

***** P. 01 *****
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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 REFER TO:
 (UT-923)
 UTU-044076

Certified Mail Return Receipt Requested

Dan Meadors
 Skyline Mine Manager
 Canyon Fuel Company, LLC
 HC 35 Box 380
 Helper, Utah 84526

MAY 28 2003

Dickering
C/007/005
Copy Aaron Giff
FAX PFO

Re: R2P2 Minor Modification Request, Skyline Mine, Longwall Panel 6 Left "B", Federal Coal Lease U-044076, Lower O'Connor "A" Seam,

Dear Mr. Meadors:

On April 15, 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 development of a new tailgate/bleeder (Figure 1), sequencing of the 6 left "B" panel upon completion of the 12 Left "B" panel and the abandonment of the of the longwall equipment upon completion of the panel. They are also requesting the Deletion of Area "B" from the recoverable reserve base.



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Dan Meadors
 Skyline Mine Manager
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 HC 35 Box 380
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To: Pam
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4/007/005
Copy Aaron Giff
FAX PFO

Re: R2P2 Minor Modification Request, Skyline Mine, Longwall Panel 6 Left "B", Federal Coal Lease U-044076, Lower O'Connor "A" Seam,

Dear Mr. Meadors:

On April 15, 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 development of a new tailgate/bleeder (Figure 1), sequencing of the 6 left "B" panel upon completion of the 12 Left "B" panel and the abandonment of the of the longwall equipment upon completion of the panel. They are also requesting the Deletion of Area "B" from the recoverable reserve base.

CFC had dismissed the idea of mining 6 Left "B" longwall panel due to problems that would be expected from stresses caused by previous mining in the upper seam. The removal of the 6th Left "B" from the recoverable reserve base was approved in a previous minor modification to the mine plan. For the last several years CFC has had to constantly rehabilitate the north end of the 6 Left entries (verified by Inspections). At this time CFC has developed a workable plan for mining the 6 Left "B" longwall panel. However due to the squeeze conditions created it will not be possible to mine Area "B" once the 6 Left "B" panel is extracted. The deletion of Area "B" will remove 350,000 tons from the recoverable reserve base and the addition of 6 Left "B" will add 600,000 tons for a net gain of 250,000 tons.

The results of our analysis indicate that the proposed minor modification to the Skyline Mine Resource Recovery and Protection Plan is approved as follows with conditions of approval:

Approval: BLM approves the development of the new tailgate/bleeders for the 6 Left "B" Panel, extraction of the 6 Left "B" panel upon completion of the 12 Left "B" panel and the elimination of Area "B" from the recoverable reserve base (Figure 2).

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 DIV. OF OIL, GAS & MINING

This approval is Categorically 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.

CFC will submit a request to DOGM for the in-place abandonment of the longwall equipment upon completion of the panel. ✓

BLM has analyzed the situation and reviewed all supporting documentation. The BLM has determined that this modification to the Mining Plan (R2P2) with the stated condition 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. The proposed change will add 150,000 tons from the recoverable reserve base.

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

Sincerely

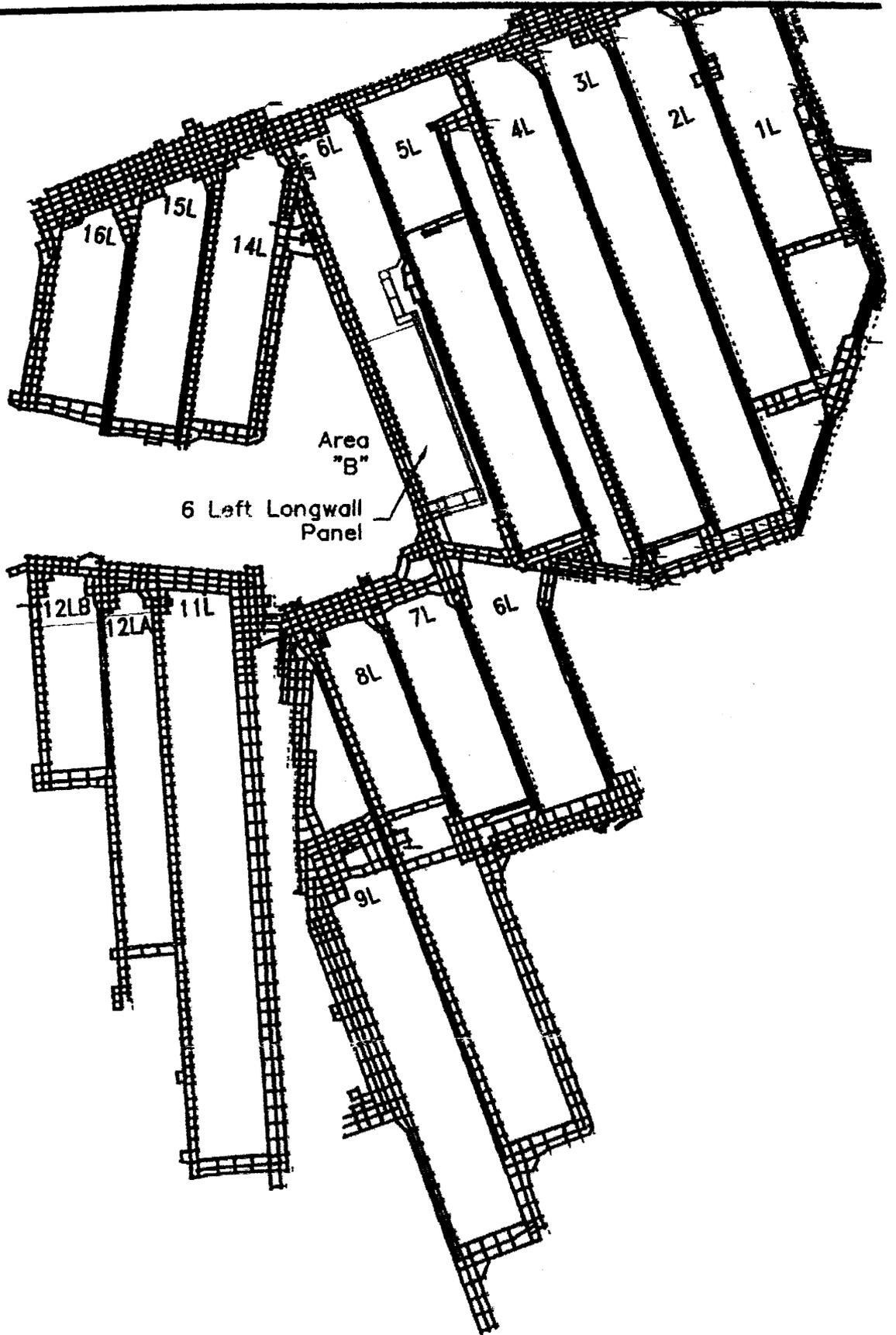
James F. Kohler

James F. Kohler
Branch Chief, Solids Minerals

Attachment: Figure 1
Figure 2

cc: PFO
Files - UTU-044076
Reading File
Mary Ann Wright, Utah Division of Oil, Gas and Mining, P.O. Box 145801, Salt
Lake City, Utah, 84114-5801

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Area "B"
6 Left Longwall Panel

68 712

Figure #1
General Location, 6 Left "B"

CF Canyon Fuel Company, U
Skyline Mine

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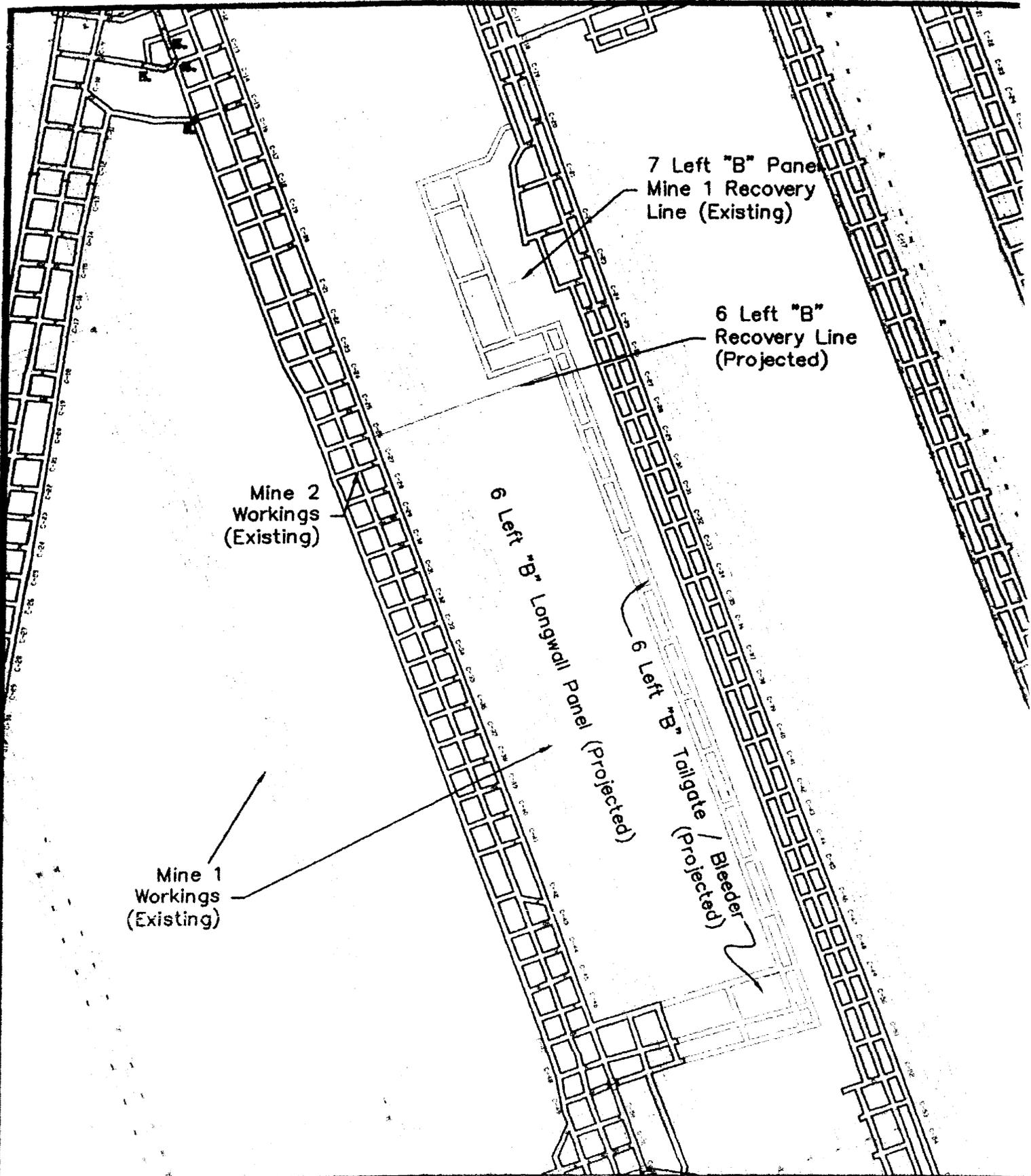


Figure #2

6 Left "B" Panel, Detail

CF Canyon Fuel Company
Skyline Mi

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