



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, Utah 84501

3482
(UT-070)

Mark Bunnell
Canyon Fuel Co., LLC
Skyline Mine
HC35Box 380
Helper, Utah 84526

*Copy Cover Letter to
SEP 25 2001
Don Stephens
Judson
alvarez
c/p07/005
E1011*

Dear Mr. Bunnell:

Our decision is to grant an exploration plan (submitted 08/20/01) on Federal coal lease UTU-044076 to Canyon Fuel Company to access and drill up to three emergency dewatering well bores subject to the following conditions:

- 1) The enclosed Bureau of Land Management (BLM) drilling stipulations will be followed.
- 2) The enclosed Forest Service stipulations will be followed.
- 3) The current LMU bond of \$2,670,000 will be sufficient to cover the bonding requirements of the exploration plan.

If you have any questions regarding this matter, please contact Don Stephens of our staff at 435-636-3608.

Sincerely,

/S/ THOMAS E. RASMUSSEN

**Acting
FOR**

Richard L. Manus
Field Manager

2 Enclosures

- 1. BLM Stipulations (3 pp)
- 2. Forest Service Stipulations 2 pp)

cc: UT-92313, J. Kohler, Utah State Office (w/Enclosures)
 UT-92413, R. Lopez, Utah State Office (w/oEnclosures)
 UT-92413, Chris Merritt, Utah State Office (w/oEnclosures)
 Elaine Zieroth (USFS) (w/Enclosures)
 Manti-LaSal National Forest
 599 Price River Drive
 Price, Utah 84501
 Pamela Grubaugh-Littig (UDOGM) (w/Enclosures)
 Division of Oil, Gas and Mining
 1594 West North Temple Street
 P. O. Box 145801
 Salt Lake City, Utah 84114-5801

RECEIVED

SEP 27 2001

DIVISION OF
OIL, GAS AND MINING

ATTACHMENT 1

BLM Stipulations

1. Canyon Fuel Company., LLC is responsible to see that all personnel contracted or otherwise doing work on the exploration program are aware of these approval requirements and abide by all regulations governing this program. Any changes to the approved exploration plan must receive approval from the Authorized Officer prior to implementation.
2. When artesian flows or horizons with possible development potential are encountered, the Authorized Officer shall be notified immediately so that a determination may be made concerning their development potential. When possible, water samples shall be collected by the operator for analysis by the BLM. A written report is required upon completion of exploration as noted by Stipulation 7 H.
3. The Authorized Officer representing the BLM shall be notified 24 hours prior to setting surface and/or intermediate casing and plugging of wells so that the BLM may arrange to be present. Each string shall be cemented in the annulus to the surface. The cement slurry mixture used to plug and seal the drill holes shall be mixed in compliance with standard cement mixing tables (e.g. Haliburton). Any variance from this procedure must be approved in advance by the Authorized Officer. In addition, periodic drilling updates on the weekends will be required if the drilling is nearing the cementing phases, so that representatives of the BLM will be made aware of progress.
4. If adverse down-hole conditions prevent a completed drill hole from being properly plugged after attempting all standard industry plugging procedures, the Authorized Officer shall be contacted immediately to make a determination as to a final plugging procedures.
5. All drilling pits shall be lined to retain drilling fluids, unless sufficient evidence on site specific soil (percolation) and water quality tests are performed to determine a site specific waiver of this stipulation, as determined by the Authorized Officer.
6. The hole location is to be marked by placing an approved marker made of galvanized steel, brass, aluminum or similar noncorrosive metal in the concrete plug. Such markers are to show hole number, year drilled, lessee/licensee name, and as feasible, the section, township, and range in which the hole is located. The top of the concrete plug, if located in a cultivated field must be set below normal plow depth (10 to 12 inches). In noncultivated areas, all marker caps should not protrude above the ground level. All drill holes shall be surveyed in to assure proper location. An exact survey of each drill hole location will be submitted to the Authorized Officer.
7. Upon completion of exploration activities, two copies of each report, as required by 43 CFR 3485.1, shall be submitted to the Authorized Officer. The reports, at a minimum, must contain the following:
 - A. Location(s) and serial number(s) of lands under Federal lease or license on which exploration was completed.

B. A description of the completed exploration operations that includes the number of holes drilled, total depth of each hole, and completion date of each hole.

C. A map showing the locations of all holes drilled, other excavations, and the coal outcrop lines, as appropriate. The scale of the map shall not be less than 1 inch equals 1 mile.

D. Analysis of coal samples and other pertinent tests obtained from exploration operations.

E. Copies of all in-hole mechanical or geophysical stratigraphic surveys or logs, such as electric logs, gamma ray-neutron logs, sonic logs, or any other logs. The records shall include a lithologic log of all strata penetrated and conditions encountered such as water, gas, or any unusual conditions.

F. Status of reclamation of the disturbed areas.

G. Any other information requested by the Authorized Officer.

H. Hydrologic reports using the attached form.

REPORT OF WATER OBSERVED

Company: _____ Lease/License Number: _____
Address: _____ Drill Hole Number: _____
_____ Date Completed: _____
_____ Total Depth: _____

Company Contact: _____
Phone Number: _____

Drilling Contractor: _____
Address: _____

Company Contact: _____
Phone Number: _____

Location of Hole: T. ___ S., R. ___ E., Section ___: ___ 1/4 ___ 1/4 ___ 1/4
Hole Elevation: _____ Hole Diameter: _____
Drilling Method: _____
Static Water Level: _____

Aquifer No. 1

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: _____
_____ Water Sample Provided to BLM? _____

Aquifer No. 2

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: _____
_____ Water Sample Provided to BLM? _____

Aquifer No. 3

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: _____
_____ Water Sample Provided to BLM? _____

-----* Refer to Stipulation Number 7

ATTACHMENT 2

CONDITIONS OF CONSENT

1. Drill rigs and heavy equipment (not including water trucks) must not be transported in or out of the project area during the opening of the general elk hunt nor during the opening weekend of the general deer hunt and during holiday weekends. The restriction includes the Friday before the weekend. The water truck must be preceded by a pilot vehicle when hauling water for the project during the hunting season.
2. The permittee is responsible for repair of any damages to roads which are caused by his operations.
3. All traffic must maintain safe speeds commensurate with existing conditions.
4. Roads must be watered if dust becomes a problem or if excessive loss of road material occurs.
5. The operator shall take all reasonable/appropriate measures to prevent the introduction and proliferation of exotic plants and/or noxious weeds for all operations on the land surface. Measures must include cleaning vehicles and equipment before entry onto Federal lands, pre-treatment of areas approved for surface disturbing activities, use of weed free materials (straw, fill materials, gravel, etc.), and control and eradication of exotic species and/or noxious weeds in disturbed/reclaimed areas until liability/bond release. Proposed control/eradication measures for surface operations are subject to approval by the surface management agency.
6. The seed mix to be used for reclamation will be proposed by Canyon Fuel and approved by the Forest Service prior to reclamation.
7. Drill sites and the mud pits when they are dry must be reclaimed by selectively backfilling excavated materials, topsoil last, such that the disturbed area is replaced to the approximate original contour. The disturbed area must be seeded with the approved seed mix.
8. Heavy equipment, drilling equipment, and transport vehicles must be cleaned of mud/debris that could potentially transport noxious weed seeds prior to entering the National Forest.
9. All water bearing zones encountered in the process of drilling will be recorded on the drilling logs. Any zone which is producing a large continuous flow will be reported to the Forest Service prior to abandonment procedures taking place. Continuous flow measurements of water pumped and discharged must be made and reported to the

regulatory authorities. Quality monitoring must be conducted consistent with the the Utah Code Rules and approved in the mine plan.

10. A locked gate built to Forest Service specifications (including object markers and signs) must be constructed at the intersection of the James Canyon and Monument Peak roads to exclude public traffic from using the James Canyon project road. This gate must remain closed/locked except when vehicles are actually passing through.
11. A minimum of 4 inches of crushed aggregate (must meet Forest Service gravel specifications) must be applied to the road and pad after topsoil is removed.
12. Topsoil must be stripped from the road surface and stored as a berm on the outside edge of the road. Excess topsoil will be piled at other approved locations where the soil can be protected from erosion.
13. The James Canyon project road (14 foot width with 1 foot ditch) will be insloped with an inside ditch installed. Drainage dips will be constructed at a minimum of 150 foot intervals to drain rainwater to the slope below the road. Sediment control structures will be constructed at the dip outlets.
14. Culverts will be constructed under the road to FS specifications to drain live water (springs and surface drainage) under the road surface to prevent saturation of the roadway and prevent contamination of the water.
15. The drill pad must be constructed with a berm (two feet high) around the perimeter to contain all rainwater and other fluids on the pad. The pad must be graded to drain at 1% to the mud pit.
16. Silt fences supported with materials approved by the FS must be constructed at the base of any fill slopes on the pad. A ditch must be constructed to drain overland flow from undisturbed areas away from the pad area with sediment control structures to prevent sediment from entering the James Canyon drainage.
17. The operator must post a bond sufficient to cover reclamation and hole plugging costs with the regulatory authority.
18. All fuel tanks must be constructed with berms adequate to contain spills and precipitation to prevent contaminated fluids from leaving the pad site.
19. Self contained sanitary facilities must be provided and maintained on site during operations. Waste materials must be removed from the Forest and disposed of at suitable licensed facilities.
20. An inventory of springs in the James Canyon area must be completed and a monitoring proposal submitted to the regulatory authority for approval.
21. The operator must conform to all state laws and regulations regarding water discharge, and development/abandonment of the water wells.