

August 8, 2002

«NAME»
«ADDRESS»
«CITY», «STATE» «ZIP»

Re: Determination to Deny Application in Part, New Permit Application, Lila Canyon Extension to the Horse Canyon Mine, UtahAmerican Energy, Inc. (UEI), C/007/013-PM02B, Outgoing File

Dear «SALUTATION»:

The Division is providing you notification of our determination to deny in part the UEI application to permit the Lila Canyon Extension to the Horse Canyon Mine. The State of Utah Coal Mining Rules at R645-300-152 require us to notify each person who comments on the permit application of our decision to approve or disapprove the application. This determination is based on our Technical Analysis (TA), which outlines the Division's findings with regard to technical adequacy of the application. Much thought and effort went into the production of the Technical Analysis. The comments made by the public, received through April 22, 2002 (end of public comment period) were considered in our review process and have been noted and discussed throughout the TA. The TA addresses the geologic, hydrologic, and biologic issues as required by Utah Annotated Code 40-10.

The application is denied in part because it is not considered to be technically adequate at this time. A number of deficiencies still exist in the application, which must be corrected prior to our granting approval. The Division has asked UEI to correct the deficiencies by October 22, 2002. The 200 page TA is available in the Oil Gas and Mining (OGM) Public Information Center in Salt Lake and in the OGM Price Field Office. A summary discussion of the public comments is below.

Six comments were received about the dewatering of seeps and springs. UEI did find that some renewable resources, including seeps and springs exist in the area of projected subsidence. The Division is requiring that UEI show the precise location of each spring in order to determine what the potential subsidence impacts could be. The control of subsidence will be reassessed after all resource information on areas with less than 1000' of vertical cover (depth to coal seam) is collected by UEI. Springs identified as important sources of water for wildlife will be monitored throughout the project.

Page 2

«NAME»

August 8, 2002

Six comments were received about the mine activity disrupting wildlife. UEI has committed, in its written plan application, to train mine employees annually on wildlife protection measures, such as avoidance during stress periods, caution in driving, recognition of threatened or endangered species, and removing wildlife carcasses well off of roads to protect feeding raptors. The Division has and will continue to consult with federal and state wildlife experts on site-specific protection measures.

Eight comments were received on the mine's effect on the natural beauty and wilderness quality of the area. Pre-mining land uses of the proposed extension to the permit area include grazing, wildlife habitat, coal mining, and limited recreation. Lila Canyon is within an area identified by the BLM as the Range Valley Mountain Habitat Management Plan Area, outlined in 1991 to provide management of wildlife and access management. The land is zoned by Emery County for mining and grazing. While almost all of the permit area is within areas designated as wilderness inventory or study areas, UEI holds a lease for the coal which grants them valid existing rights to explore, access, and extract the coal resource. The proposed mine disturbed area (less than 50 acres) has now been excluded by the BLM (January 2002) from these wilderness inventory and study areas. After mining is completed, the disturbed area will be restored to its pre-mining land uses of grazing, wildlife habitat and recreation.

Five comments were concerned about general degradation of the environment and one comment concerned the economic benefits to Carbon and Emery Counties, including employment stability. The mission of the State of Utah Coal Regulatory Program is to regulate exploration for, and development of coal in conformance with Utah Annotated Code 40-10 and the Surface Mining Control and Reclamation Act of 1977. The laws support the existence of a viable coal mining industry to meet the nation's energy needs, they implement standards that protect public health and safety, and they safeguard the environment to achieve successful reclamation of lands affected by coal mining activities.

Thank you for your participation in this permitting process.

Sincerely,

Mary Ann Wright
Associate Director, Mining

an
cc:

Jay Marshall
Herb McHarg
Price Field Office
P:\GROUPS\COAL\WP\007013.HOR\Final\res007013PM02Bfrm.doc

Elaine Thompson
315 South Virginia
Prescott, Arizona 86303

Eve Komosa
3251 W. Eastwood
Chicago, Illinois 60624-4412

Mike Sennett
4796 Lincoln Road
Blaine, Washington 98230

Rebeka Lindberg
1215 East 300 South, #7
Salt Lake City, Utah 84102

David A. Lien
430 East Cheyenne Mt. Blvd., # 21
Colorado Springs, Colorado 80906

Annie Eisinger
350 Elizabeth Street, #4
Salt Lake City, Utah 84102

Bob Brister
1102 South 800 East #A
Salt Lake City, Utah 84105

Merrill Bitter
1890 East Millbrook Road
Salt Lake City, Utah 84106

Randy Sailer
1018 Cherry Lane
Beulah, North Dakota 58523

John Spezina
P.O. Box 2255
Steamboat Springs, Colorado 80477

Charles Langelier
350 Elizabeth Street, #2
Salt Lake City, Utah 84102

Claire Martineau
5000 Boardwalk, Apt 1118
Ventnor City, New Jersey 08406-2920

John E. Berry
923 9th Street SE, Apt 6
Puyallup, Washington 98372-5701

Moises Gonzales
8114 True Avenue
Pico Rivera, California 90660

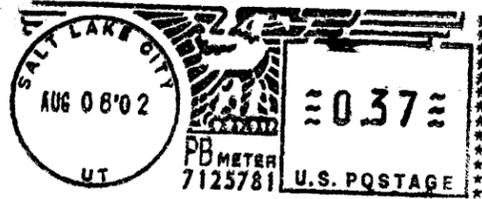


State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

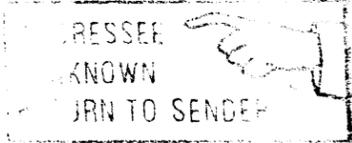
1594 West North Temple Suite 1210
P O Box 145801
Salt Lake City, Utah 84114-5801

RETURN SERVICE REQUESTED



JOHN E BERRY
923 9TH STREET SE APT 6
PUYALLUP WA 98372-5701

08/07/02



0026040001 0001

Mary Ann

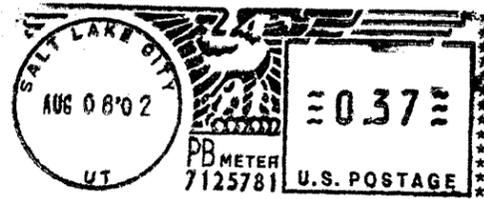


State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple Suite 1210
P O Box 145801
Salt Lake City, Utah 84114-5801

RETURN SERVICE REQUESTED



RECEIVED

AUG 15 2002

DIVISION OF
OIL, GAS AND MINING

ANNIE EISINGER
350 ELIZABETH STREET #4
SALT LAKE CITY UT

EISI350 841021020 1602 11 08/10/02
RETURN TO SENDER
EISINGER ANNIE LOUISE
470 9TH AVE
SALT LAKE CITY UT 84103-3153

08/07/02

84102+2662 07801

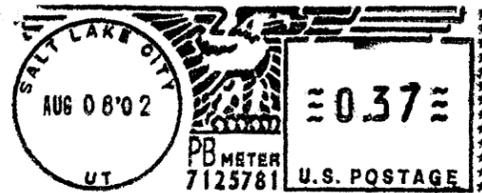


State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple Suite 1210
P O Box 145801
Salt Lake City, Utah 84114-5801

RETURN SERVICE REQUESTED



RECEIVED

AUG 15 2002

DIVISION OF
OIL, GAS AND MINING

REBEKA LINDBERG
1215 EAST 300 SOUTH #7
SALT LAKE CITY UT 84102

LIND215 841021020 1602 11 08/10/02
RETURN TO SENDER
LINDBERG REBEKAH
3266 TETON DR
SALT LAKE CITY UT 84109-2379

08/07/02

84102+2662 07801