value comparison is achieved.

Page 13, Paragraph 1 – It is stated that; "Including the time value of money as a consideration and all of the unknowns, it is not clear that holding the selected reserves for a later sale would generate a higher return for the selected reserves". Conversely, it may be inferred that it is not clear if disposing of the reserves through the subject exchange would generate a higher rate of return for the selected reserves. It therefore appears that the results of the Report are inconclusive as to the highest and best use of the reserves contained within the Tract. Should there not be more specificity in the decision making process?

Page 13, Paragraph 3 – A determination is made by BLM indicating; "Therefore, the highest and best use for the subject property is considered to be development of a

new stand alone mine in conjunction with other rights held by the applicant on reserves owned in fee". Within this section of the Report, Highest and Best Use, a justification for this statement is not provided. The statement referenced above, from Page 13, Paragraph 1, certainly does little to provide the foundation for such a conclusion.
Page 13, Paragraph 5 – The Ash Creek Mine operated by Public Service Company of Oklahoma was a permitted coal mine, not a test pit as is indicated.

Page 14, Paragraph 2 – It is stated that; "...there are additional private reserves east of the mine area in the Youngs Creek tract that could be used to extend the mine life." Expansion of the proposed P&M operation into the Youngs Creek tract is an unlikely possibility.

Page 14, Paragraph 7 – The significant decline in production from the Big Horn Mine during 1989 to a level of about 100,000 tons, followed by limited production until mine closure in 2000 due to a depleted reserve base, would appear to contribute little significance to the justification for start-up of a new P&M mine. In addition, it is stated that; "...the adjacent Youngs Creek tract has been in private ownership since 1989 and is nowhere close to being developed. It seems reasonable that the subject tract provides the best opportunity for a new mine start in this area at the present time". Practically, it appears highly unlikely that a prudent operator would construct a PRB mine with a reserve base under 100 MM tons that requires surface and loadout facilities, together with a 4½-mile overland conveyor.

Based upon the reserve estimate prepared by BLM, assuming full production in year four of the operation, the proposed mine will have a life of approximately 11 years. P&M's privately controlled reserves may add minimal production.

Page 20, Paragraph 2 – It is stated that "...the DCF analysis performed on it (Youngs Creek tract) back in 1989 did not use the same kind of assumptions and methods that are currently being used. Rather than attempting to objectively recalculate the DCF of the sale using today's standard, it will be easier and more defensible to make adjustments directly in the comparable sales approach." Were the differences identified in the 1989 DCF analysis, when compared to DCF criteria used currently, adequately addressed by the adjustments made directly to the comparable sales approach? Also, is "easy" a justification for selection of a certain evaluation method?

Page 25, Paragraph 1 – The bonus bid for the West Rocky Butte LBA is calculated to equal $0.0367 per ton, based upon the inclusion of the bonus bid for the previous Rocky Butte lease sale that occurred 10 years prior. The summary of the "West Rocky Butte Mine Lease by Application" found on the Wyoming BLM website reports a bonus bid of $0.291 per ton. The lease sale appears to have been justified by BLM, and reported to the public, based upon a market value of $0.291 per ton for the 50 MM tons, not $0.0367 per ton. The addition of reserves from the Rocky Butte tract into this equation is an invalid adjustment, inconsistent with longstanding information circulated by BLM. Also, the inflation adjusted price appears to be based upon the 1993 lease sale date, not recognizing that the initial Rocky Butte lease sale occurred 10 years earlier.

Page 29, Paragraph 3 – Based upon reports prepared by accepted forecasters, the following statement is made regarding the future pricing of area coal having similar Btu values. "Allowing for forecast price declines until the mine actually opens, the starting price was set at $6.90 per ton in 2010 with a price range of $5.60 to $14.50 per ton". However, on Page 27, Paragraph 6, it is stated that "Forecast demand is expected to grow significantly for the SPRB but only be stagnant or even declining for the NPRB". It is unclear what justified the change in market outlook from "stagnant or even declining" to "forecast price declines".

Page 33, Paragraph 4 – Under the heading of "Comparable Sales Analysis", it is stated that; "Another adjustment that can be made to the 1989 (Youngs Creek) sale is to account for the current coal spot price versus the coal spot price at the time of the sale". This adjustment would be valid if BLM were selling produced coal; however, the commodity being appraised is a coal reserve. Therefore, the 1989 sale should instead be adjusted using the change in the price or value of coal reserves from 1989 through the present. That factor would provide a more applicable comparison.

The following table illustrates the progression in value for Wyoming coal lease sales that have occurred during the post-1989 time frame. It should be noted that the $/Ton values listed below are bonus bids for the right to acquire a Federal coal lease, that is subject to a 12½ percent Federal production royalty and is encumbered with production requirements (diligence). The bonus bids listed depict a 419.1 percent increase in coal value from the September 1991 lease sale ($0.136) to the lease sale that occurred in January 2002 ($0.706). Consistent with the competitive situation at Ash Creek between P&M and CONSOL, two companies participated in the lease sale for the North Jacobs Ranch tract during the 2002 lease sale.

Mine / Reserve	Sale Date	$/Ton
Jacobs Ranch	1991	$0.136
Black Thunder	1992	$0.168
North Antelope/Rochelle	1992	$0.216
Rocky Butte	1993	$0.291
Eagle Butte	1995	$0.111
Antelope	1996	$0.150
North Rochelle	1997	$0.194
North Antelope/Rochelle	1998	$0.206
Black Thunder	1998	$0.384
Antelope	2000	$0.330
Jacobs Ranch	2002	$0.706

The following table summarizes bonus bid information for Federal coal leases offered in Utah between December 1993 and June 2003. During that 10-year period, the bonus bids received by BLM demonstrated an increase of 321.6 percent.

Mine / Reserve	Sale Date	$/Ton
Crandall Canyon	1993	$0.204
Soldier Canyon	1995	$0.210
Skyline	1996	$0.232
Willow Creek	1996	$0.232
Horizon	1998	$0.050
SUFCO	1999	$0.282
Deer Creek	1999	$0.430
West Ridge	2001	$0.770
Crandall Canyon	2003	$0.860

Although neither the Wyoming nor Utah lease sales spanned the complete 1989 to 2004 time period correlative to the period between the Youngs Creek and Ash Creek exchanges, the tables do illustrate that the relative value of a coal reserve has increased substantially during that time period.

Page 34, Paragraph 1 – It is unclear where BLM derived the 29-year period for the interval between the acquisition of Youngs Creek and the projected commencement of mining. That indicates the start-up of mine production in the year 2018.

Page 34, Missing Content – Five criteria are used to adjust the Youngs Creek sale from 1989 to the proposed sale of the Ash Creek tract. One additional adjustment to address competition should be added. As has been displayed at various lease sales, both in Wyoming and elsewhere, the element of competition plays a critical role in the amount of the bonus payment received by BLM. At the time of the Youngs Creek sale, competition was not an issue. Potential conflicts with PSO were resolved by moving the western tract boundary to the east. No other mining interests existed. The market value of the Ash Creek tract, as defined in 43 CFR 2200.0-5(n), is in fact subject to of a high degree of interest by two separate companies, and the established value should reflect such an adjustment component.

Page 35, Paragraph 3 – The reported economic value of the Ash Creek tract using the DCF monte carlo calculations is low, established at -$0.1705 per ton. This may well be a reflection of the marginal reserve size of the Tract for a new mine start-up, as is acknowledged within the Report.

Page 38, Paragraph 6 – It appears inequitable to characterize the liabilities of the Ash Creek tract and Welch Ranch as offsetting with respect to coal seam fire. There appears to be little foundation in a comparison of the Welch Ranch, which has an existing coal seam fire, to the Ash Creek tract, which merely possesses the potential for coal seam fire along coal outcrop.

While not directly addressing the content of the Appraisal Report, it is stated in the Final EIS on Page ES-7, Right Column, Top Paragraph, that; "All exchange appraisals will be further reviewed by an independent contract appraiser or appraisers". The signatories to the Appraisal Report all appear to be personnel from the Cheyenne BLM Office. What is an independent contract appraiser? Did an independent contract appraiser conduct a review, and if so, is the review information available for public inspection?

Also regarding appraisals, in 1999 the three P&M surface properties were appraised at $2.62 MM. The current appraisals of P&M's properties, dating from 2002 through 2004, have a cumulative value of $5.4 MM, reflecting an increase in price of 106.1 percent within less than a five-year period. P&M may wish to consider maintaining this investment instead of acquiring the Tract for coal mining purposes.

Again, please accept our appreciation for the opportunity to comment on the appraisal document.

Sincerely

/s/ William D. Stanhagen

William D. Stanhagen
President

cc: B. Hyita
S. P. Skeen
R. E. Smith
R. B. Stockdale