

April 10, 2003

CERTIFIED MAIL  
7099 3400 0016 8896 2413

Robert E. Murray  
Director, American Coal Sales Company  
56854 Pleasant Ridge Road  
Alledonia, Ohio 43902

Re: New Permit Application for Lila Canyon Extension is Not Sufficient for Permit Issuance, UtahAmerican Energy, Inc. (UEI), Horse Canyon Mine, C/007/013-PM02B-2, Outgoing File

Dear Mr. Murray:

The Division has completed a second technical review of the permit application package for the Lila Canyon Extension to the Horse Canyon Mine. This application was originally submitted to this Division February 2002. After a lengthy review and hearing process, the Division met, July 12, 2002, with UEI permitting representatives and explained that the permit was still in need of serious modifications. A 15-page deficiency document was discussed in detail. Subsequent meetings and discussions were also held with UEI. It was stressed that UEI must make a serious effort to complete all the required deficiencies.

The Division granted UEI the maximum time to respond of 90 days. At the end of 90 days, an extension was requested by UEI for additional time to prepare the modifications. UEI then submitted a response to the deficiencies in December 2002. To bring us current, the Division has now completed its review and the list of deficiencies is still about a 15-page document. UEI responded to only a very small percentage of the deficiencies in the July 2002 document. The Division met with UEI representatives, April 9, 2003, and discussed this second review and continued findings of deficiency.

A copy of the Technical Analysis (TA) is enclosed which outlines the Division's findings with regard to technical adequacy. The TA is the Division's written determination, under Utah

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rule R645-300-131.100. The Division hereby notifies you that your application still requires modification because it is not technically adequate.

At this juncture I must express my discouragement over the way this application is being prepared. The hearing before the Board of Oil, Gas and Mining in late 2001 demonstrated that opponents to this particular operation will apply any legal or technical avenue available that will further their goals of denying this permit. In writing this, I suggest that Utah American Energy, Inc. may wish to evaluate its permitting strategy to ensure that the detail necessary in a complex permit of this nature are more appropriately documented and submitted in the application. A review of the Division's deficiency documents demonstrates that progress on certain issues does not occur from one submission to another, notwithstanding the clarity of the Board's decision on certain technical issues. This is particularly poignant given the numerous, lengthy permit reviews that preceded the above referenced Board hearing.

I will be out of the office between April 11 and April 18, but would be happy to discuss the above if this would be helpful to you. Feel free to call me at (801) 538-5370.

Sincerely,

Lowell P. Braxton  
Director

jb  
Enclosure: TA  
cc: Jay Marshall  
Clyde Borrell w/o  
Robert Morgan, DNR w/o  
M. A. Wright, OGM  
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