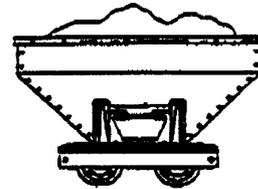
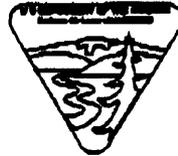
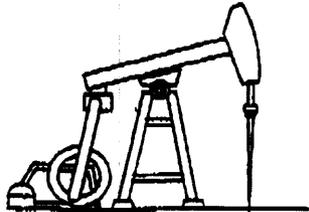


0028

UTAH STATE OFFICE DIVISION OF LANDS & MINERALS

TELEFAX NO. (801) 539-4200

*Incoming
4007505
Copy McKenna,
Daron,
Tom*



TELEFAX MESSAGE

TO:

FROM:

DATE:

COMMENTS:

FAX NO:

PAGES TO FOLLOW:

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APR 03 2003



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
www.ut.blm.gov

IN REPLY PLEASE REFER TO: 3482

U-044076
(UT-070)

3 April 2003

CERTIFIED MAIL--Return Receipt Requested
Certification No. _____

Mr. Dan Meadors
General Manager
Canyon Fuel Company, LLC
P.O. Box 719
Helper, Utah 84526-0719

Re: Skyline Mine, Resource Recovery and Protection Plan (R2P2), Minor Modification Request,
Federal Coal Leases U-044076, Lower O'Connor "B" Seam,

Dear Mr. Meadors:

By letter dated March 29, 2003, the Bureau of Land Management (BLM) received the written request from Canyon Fuel Company (CFC) concerning the request to modify the approved mining plan (R2P2) for the Skyline Mine. The modification request involves the installation of the JC-3 mine dewatering well. Your letter correctly pointed out the typographical error in the regulatory citation. The correct citation is 43 CFR 3842.2 (c) (2).

The development of the mine dewatering well JC-3 will be into and through the 10 left mine workings in Skyline Mine, Level 2 in the Lower O'Connor "B" seam. The well will be outfitted with a deep well pump designed to lift up to 4,700 gallons per minute from the 10 Left mine workings into an existing pipe. The pipe will carry water from the JC-3, along with water from existing JC-1, some 3000 feet to a point below the high water mark of Electric Lake where the combined waters will be discharged.

The proposed change, as approved, will have no effect on the recoverable reserve base. The reserves are located in the lower O'Connor "B" Seam in Federal coal lease U-044076.

BLM has analyzed the requests and the results of the analysis are as follows:

- The results of our analysis indicate that the proposed minor modification to the Skyline Resource Recovery and Protection Plan is approved subject to the following Conditions of Approval and as submitted including the Alternative for grouting the annulus below the mine works to the bottom of the drill hole. This Alternative grouting is to ensure the water source is from the mine workings as currently being pumped from the mine. It (the Alternative grouting) also protects the Flat Canyon coal seam.

This approval is Categorical Excluded as a minor modification to an existing mining plan because there is no new surface disturbance in this area as stated in, Overview of BLM's NEPA Process, February 1997, Appendix 2, page 2-7 (F)(7).

Conditions of Approval:

1. BLM will require that prior to lease relinquishment, CFC will delineate and mitigate, if necessary, any and all impacts on the surface and other resources
2. In the completion of the JC-3 well, the plan will include grout installation around the outer casing from bottom of coal seam (mine workings) to total depth.
3. Within 30 days of receipt of this letter, CFC will submit an abandonment plan and estimate the cost of plugging the JC-3 well, and provide a sufficient bond to provide for this cost upon request by the Authorized Officer.
4. CFC will submit within 30 days of completion of drilling activities, two copies of a final report on the completion of the dewatering well (as drilled).
5. The Price Field Office representative 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. 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). The Authorized Officer must approve any variance from this procedure in advance. 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.
6. Canyon Fuel Company 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.
7. Any other information requested by the Authorized Officer.
8. Hydrologic reports using the attached form.

The BLM has determined that this change to the Mining Plan (R2P2) with the conditions of approval, is in compliance with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and stipulations, and will achieve maximum economic recovery (MER) of the Federal coal.

For further information, contact Mr. George Tetreault at (435) 636-3604, or Don Stephens at (435) 636-3608.

Sincerely,

DRAFT

James F. Kohler
Solid Minerals Branch Chief

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

GTetrault:ks:4/12/03
Dewateringwellsky.402

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