



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Green River District
Price Field Office
125 South 600 West
Price, UT 84501
<http://www.blm.gov/ut/st/en/fo/price.html>



SEP 09 2016

In Reply Refer to
3482 (UTG0023) MWG
UTU 771114, UTU 044076

RECEIVED

SEP 13 2016

DIV. OF OIL, GAS & MINING

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Receipt Number: 7014-2120-0004-6190-8838

Bowie Resource Partners
c/o Canyon Fuel Company, LLC
Skyline Mine
HC35, Box 380
Helper, UT 84526

Attn: Paul Jensen, Geologist

Re: Approval of Minor Coal Exploration Plan, Skyline Mine UTU 771114 and UTU 044076,
Sanpete and Emery Counties, Utah

Dear Mr. Jensen:

The Bureau of Land Management (BLM) received a plan to conduct coal exploration for the Skyline Mine from Canyon Fuel Company, LLC, a subsidiary of Bowie Partners, LLC, dated February 12, 2016. The proposed plan is to drill up to seven (7) exploration holes on their existing leases (UTU 771114 and UTU 044076) located southwest of Canyon Fuel Company's Skyline Mine facility in Sanpete and Emery Counties, near Boulger Reservoir that would further evaluate the coal reserves in this area in and around the so-called Flat Canyon federal coal lease. Primary access to the exploration sites will be by Forest system roads, with some upgrading involved. This plan involves a conventional truck-mounted rotary drilling rig due to depth and conditions of drilling, rather than helicopter assisted drilling ops.

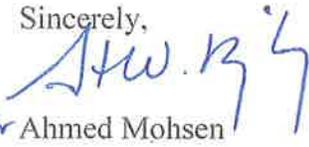
Required cultural and wildlife surveys have been performed, and the Manti-LaSal National Forest concurred with the proposed exploration and road upgrades on September 9, 2016.

The BLM approves the requested exploration plan for UTU 771114 and UTU 044076, subject to the terms and conditions of the leases and the special stipulations attached hereto and attached to the US Forest Service Concurrence letter, dated September 9, 2016, (Forest Service Required Conditions of Approval).

The existing production bond for the Skyline Mine and these leases is sufficient and no further bonding is required.

This decision may be appealed to the Interior Board of Land Appeals, Office of the secretary, in accordance with the regulations outlined in 43 CFR Part 4, and the enclosed form 1842-1. If an appeal is made, your notice of appeal must be filed in this office (at the above address) within 30 days of your receipt of this decision. The appellant has the burden of showing that the decision is in error.

If you have any questions with this matter, please call Mike Glasson at (435) 636-3651 or Steve Rigby at (435) 636-3604.

Sincerely,

Acting for Ahmed Mohsen
Field Manager

Enclosure

Cc:

Green River District
Attn: Chris Conrad

Utah State BLM Office
Attn: Roger Bankert

Manti-LaSal National Forest
Attn: Jeff Salow
599 Price River Drive
Price, UT 84501

Utah Division of Oil, Gas and Mining
Attn: Dana Dean
1594 West North Temple
PO Box 145801
Salt Lake City, UT 84114-5801

Special Stipulation

1. **Plugging of drill holes** – All drill holes must be plugged in accordance with Federal (BLM) and State regulations. When performing hole plugging, and in combination with requirements for protection of aquifers, coal seam sealing and surface plugging [3484.1(a)(3) and 3484.2(a)], the permittee or licensee shall specifically follow the manufacturer's recommendations for mixing various plugging materials. These materials, including but not limited to "Abandonite" and/or cement for example, shall be mixed strictly according to the manufacturer's instructions unless it is shown to have been blended to *even more effective* mixtures than the minimum recommendation. Records of both the manufacturer's mixing instructions and records of actual mixtures used in the field. (including for example gallons of water used, bags of materials used and etc.), shall be made available to the authorized officer or his/her representative upon request *in the field*. These records shall also be made a part of the exploration reports submitted to the authorized officer upon completion of the exploration project.



United States
Department of
Agriculture

Forest
Service

Manti-Lasal National Forest

Ferron Ranger District
115 West Canyon Road
Ferron, UT 84523
435-384-2372
FAX: 435-384-3296

File Code: 2820

Date: September 8, 2016

Steve Rigby
Assistant Field Manager – Coal
BLM Price Field Office
125 South 600 West
Price, UT 84501

Dear Mr. Rigby,

The Ferron/Price Ranger District has reviewed Canyon Fuel Company, LLC. 2016 Coal Exploration Plan dated February, 2016. This plan proposes the drilling of six exploration drill holes on-lease, assigned serial number UTU-77114. The drill holes are located within the Manti-La Sal National Forest near Huntington Creek and Boulger Canyon, Carbon County, Utah.

Contingent upon the attached Conditions of Approval, as provided in 43 CFR § 3410.2-3 we concur with the proposed Coal Exploration Plan.

If you have any questions or comments on this matter, please feel free to contact Jeff Salow at (435) 636-3596 or jsalow@fs.fed.us

Sincerely,

DARREN OLSEN
District Ranger



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Forest Service Required
Conditions of Approval
Coal Exploration Program

BLM Approvals

1. **Conducting a pre-work meeting** – A pre-work meeting including the responsible company representative(s), contractors, and the Forest Service must be conducted at the project location prior to commencement of operations. Site-specific Forest Service requirements will be discussed at this time.
2. **Road Use Permit required** – A Road Use Permit must be obtained from the Forest Service before equipment is transported onto National Forest System lands.
3. **Supervision of reclamation; Onsite copy of permit** – Operations including reclamation must be supervised by a responsible representative of the permittee/licensee who is aware of the terms and conditions of the projects permits/licenses. A copy of the appropriate permits/licenses must be available for review at the project site and presented upon demand to any Forest Service Official.
4. **FS notification of heavy equipment presence and work commencement** – The Forest shall be notified 48 hours in advance that heavy equipment will be moved onto National Forest System lands and that surface disturbing activities will commence.
5. **FS notification of changes to POO** – The Forest Service must be notified of any proposed alterations to the plan of operations and alterations shall be approved prior to commencement.
6. **Fire suppression equipment availability** – Fire suppression equipment must be available to all personnel working at the project site. Equipment must include at least one hand tool per crew member consisting of shovels and pulaskis and one properly rated fire extinguisher per vehicle and/or internal combustion engine.
7. **Muffler, spark arrestor requirement** – All gasoline, diesel, and steam-powered equipment must be equipped with effective spark arrestors or mufflers. Spark arrestors must meet Forest Service specifications discussed in the "General Purpose and Locomotive (GP/L) Spark Arrestor Guide, Volume 1, April 1988; and "Multi-position Small Engine (MSE) Spark Arrestor Guide, April, 1989." In addition, all electrical equipment must be properly insulated to prevent sparks.
8. **Liability for fire suppression damage and costs** – The permittee/licensee will be held responsible for damage and suppression costs for fires started as a result of operations. Fires must be reported to Moab Interagency Fire Center at 435-259-1850 (Primary) or Richfield Interagency Fire Center at 435-896-8404 (Secondary) as soon as possible.
9. **Fire restriction compliance requirement** – Operations are subject to Forest Service fire restrictions and the Forest Service reserves the right to suspend operations during periods of high fire potential.
10. **Compliance with water right law requirement** – Water needed in support of operations must be properly and legally obtained in accordance with Utah State water laws.
11. **Compliance with motorized travel plan** – Unauthorized off-road vehicular travel is prohibited.
12. **Protection and replacement of survey markers** – Section corners or other survey markers, including claim corners, in the project area must be located and flagged for preservation prior to commencement of surface disturbing activities. The removal, displacement, or disturbance of markers must be approved by the proper authority. Replacement will be done by the proper authority at the expense of the permittee/licensee.
13. **Protection of discovered cultural/paleontological resources** – If cultural or paleontological resources are discovered during operations, all operations which may result in disturbance to the resources must cease and the Forest Service must be notified of the discovery.
14. **Liability for damage to roads and other improvements** – The permittee/licensee will be held responsible for all damage to fences, cattleguards, resource improvements, roads, and other structures on National Forest System lands which result from their operations. The Forest Service must be notified of damages as soon as possible.

15. **Coordination with livestock permittees** – Operations must be coordinated with grazing permittees to prevent conflicts.
16. **Wildlife, livestock harassment prohibited** – Harassment of wildlife and livestock is prohibited. Areas of elk calving (nurseries) shall be avoided with adjustments in flight lines
17. **Timber felled from project** implementation that meets sawlog utilization standards (minimum 8 inch diameter, 8 feet long, and 33 1/3 % sound) will be purchased by the permittee. Depending on the amount of material felled the Forest Service will decide if felled material will be hauled off forest or used for rehabilitation. Timber not meeting sawlog utilization standards will be used for rehabilitation or cut into four foot lengths and decked at a location that is accessible to the public for personal fuelwood use.
18. **Busy weekend road use by heavy equipment prohibited** – Drill rigs and heavy equipment (not including water trucks) must not be transported over National Forest System roads during the opening weekend of the general elk hunt nor during the opening weekend of the general deer hunt and during holiday weekends (Friday through Monday for Federal Holiday weekends and Friday through Sunday for the opening weekends of the hunts).
19. **Seed mix requirements** – Seeding of disturbed areas will occur with the following seed mix. Modifications to the seed mix must be approved by the authorized officer for the FS. The seed should be certified and contain less than 1 percent of common weeds and no noxious weeds.

| SEED MIX | | |
|-----------------------|------------------------------|--------------|
| Common Name | Scientific Name | PLS lbs/acre |
| Slender wheatgrass | <i>Elymus trachycaulus</i> | 3.0 |
| Columbia needle grass | <i>Achnatherum nelsonii</i> | 1.0 |
| Blue wildrye | <i>Elymus glaucus</i> | 1.0 |
| Blueleaf aster | <i>Aster glaucodes</i> | 0.25 |
| Small burnet | <i>Sanguisorbia minor</i> | 1.0 |
| Silvery lupine | <i>Lupinus argenteus</i> | 1.0 |
| Showy Goldeneye | <i>Heliomeris multiflora</i> | 1.0 |
| Total | | 8.25 |

20. **Noxious weed control** – The operator will be held responsible for control of noxious weed infestations found to be a result of this drilling operation. Vehicles and drilling equipment are to be cleaned prior to entering National Forest System lands.
21. **Protection of active goshawk nests** – No activities shall be conducted within ½ mile goshawk buffer zone.
22. **Compliance with all USDA rules and regulations** – The licensee/permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter 11 of the Code of Federal Regulations governing the use and management of the National Forest system (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the license/permit/lease. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of the Interior, (2) uses of all existing improvements, such as Forest Service Roads, within and outside the area licensed, permitted or leased by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by a permit/operating plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Darren Olsen
District Ranger
Manti-La Sal National Forest
115 West Canyon Road
Feron, Utah 84523
Telephone Number: 435-636-3586

The Forest Supervisor is the authorized representative of the Secretary of Agriculture.

23. **All drilling fluids**, mud, cuttings shall be contained and properly disposed of prior to reclamation.
24. **During drilling operations** all trash, garbage, and other refuse shall be properly contained on the project site prior to disposal at authorized sites. Unattended pits will be fenced to keep out livestock and wildlife.
25. **The permittee/licensee** shall clean up and remove all drilling equipment, trash, garbage, flagging, vehicles, and other such materials.
26. **Disturbed areas** shall be reclaimed by the end of the field season.
27. **Contaminated** soil and gravel shall be stripped and hauled off prior to site reclamation.
28. **Drill site reclamation** - Drill sites shall be reclaimed by selectively backfilling excavated materials, topsoil last, such that the disturbed area is replaced to its approximate original contour. The disturbed area must be seeded with the specified seed mix.
29. All disturbed drainages shall be replaced to their approximate original configuration when the project area is reclaimed.
30. **Equipment** used for transportation, storage, or pumping water will be clean and dry prior to entry on the Forest.
31. **Topsoil** must be stripped from areas occupied by parked vehicles and mud pits and stockpiled for use during reclamation. Topsoil stockpiles will be located to minimize contamination or loss. Rock material will be stockpiled separately.
32. **Drill Pads** - Drill pads will be designed to prevent or diminish overland flow from entering the site during precipitation events. Pad sites will be sloped to drain all spills and on-site precipitation into the mud pits. If necessary, pits will be pumped out to reduce their content and insure that overflow does not occur. Fluids will be disposed off Forest at a Utah State approved disposal site.
33. **Reporting of water encountered during drilling** - Significant water encountered during drilling must be reported to the Forest Service, including the depth and formation at which it was encountered, and an estimate of the flow.
34. **Plugging of drill holes** - All drill holes must be plugged in accordance with Federal and State regulations.
35. **Mud pits** must be allowed to dry or pumped before they are backfilled and reclaimed. If pumped, fluids will be disposed off Forest, at a Utah State approved site.
36. **Drill sites, roads** to be obliterated, and mud pits when they are dry, must be reclaimed by selectively backfilling excavated materials, topsoil last, such that the disturbed area is replaced to approximate original contour. The disturbed area must be seeded with the specified seed mix.
37. **Obliterate the roadway** by restoring to approximate original ground contours. Keep excavated material within the original construction limits. Finish slopes to provide gradual transitions in slope adjustments without noticeable breaks. The finished surface shall remain rough not allowing water to flow directly down the fall line of the finished slope.
38. **Vegetation removal.** Remove vegetation including dead woody debris, trees, stumps, roots and other vegetation within the limits of the immediate obliteration area prior to starting excavation operations and pile temporarily until recontouring has been completed. Place clearing slash and rock back on top of recontoured road segments to block motorized travel and completed channel side slopes in stable positions that do not interfere with stream channel flow.

39. **Decompaction of roadbed and drill sites** Loosen compacted soil down to 16 inches over the entire width of the roadbed, drill location, and ditches.
40. **Recontouring of roadway.** Following decompaction of the roadway, pull the fill material up and place on the loosened roadbed between the top of cut and original ground, forming a slope approximating natural contours, but also retaining a rough surface to slow the flow of water across the new fill slope. Fill in all ditches and other water traps, and remove all berms. Blend all finished slopes to match the surrounding terrain.
41. **Pioneering operations** shall be done in a manner that prevents undercutting of final excavation slopes, maintains materials within the road, trail, or parking limits, and controls runoff.
42. **Sediment and Erosion Control Measures:** All sediment and erosion control measures shall be placed prior to any ground disturbance