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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
<http://www.blm.gov>

IN REPLY REFER TO:

3410
UTU-82202
(UT-923)

MAR 25 2005

CERTIFIED MAIL-Return Receipt Requested

Ms. Mary Ann Wright, Acting Director
Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

McCombs
3/20/05

Dear Ms. Wright:

An application for a coal exploration license, assigned serial number UTU-82243, was filed in this office on February 18, 2005, by Ark Land Company, for lands in Carbon County.

The lands being considered in coal exploration license application UTU-82243 are described as follows:

- T. 12 S., R. 6 E., SLM, Utah
 - Sec. 13, Lot 4, S2SW, SWSE;
 - Sec. 14, S2S2;
 - Sec. 22, E2, E2W2, E2W2W2;
 - Sec. 23, All;
 - Sec. 24, Lots 1-7, N2NE, NWNW, W2SW, W2SE;
 - Sec. 25, Lots 1-4, W2E2, SW;
 - Sec. 26, Lots 1-4, N2N2, N2SW, SWSW, N2SE;
 - Sec. 27, E2, E2W2, E2W2W2;
 - Sec. 34, N2NE, NENW, E2NWNW.

Containing 3,803.86 acres.

Any comments or questions concerning the application should be addressed to Stan Perkes, of my staff, at 539-4036.

Sincerely,

James F. Kohler
Chief, Branch of
Solid Minerals

Enclosure
Exploration License Application

Rec'd
3/30/05
cam
dlm

COMBINED APPLICATION

**APPLICATION FOR FEDERAL MINOR COAL
EXPLORATION LICENSE
GRANGER RIDGE TRACT
Carbon County, Utah
Manti-La Sal National Forest**

&

**COAL EXPLORATION PLAN
FEDERAL COAL LEASE UTU-67939
WINTER QUARTERS AND WOODS CANYONS
Carbon County, Utah
Manti-La Sal National Forest**

UTAH STATE OFFICE
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ACCOUNTS UNIT
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**Exploration Plan
Feb. 2005**

**ARK LAND COMPANY
A Subsidiary of Arch Coal Inc.**

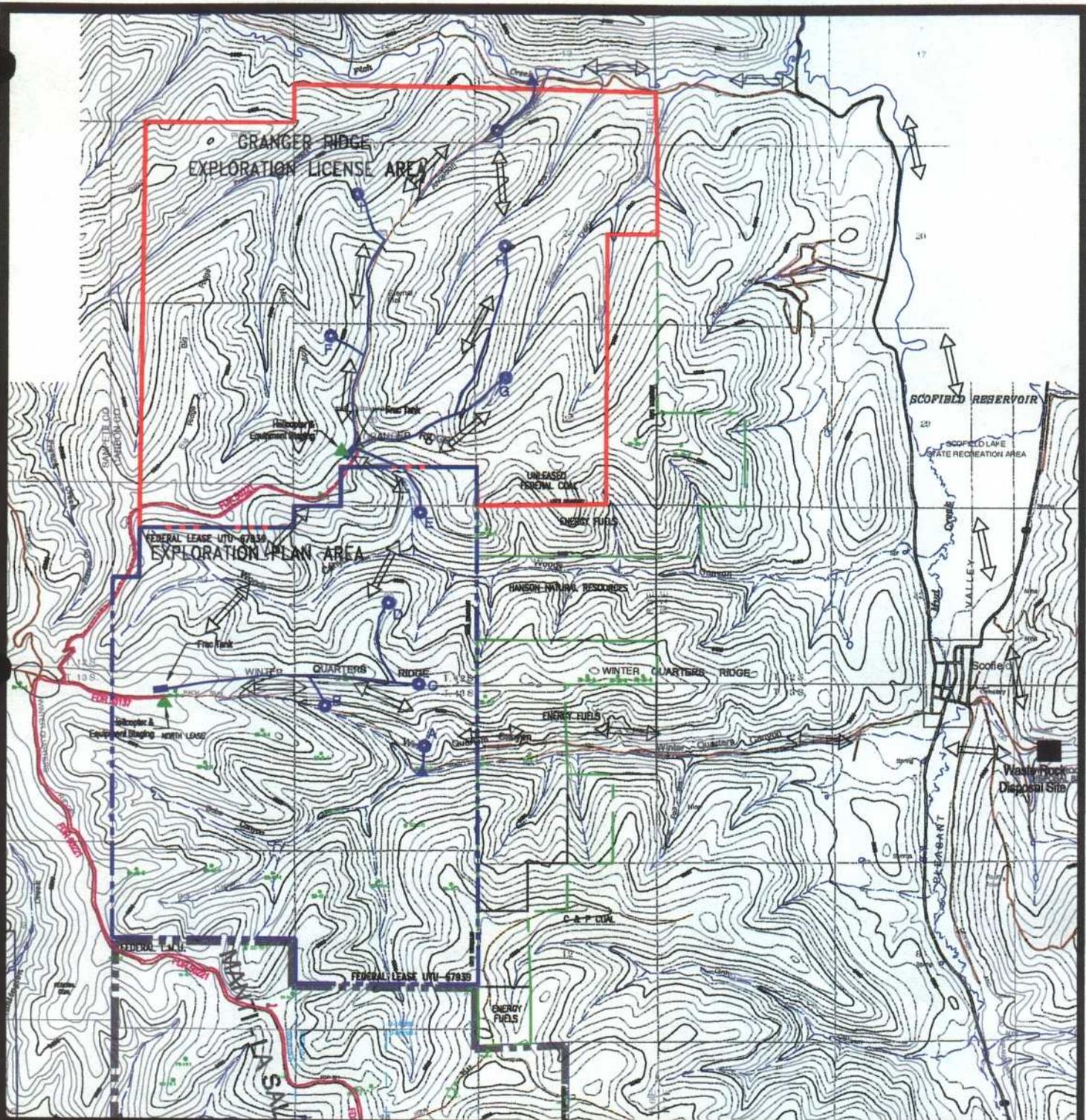
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DIV. OF OIL, GAS & MINING

Introduction

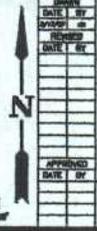
Ark Land Company (a subsidiary of Arch Coal Inc.) is submitting this combined Application for Federal Minor Coal Exploration License and Exploration Plan on behalf of Canyon Fuel Company, LLC, Skyline Mine to the United States Bureau of Land Management (BLM) as required in 43 CFR 3482 in order to obtain approval to conduct coal exploration and reclamation activities during the summer of 2005. The type of exploration proposed is helicopter-assisted wireline core drilling. Because the NEPA analysis required for approval of the two projects will be considered connected actions, both the exploration license located on unleased federal coal and the exploration plan located on federal coal lease UTU- 67939 are being combined in one application package. A total of ten drill holes are proposed for drilling in coal managed by the BLM with surface management by the U.S. Department of Agriculture Forest Service, including five holes planned for drilling under exploration license on the Granger Ridge tract and five holes under exploration plan in the Winter Quarters/Woods Canyon area to the south on federal coal lease UTU-67939. Map 1 shows the locations of the exploration areas.

This plan is divided into 2 sections with Section 1 addressing the minor coal exploration license for the unleased federal coal exploration, and Section 2 addressing the exploration plan on federal lease UTU-67939. The plan is formatted to address the specific requirements of 30 CFR Chapter VII Subchapters G and K and 43 CFR 3482, and, where applicable, those of the United States Forest Service (USFS), and the Utah Department of Oil, Gas and Mining (UDOGM, Section 2 only). The U. S. Forest Service exploration stipulations are addressed in Appendix B. Requirements of the Utah Department of Oil, Gas and Mining (UDOGM) relative to the on-lease exploration plan are addressed in Appendix C.



- Proposed Helicopter Drill Site
- ▲ Helicopter and Equipment Staging Area
- Proposed Water Tank Location, 10,000-20,000 gal Frac Tank
- 2 to 4 in. Waterline (hdpe)
- ▲ Water Pump Location
- Proposed Forest Road Use
- ↔ Helicopter Flight Route

MAP 1



ARK LAND COMPANY
 800 LANE NORTH, BOX 300, HELPER, UT, 84029

**PROPOSED EXPLORATION PLAN
 LEASE UTU-67939
 AND EXPLORATION LICENSE
 GRANGER RIDGE AREA
 2005**

SCALE: 1" = 4000'
 FILE NO. SHEET NO.

**SECTION 1:
MINOR COAL EXPLORATION LICENSE
GRANGER RIDGE TRACT**

43 CFR 3482 (3) (i)

Applicant

Ark Land Company
c/o Skyline Mine
HC 35 Box 380
Helper, Utah 84526
Attn: Mark Bunnell 435-448-2633

The applicant is the same as the operator of the proposed exploration license plan. Correspondence regarding this exploration license should be addressed to:

Mark Bunnell
Ark Land Company
c/o Skyline Mines
HC 35 Box 380
Helper, Utah 84526 435-448-2633

43 CFR 3482 (3) (ii)

Person Present During Exploration

Mark Bunnell
Ark Land Company
c/o Skyline Mines
HC 35 Box 380
Helper, Utah 84526
(work) 435-448-2633 (home) 435-637-6690

At times a consulting geologist may act as representative of the applicant. The BLM and USFS will be notified of the consulting geologist's name and address if one is used.

43 CFR 3482 (3) (iii)

Description

The exploration plan involves Federal surface and coal rights in the Granger Ridge area approx. 3 mi. northwest of Scofield, Utah. The requested license area encompasses 870 acres, more or

less. The coal is managed by the U.S. Department of the Interior, Bureau of Land Management and the surface is managed by the U.S. Department of Agriculture Forest Service. Map 2 depicts the boundaries of the proposed exploration area. The area included within the license application is tabulated as follows:

| | |
|---|--------------|
| T. 12 S., R. 6 E., Salt Lake Meridian, Carbon County, Utah | |
| Section 13: Lot 4, SW1/4 SE1/4, S1/2 SW1/4 | 161.27 Acres |
| Section 14: S1/2 S1/2 | 160.00 Acres |
| Section 22: E1/2; E1/2 W1/2, E1/2 W1/2 W1/2 | 560.00 Acres |
| Section 23: All | 640.00 Acres |
| Section 24: Lots 1 thru 7, NW1/4 NW1/4, N1/2 NE1/4, W1/2 SE1/4, W1/2 SW1/4 | 568.06 Acres |
| Section 27: E1/2; E1/2 W1/2, E1/2 W1/2 W1/2 | 560.00 Acres |
| Section 26: Lots 1 thru 4, N1/2 N1/2, N1/2 SW1/4, SW1/4 SW1/4, N1/2 SE1/4 | 525.72 Acres |
| Section 25: Lots 1 thru 4, SW1/4, W1/2 E1/2 | 488.81 Acres |
| Section 34: N1/2 NE1/4, NE1/4 NW1/4, E1/2 NW1/4 NW1/4 | 140.00 Acres |

Total 3803.86 Acres (more or less)

Geology and Topography

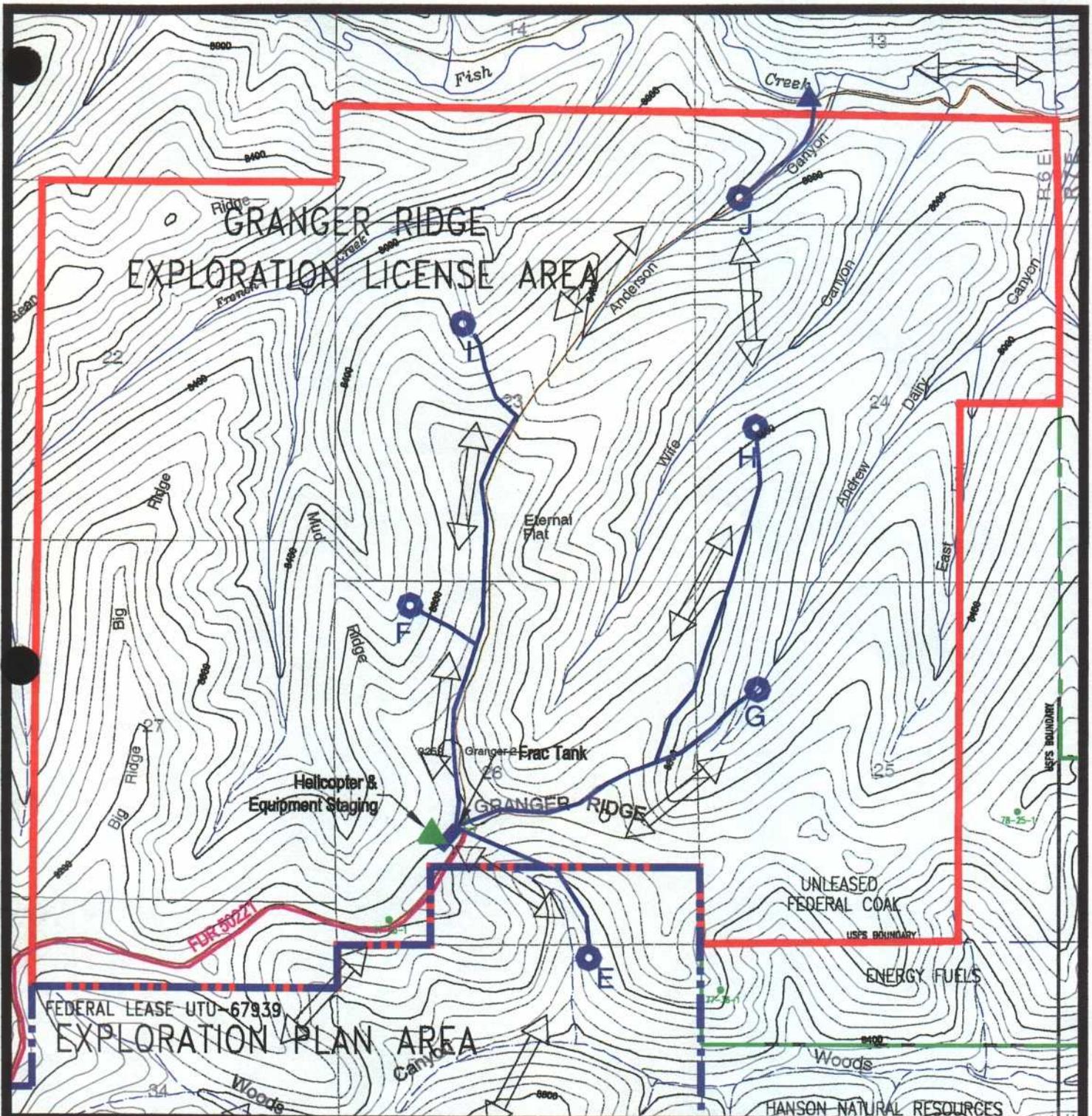
The proposed exploration license area is located between Fish Creek on the north and Granger Ridge on the south (Map 2). Nearly the entire area consists of northeast-trending tributary canyons to Fish Creek Canyon. The area lies within the Wasatch Plateau physiographic province. Fish Creek drains eastward into Scofield Reservoir approx. 3 miles north of the town of Scofield. Topography in the area is mountainous with narrow ridges and deep canyons. Elevation ranges from approximately 9300 ft. to 7800 ft.

The exploration area is underlain by sedimentary rocks of late Cretaceous age. Two formations crop out in the area including the coal-bearing Blackhawk Formation and the overlying Price River Formation. At least two potentially mineable coal seams occur in the area including the Lower O'Connor A seam and the Woods Canyon (also called Flat Canyon) seam.

Strata in the area dip uniformly from 2 to 8 degrees west-northwest. Several faults have been identified in the area, the largest of which is the southern boundary fault of the Fish Creek graben cutting in an east-westerly orientation across the north end of the exploration area. A number of igneous dike zones may also occur in the exploration area.

Ark Land plans to wireline core drill through all major coal seams including at least 10 feet of floor rock beneath the deepest seam. Due to the small size and limited capacity of the heli-portable drilling equipment, none of the holes will be completed as water monitor wells.

No valuable minerals other than coal are known to occur within the boundary of the proposed exploration license area.



| | |
|---|-----------------------------|
| Proposed Helicopter Drill Site | 2 to 4 in. Waterline (hdpe) |
| Helicopter and Equipment Staging Area | Water Pump Location |
| Proposed Water Tank Location, 10,000-20,000 gal Frac Tank | Proposed Forest Road Use |
| Helicopter Flight Route | |

MAP 2

1000' 0' 1000' 2000' 3000'

ARK LAND COMPANY
INCLINE MOUNTAIN, 10200 BOX 380, HELPER, UT, 84029

**EXPLORATION LICENSE
 GRANGER RIDGE AREA
 2005**

| | | | |
|-----------|---------------|-----------|---------------|
| DATE: BY: | APPROVED: BY: | DATE: BY: | APPROVED: BY: |
| | | | |

SCALE: 1"=2000'

FILE NO. SHEET NO.

Surface Water

Fish Creek and its tributaries belong to the Price River sub-basin of the Upper Colorado River Basin. The entire exploration area is drained by Fish Creek Canyon with the exception of a small portion of the southeast corner of the exploration area which is drained by Woods Canyon (Map 2).

Ground Water

Previous drilling on Granger Ridge along the southern boundary of the exploration area did not encounter a significant amount of water.

Groundwater occurs in perched zones of limited areal extent in lenticular sandstones. None of the formations down through Blackhawk support a continuous aquifer. Mining in the northern portion of Skyline Mine to the south occasionally encounters minor inflows of groundwater which drip from fractures, minor fault zones, and localized paleochannel sandstones in the mine roof. Most of these wet zones dry up through time.

Soils

Soils in the Granger Ridge area are generally sandy loams. Surface horizons (A & B horizons) are commonly dark and organic rich. Subsoils are mainly loam with a high rock content. In a few places within the exploration area, bedrock is exposed with little or no soil cover. Soil thickness varies with location. Deep to moderately deep soils have developed on broad ridgetops and canyon bottoms; and moderately shallow soils have developed on narrow ridgetops and steep hillsides. Care will be taken in locating drill sites to ensure soil conditions will not be a limiting factor for successful site reclamation (because heli-portable drilling methods are to be utilized, disturbance of topsoil will be limited to minor hand excavation for leveling and drill placement).

Erosion and Sedimentation

The proposed drilling program will not adversely affect erosion and sedimentation in the area. Only minor hand excavation for purposes of leveling the drilling equipment will be conducted. Fresh water pumped to the drill location will for short periods and in minor amounts be diverted onto the surrounding soils. Care will be taken to ensure any areas prone to erosion and sedimentation will be stabilized and/or protected by silt fencing or strawbale dikes. No drilling fluids be allowed to contact topsoil and will be contained in heli-portable 2000 to 5000 gal. poly tanks and/or aluminum troughs. Drill holes will be cased through unstable soils to ensure drilling operations do not saturate underlying soils. It is anticipated that 20 to 100 ft. of casing may be used in each hole.

Biology

Vegetation in the area occurs in the Mountain Brush and White Fir/Spruce plant communities. The dominant tree species present are Douglas Fir, Aspen, and Blue Spruce. No drilling is

proposed within riparian plant communities.

Big game wildlife consists of mule deer and elk. Other animals include bear, bobcat, coyote, red squirrel, porcupine, rabbit, skunk, mice and other small rodents, reptiles, amphibians, and birds. The proposed drilling program will be scheduled to avoid conflict with May 15 to July 15 elk or deer parturition activities in the area unless otherwise approved.

Threatened and endangered species in the exploration area include Bald Eagles, Northern Goshawk, and Northern Three-toed Woodpecker. Exploration and reclamation activities will not occur during breeding and nesting periods nor within one half mile of known breeding and nesting areas. Bald Eagles may occasionally pass through the area during their winter migration. The Northern goshawk is a listed sensitive species that occurs in the project area. The goshawk has been observed during ground surveys, and two nests have been identified within the lease area in the past. During the 2002 summer drilling season, one active Northern Goshawk nest was identified and a "no-fly zone" was identified. If that nest is active again during the 2005 drilling season, flight lines will be altered to honor the same no-fly zone. The nest was not active during the 2003 drilling season. No Northern Three-toed Woodpeckers have been observed during surveys. No other threatened or endangered or sensitive species of wildlife are present.

The Winter Quarters Lease EA (July 1995) states that "No known threatened, endangered, or sensitive plant species are known to occur on the proposed lease tract"; more specifically, there are no documented occurrences of threatened or endangered plant species in the area.

Historic Places

There are no known districts, sites, buildings, structures, or objects listed on, or eligible for listing on, the National Register of Historic Places in the proposed exploration area.

Cultural or Archeological

No district, sites, buildings, structures, or objects are listed on, or known to be eligible for listing on the National Register of Historic Places.

In 1990, archaeological work in the area was conducted for the Questar Pipeline relocation project. No significant cultural materials were encountered. This area probably received only occasional use.

A number of more recent site specific cultural resource inventories have been conducted relative to drilling on federal lease UTU-67939 in the Winter Quarters Canyon area. Included in Appendix A are two inventories, including 1) Cultural Resource Evaluation of Proposed Drillholes & Seismic Line Corridors in the Upper Huntington Canyon & Winter Quarters Ridge Localities of Sanpete & Carbon Counties, Utah, UT-95-AF-252pf; and 2) A Cultural Resource Inventory of Four Drill Locations and Associated Staging Areas and Trails - Winter Quarters, Manti-La Sal National Forest, Carbon County, Utah, U-02-EP-0409f.

A site-specific cultural resources survey for this project will be conducted in early Summer 2005, prior to commencement of any field operations. Results will be forwarded to the BLM upon completion.

Exploration

The drill site locations and projected depths are tabulated as follows:

| Site | Location | Projected TD |
|------|---------------------|---------------------------|
| F | NW, NW, 26, 12S, 6E | 1100 ft |
| G | SW, NW, 25, 12S, 6E | 1000 ft |
| H | NW, SE, 24, 12S, 6E | 800 ft |
| I | SE, NW, 23, 12S, 6E | 800 ft |
| J | SW, SW, 13, 12S, 6E | 1000 ft (?? In graben ??) |

It should be noted that five additional holes (A thru E) are being planned as part of the overall drilling project (Map 1). These holes are located on federal lease UTU-67939 and will be discussed in Section 2 of this application. All ten holes will be drilled as part of a combined drilling project.

Drilling

The planned drilling method is helicopter-supported continuous wireline core drilling. The entire borehole will be core drilled from surface through the lowest coal seam horizon. Exploration equipment for the drilling phase will include up to 3 heli-portable skid-mounted core drilling rig(s) together with all necessary heli-portable equipment such as drill rod trays, mud tanks, water tanks, water pump, etc.

Core drilling will involve one to three skid-mounted 2000 ft rated core drills, one or two 1000 gal. poly water tanks for each drill rig, two water trough-type mudtanks for each rig, and 4 to 6 drill rod trays for each rig. Other support equipment will include 4000 gallon water trucks to supply the 18,000 gal. frac tanks, one 1500 gallon water/fire truck, two to four 18,000 gallon frac tanks depending on water usage, two to three supply trailers parked at staging areas, up to 8 pick-up trucks, and a geophysical logging truck. The drilling procedure for the exploration holes will be to continuously core to total depth. Twenty to 100 ft. of surface casing will be set in each hole depending on hole conditions. None of the holes will be completed as a water monitor well due to the relative small size of the heli-portable drilling equipment. Water will be hauled from the Skyline minesite with the exception of drillhole "J" which will utilize water pumped from the adjacent drainage or, if water flow is insufficient, from Fish Creek. Fifth-wheel supply trailers will carry the heli-portable equipment, including drills, drill steels, coring equipment, drilling additives, cutting and welding equipment, and other supplies. One pick-up truck will be used for each drill rig by the drillers to carry personnel, fuel, and supplies and two to three pickup trucks will be used by the dirt contractor. The logging contractor will use a single axle 1 ton rated truck. The company representative and geological consultant will also use pick-up trucks for transportation.

Backup and auxiliary equipment to be located at the staging areas will include but not be limited to one or two 18,000 gal. frac (water) tank(s), two to three supply trailers, drilling fluid containers, two 4000 gal. water trucks, a fuel truck or or double lined fuel tank, four to pickup trucks, a covered tool supply trailer, and a geophysical logging truck.

Access to drillsites will be obtained by use of existing USFS roads and by helicopter, horseback, or on foot. No new road construction is planned.

The general method to be followed during drill hole exploration, reclamation and abandonment is: 1) repair the Forest Development Roads where needed and prepare the drill sites (minor leveling and preparation with hand tools), 2) drill, log and plug the exploration drill hole, and 3) reclaim the drill sites. No blasting will be done for road building or repair. Repair of Forest Development Roads may include hauling gravel to fill rough areas on bedrock ledges and cover sandy areas on the road as well as grading rutted areas with a grader. Drillsite preparation will include minor leveling and clearing of brush with hand tools causing minimal surface disturbance.

No significant earth excavation will be required for the drill sites. Because mud and water tanks will be utilized no mud pits will be constructed. No materials will be disposed of at the drill sites. Cuttings and unneeded drill core will be hauled away by helicopter to Canyon Fuel Company's certified waste rock disposal site east of Scofield town (Map 1).

Drillpads will be approx. 8 ft. X 12 ft. Topsoil will not be removed due to the low-impact nature of the helicopter supported drilling method. The drill and adjacent fuel tank will be placed on brattice cloth or pit liner material to protect soils from potential fuel or oil leaks and spills. Oil absorbent pads will be used as needed to clean any spills. Figure 1 shows a typical drillpad layout. Figure 2 shows a photo of a typical setup.

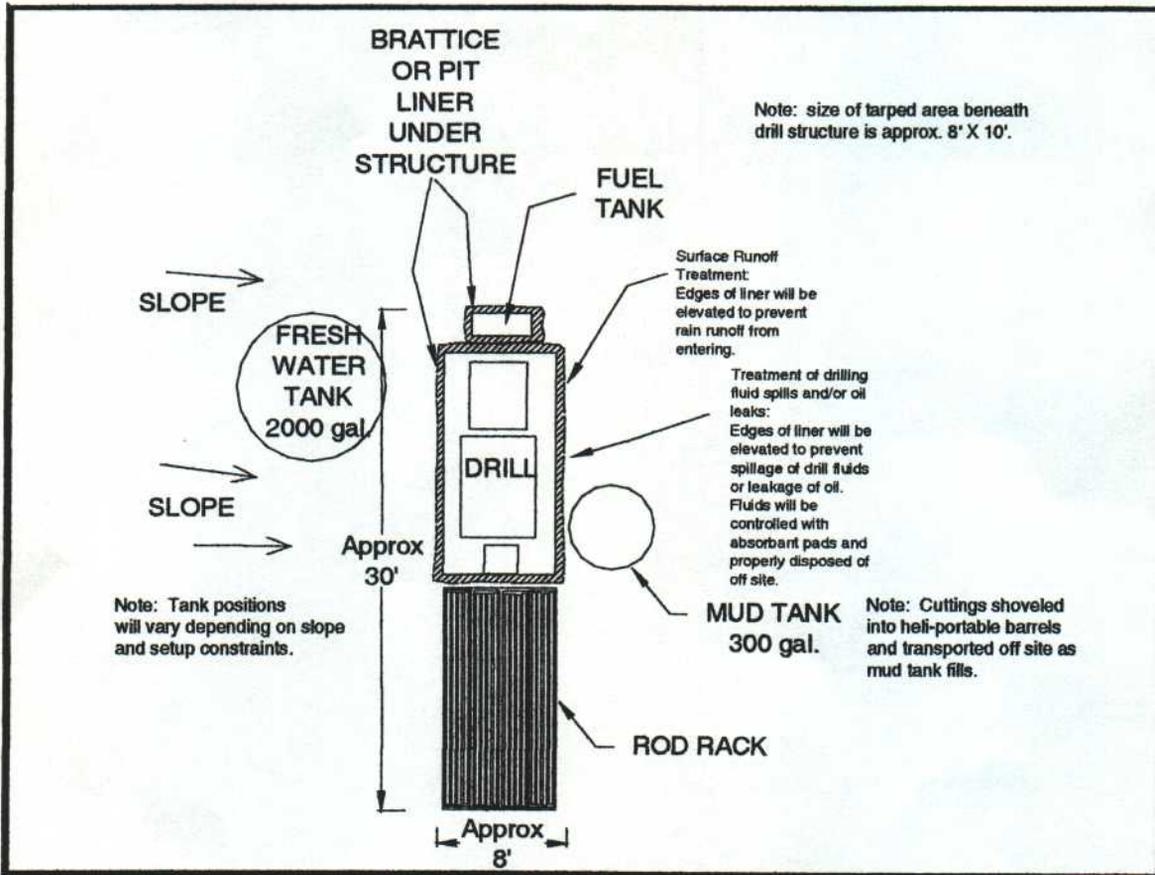


Fig. 1: Typical heli-portable drill site layout.

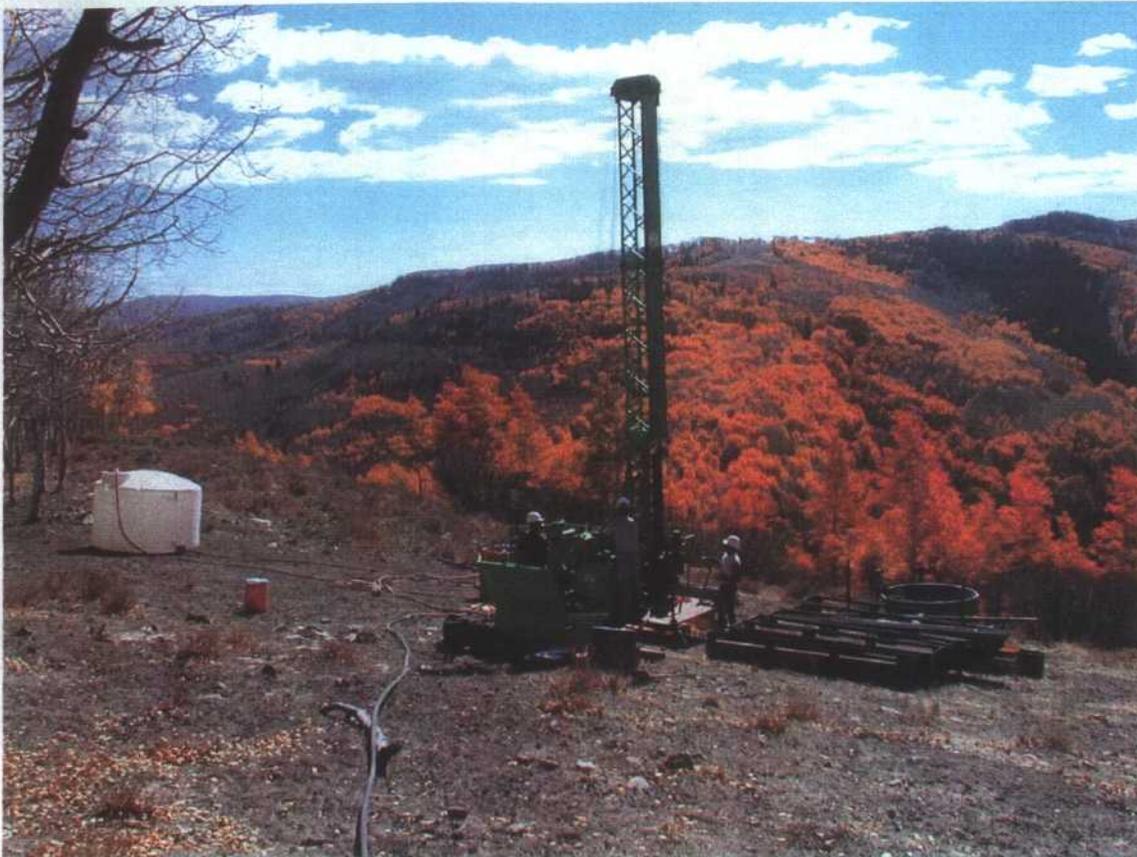


Figure 2. Typical helicopter-assisted drillsite setup. Only minor excavation of surface soil with hand tools is necessary for leveling of drill rig. Surface is otherwise undisturbed

The finished size of the drill hole will be nominally 2 3/16 inch diameter. Three inch surface casing will be inserted through the surface alluvium and certain other intervals depending on hole conditions. The suite of geophysical logs planned for this hole includes: natural gamma, gamma-gamma density and resistivity. Drill cuttings will be stored in heli-portable tanks and dumped as needed at the Skyline Mine permitted waste rock site east of Scofield town.

The drill sites will be located as shown on Map 2. Existing U.S. Forest Service roads will be utilized for access to the staging areas/landing zones. No construction of new roads is planned. If existing roads are disturbed by exploration activities, they will be bladed and returned to a condition equal to or better than their condition prior to commencement of exploration. All necessary USFS road-use permits will be obtained.

Surface disturbance will be minimal and will include minor leveling of drillsites with hand tools. Disturbed area is listed as follows:

| <u>Site</u> | <u>Construction</u> | <u>Size</u> | <u>Estimated Disturbed Area</u> |
|-------------|-----------------------|-------------|---------------------------------|
| F | Minor hand excavation | 8' X 12' | .002 ac. |
| G | Minor hand excavation | 8' X 12' | .002ac. |
| H | Minor hand excavation | 8' X 12' | .002 ac. |
| I | Minor hand excavation | 8' X 12' | .002 ac. |
| J | Minor hand excavation | 8' X 12' | .002 ac. |

Total 0.01 ac

Reclamation of the drill sites will include removal of all trash and debris; and topsoil will be redistributed into any hand tool excavation. The disturbed areas will be reseeded utilizing the approved U.S. Forest Service seed mix. The planned method to prevent possible future soil erosion is the re-establishment of vegetation on the reclaimed area after exploration activities are concluded.

Drilling Equipment

Equipment expected to be utilized during various phases of the exploration program is tabulated as follows:

| Exploration Phase | Equipment Type | Size or Capacity | Quantity |
|--------------------------|-----------------------|--------------------------|-----------------|
| Drilling | Wireline Core Rig | LF 70 or similar | 3 |
| | Water Truck | 4000 gal | 2 |
| | Pipe/Supply Trailer | Dual Axle Fifth-wheel | 3 |
| | Tool trailer | Dual Axle | 2 |
| | Jet fuel trailer/tank | Dual Axle | 1 |
| | Helicopter | Lama or similar | 1 |
| | Pickups | 4 wheel drive | 3 |
| Support and Construction | Grader | D 14 Cat or similar | 1 |
| | Water Truck | 4000 gal | 2 |
| | Frac Tank | 18,000 gal | 3 |
| | Fuel Truck | 2000 gal | 1 |
| | Pickups | 4 wheel drive | 4 |
| | Triplex Pump | | 3 |
| | Poly pipe winder | | 1 |

No earth excavation with heavy equipment is planned for this project. Any drainage of fresh water across topsoil at drillsites will be controlled to prevent concentrated runoff across exposed soils. All drill cuttings and fluids will be contained within portable mudtanks. No drill fluids will be allowed to run onto exposed soils. Soils will be protected from potential fuel, oil, or grease drips and spills by use of brattice or similar material placed beneath the drill rig and surrounding the drill collar.

Upon completion of drilling, any excavation that was done for purposes of leveling the drill rig will be reshaped to original contour. The disturbed area will be reseeded with USFS approved seed mix.

All debris and trash will be disposed of properly. Accumulation of trash and debris over an extended period of time before removal will not be allowed. Location of disposal will be off-site in an approved sanitary landfill. Excess drill cuttings will be transported by helicopter to Canyon Fuel Company's approved waste rock site east of Scofield town.

Transportation and Equipment

Equipment to be transported over U.S. Forest Service roads will include:

Pickups: 6 ea. @ approx. 2 trips/day

Pickups with 5th-wheel trailers and horse trailers for hauling heli-portable drilling equipment, horses, and fuel: 3 ea. @ approx. 1 trip/week

Pickup with jet fuel trailer for helicopter support: 1 ea. @ approx. 1 trip/day

Transport (40,000 GVW) for hauling additional equipment for drilling support such as water tanks (20,000 gal frac tanks) and hole abandonment materials: 1 ea. @ approx. 1 trip/week

Geophysical logging truck (20,000 GVW): 1 ea. @ approx. 2 trips/week

Backhoe (rubber-tired): 1 ea. @ approx. 1 trip/week

Water Truck (40,000 GVW): 1 ea @ approx. 4 trips/day

All debris and trash will be disposed of properly. Accumulation of trash and debris over an extended period of time before removal will not be allowed. Location of disposal will be off-site in an approved sanitary landfill. Excess drill cuttings will be transported by helicopter to Canyon Fuel Company's approved waste rock site east of Scofield town.

Access and Road Construction

Access to the staging area/landing zone will be via US Forest Service roads 50221, and 53137 (Maps 1 and 2).

Drill Hole Plugging

The exploration drill holes will be plugged with a cement, cement/bentonite slurry, or abandonite to their full depth. The completion method includes pulling surface casing when possible; but when not possible, cutting it flush with the ground, then pumping the cement/bentonite slurry through the drill pipe starting at the bottom of the hole. Plugging will then be done in stages by tripping-out of the hole 3-4 joints (60-80 ft) and pumping again. This process will be repeated to the surface. Cement will be utilized through minable coal zones. A brass identification tag will be placed in the concrete at the top of the drill hole stating the operator's name, drill hole number and legal description. The plugged hole will be flush with the ground surface.

None of the holes will be completed as water monitor wells due to the small size of the heli-portable drilling equipment.

Water Rights

With the exception of hole J, water for drilling and road maintenance will be obtained from Skyline Mine utilizing water rights belonging to Canyon Fuel Company. Water for hole J will be obtained from the adjacent stream or from Fish Creek to the north. All necessary arrangements will be made with shareholders and the Utah Division of Water Rights. An approved Temporary Change permit will be obtained prior to withdrawing water from drainages near hole J or prior to hauling water from Skyline Mine.

Site Preparation

Removal of vegetation will be limited to removal of brush and shrubs with hand tools as needed for placement of the drill rig and adjacent equipment. No trees will be removed.

Because portable mud tanks are utilized, excavation of mud pits will not be required. Mud tanks will not be allowed to overflow.

Logging

Geophysical logs will be run in accordance with 10 CFR part 39. Heli-portable geophysical logging equipment will be utilized.

Surveying

The drill hole will be surveyed to a 0.01 foot horizontal location and a 0.1 ft. vertical elevation. Locations will be expressed in NAD 83 state plane coordinates adjusted to sea level datum.

43 CFR 3482.1 (3) (v) Estimated Timetable

The proposed drilling project is scheduled to begin in mid-July. Holes F through J will likely be drilled in conjunction with holes A through E (discussed in Section 2, Exploration Plan). The following table shows the projected timetable for each phase of the program for all 10 holes:

| EVENT | WK1 | WK2 | WK3 | WK4 | WK5 | WK6 | WK7 | WK8 | WK9 | WK10 | WK11 | WK12 |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|------|------|
| Set pumps, frac tanks and run water lines to sites | | | | | | | | | | | | |
| Core Drilling | | | | | | | | | | | | |
| Reclaim drill sites and remove water lines. | | | | | | | | | | | | |

The total plan, including reseeding, should be completed in approx. 12 weeks depending on weather or other delays.

Reclamation

Reclamation work will begin as soon as possible after hole abandonment. The sites will be returned to approximate original contour, scarified, and reseeded with USFS approved seed mixture.

The planned seed mix is tabulated as follows (same mix as approved during 2003 Winter Quarters drilling project):

| Seed Mix | | Pounds/Ac PLS |
|-------------------------|---------------------------|---------------|
| Slender Wheat | Agrphyron tachy caulum | 3 |
| Intermediate Wheatgrass | Elymus hispidus | 3 |
| Mountain brome | Bromus carinatus | 3 |
| Blue Wildrye grass | Elymus glaucus | 1 |
| Perennial Ryegrass | Lolium perenne | 1 |
| Orchard grass | Dactylis glomeratus | 2 |
| Meadow foxtail | Alopecurus pratensis | 2 |
| Pacific aster* | Aster adscendens | 0.25 |
| Ladak Alfalfa | Medicago sativa var ladak | 1 |
| Silvery lupine* | Lupinus agrenteus | 1.5 |

*If seed is available. If not available Lewis Flax will be used.

Prior to any seeding, the USFS will be consulted to ensure proper seed mixture.

Safety

Drilling and construction contractors as well as Ark Land/Canyon Fuel employees will be required to wear hard hats, steel toed boots, and safety glasses when working at drillsites or handling equipment at the staging area/landing zone. Hearing protection is required when working in the vicinity of the operating helicopter.

In the event of a helicopter accident, the following steps will be followed:

1. The Carbon County sheriff's office will be contacted immediately for emergency assistance.
2. Skyline Mine EMT's will also be contacted to assist in any necessary emergency medical assistance.
3. In the event of fire, the Moab fire reporting center will contacted immediately with all necessary information.

4. In the event of a fuel and/or oil spill, all necessary agencies will be notified. The approved fuel/oil spill plan will be followed as long as it does not interfere with any necessary accident investigation.
5. Wreckage will not be removed until all necessary investigations have occurred and a removal plan has been approved by all agencies involved.

Appropriate fire fighting equipment and adequate water supply will be maintained at drillsites and the staging area as well as any water pumping locations. USFS fire stipulations will be followed.

Internal combustion engines will be equipped with appropriate mufflers and/or spark arrestors. All vehicles will carry a readily available and fully charged fire extinguisher and a first aid kit, as well as fire fighting tools.

Large equipment will not be moved when roads are excessively muddy. Personnel will not be allowed to drive onto the area when excessively muddy roads occur, but may leave the area at the end of the work day or drill period. Any rutting that occurs will be repaired by the dirt contractor when conditions permit.

43 CFR 3482.1 (3) (vi) Amount of Coal Removed

Ideally, 1.4 inch diameter (BQ) coal core will be removed from each coal seam. Total amount of coal removed will be less than 200 lbs.

Other Permits

Other permits such as road use and special use will be obtained from the USFS as required.

Reclamation Bonds

Bonding will be secured as required by both the USFS and BLM.

Data Use

Data will be transferred to the BLM within a reasonable time period after exploration. Ark Land Company requests that all data be kept confidential.