

Coal Lease

ML 54377-OBA

Energy & Minerals Group
Stephanie Barber-Renteria
Andy Bedingfield





Location

- Mine is located in the Book Cliffs Coal Field in Emery County
- Terrain is steep and cliffy with limited access roads
- Adjacent to Wilderness Area
- Dingell Exchange – Williams Draw Coal Tract
- ML 53812-OBA approved by Board of Trustees in 2018

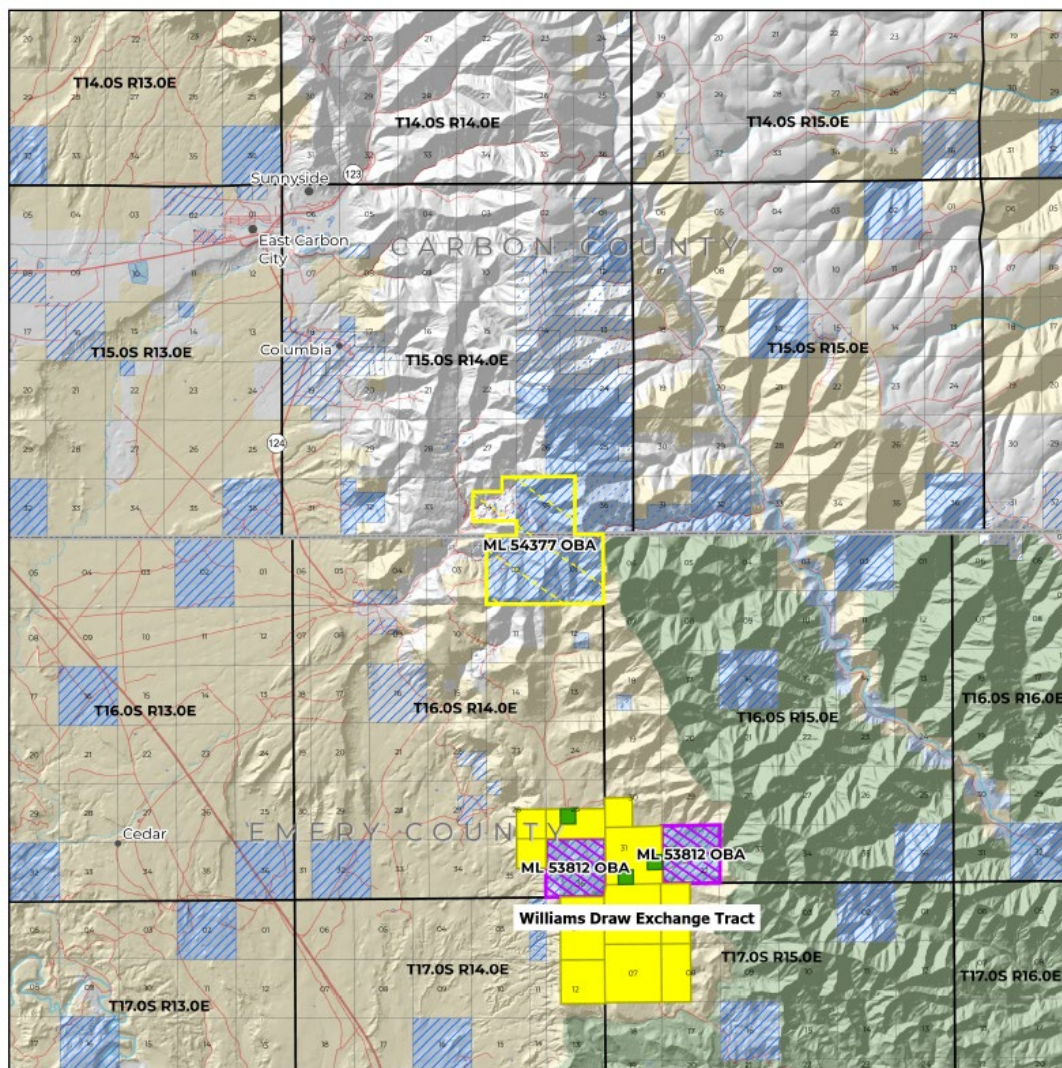
Lila Canyon Mine

- Produces 3 to 3.5 MM tons per year – about 28% of Utah coal – 30% of Utah Electricity
- Most coal goes to Hunter and Huntington with some export
- High quality – 12,000 btu/lb, Sulfur <1%, Low Ash
- Used to “blend up” coal from other mines
- 2022 Mine fire – Fire is out and area is isolated. Mine needs to cut new mains to bypass and isolate fire area, then re-hab longwall machine and de-water mine
- Longwall production hopefully by end of 2023, Continuous miner tonnage to start in June 2023



Mine Plan

1. Proposed lease is 2,432.20 acres and includes 280 acres of “coal only” estate lands (Section 34)
2. SITLA is also obtaining the Williams Draw Coal Tract to the South of the mine in the Dingell Exchange by end 2023 or start of 2024
3. Be prepared for another OBA lease for the Williams Draw Lease in the near future
4. Mine has option to turn North towards ML 54377-OBA or turn South towards Williams Draw and ML 53812-OBA
5. Production on this lease or Williams Draw likely in 2025



OBA Proposal



- **\$3.00 per acre annual rental**
- **Bonus bid: \$50,000 up front, \$0.416/ton deferred bonus – pay as it is sold**
- **Standard 8% royalty rate**
- **10 Year primary term – extended if in production or diligent development**



Questions?