



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

C/007/005
INCOMING

Olene S. Walker
Governor

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Director

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February 27, 2004

Mike Stevenson
Ark Land Co.
C/O Skyline Mines
HC 35 Box 380
Helper, UT 84526

RE: ML 48435-OBA-Coal Exploration 2004/2005

Dear Mr. Stevenson:

I recently received a notification from Ark Land Company for exploration drilling of three core holes during 2004/2005 upon SITLA coal lands leased under ML 48435-OBA. The lands within the lease comprise the Dugout Coal Tract. The United States of America owns a residual interest in the tract, administered by the BLM. The surface is privately owned.

The notification is complete and I am requesting review and comment from the State of Utah Resource Development Coordinating Committee for the next 45 days. Meanwhile, please complete the following to expedite the approval process.

1. Obtain and submit to SITLA a letter from the Lessee of record, Canyon Fuel Company, authorizing Ark Land Company to perform the proposed operations upon the leasehold.
2. Obtain an Exploration permit for the proposed operations from the Utah Division of Oil, Gas & Mining.
3. Notify the surface owner of the impacts of the proposed operations.

Canyon Fuel Company's surety bond No. SB0072381 remains in effect to ensure reclamation of the proposed drill sites.

Please contact me if you have any questions.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Canyon Fuels Company
DOGM
BLM

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