



Department of Justice



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COURT JUDGMENT CANCELS COAL LEASE FOR UTAH MINE

Hidden Splendor Resources ordered to pay \$230,929 for past-due royalties

SALT LAKE CITY – U.S. District Court Judge Dale A. Kimball has signed a judgment and order against a Utah coal mining company that cancels its federal coal lease and orders the company to pay more than \$230,000 for past-due royalties and rental payments, United States Attorney John W. Huber announced today.

The judgment and order follows a stipulated agreement reached by the United States and Hidden Splendor Resources, Inc. (HSRI)

“It is imperative that energy companies operating on federal lands abide by the terms of the lease, post the necessary bonds, and pay the royalties and rentals due to American taxpayers,” Huber said.

The order issued by Kimball declares that HSRI violated the terms of its coal lease and a BLM Notice of Noncompliance by not posting a required bond. It cancels the coal lease for HSRI's failure to comply with the lease terms and the Notice of Noncompliance that BLM had previously issued to it. And finally, the judgment requires HSRI to pay past-due royalties and rentals in the amount of \$230,929.04 plus 1 percent interest until the date of the judgment and, thereafter, interest at the statutory rate until the debt is paid in full.

The U.S. Attorney's Office in Utah originally filed a civil action against Hidden Splendor Resources on Dec. 29, 2014. Hidden Splendor Resources agreed to work with the United States on the stipulated judgment. The judgment was filed in July.

“This judgment stipulates that unpaid royalties dating back to 2012 and rental payments from 2009 through 2014 must be paid by Hidden Splendor Resources,” said Office of Natural

Resources Revenue (ONRR) Director Greg Gould. “ONRR will remain vigilant in collecting every dollar due from energy production that occurs on Federal lands.”

Acting State Director for the Bureau of Land Management in Utah Jenna Whitlock said, “As the administrator of a number of coal leases in Utah, the Bureau of Land Management is committed to helping ensure that minerals are responsibly extracted from public lands. Despite the requirements of the coal lease and our Notice of Noncompliance, the company failed to post the required bond for important post-mining reclamation activities and it is appropriate to cancel their coal lease.”

Hidden Splendor Resources acquired the lease in March 2006 for the Horizon Mine, an underground coal mine located approximately 15 miles northwest of Price, Utah. The company failed to pay royalties from production in the “Horizon Mine” in February, April and July 2012, as well as associated rental payments from 2009 through 2014.

The United States Attorney’s Office acknowledged the cooperation of agencies involved in reaching the stipulated judgment, including the Office of Natural Resources Revenue, the Bureau of Land Management, and the Department of the Interior’s Solicitor’s Office.

The Office of Natural Resources Revenue and the Bureau of Land Management are part of the Department of the Interior. BLM is the leasing and inspection agency involved in onshore production on federal lands, while ONRR is responsible for collecting and disbursing revenues from energy production that occurs onshore on federal and American Indian lands and offshore in the Outer Continental Shelf. During Fiscal Year 2014, ONRR disbursed more than \$13.4 billion to states, American Indian Tribes, individual Indian mineral owners, and to various federal accounts, including the U.S. Treasury, the Land and Water Conservation Fund, and the Reclamation Fund.

A copy of the judgment and order is attached.

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