

August 23, 2004

Henry Maddux, Field Supervisor
U. S. Fish and Wildlife Service
2369 West Orton Circle
West Valley City, Utah 84119

Re: Section 7 Consultation on Lila Canyon Extension, UtahAmerican Energy, Inc., (UEI), Horse Canyon Mine, C/007/0013, Task ID #1859, Outgoing File

Dear Mr. Maddux:

The Division of Oil, Gas and Mining determined the Lila Canyon Extension to the Horse Canyon Mine administratively complete on March 26, 2004. This proposed new lease will increase the Horse Canyon Mine permit area from 1,330 to 6,030 acres (Lila is approximately 4,700 acres). Enclosed is a map depicting the location of the permit area.

The Horse Canyon Mine is in the Book Cliffs coalfield in Emery County Utah, near East Carbon and Sunnyside, on the western slope of the Tavaputs Plateau. The proposed Lila Canyon Project facilities site is five miles east of State Highway 6. The 7.5 Minute Quadrangle maps that cover the permit area are Cedar and Lila Point (Geological Survey of the U.S. Department of the Interior).

The proposed area of development includes some lands designated by Congress as Wilderness Study Area. UEI does not propose to build surface facilities within the Wilderness Study Area. Underground mining, however, could cause subsidence within the Wilderness Study Area.

Please consider that the Division of Oil, Gas, and Mining determined an earlier edition of the Lila Extension plan administratively complete in February 1999. The Division initiated the Section 7 process for the earlier edition of the plan. The Permittee submitted a new plan in 2002. The Division is still reviewing this plan and is re-initiating the Section 7 process.

Please provide a current list of threatened and endangered species that might occur in this area. After we receive this list, we will re-evaluate the potential for each species to be in the area and whether the project is likely to adversely affect each species.

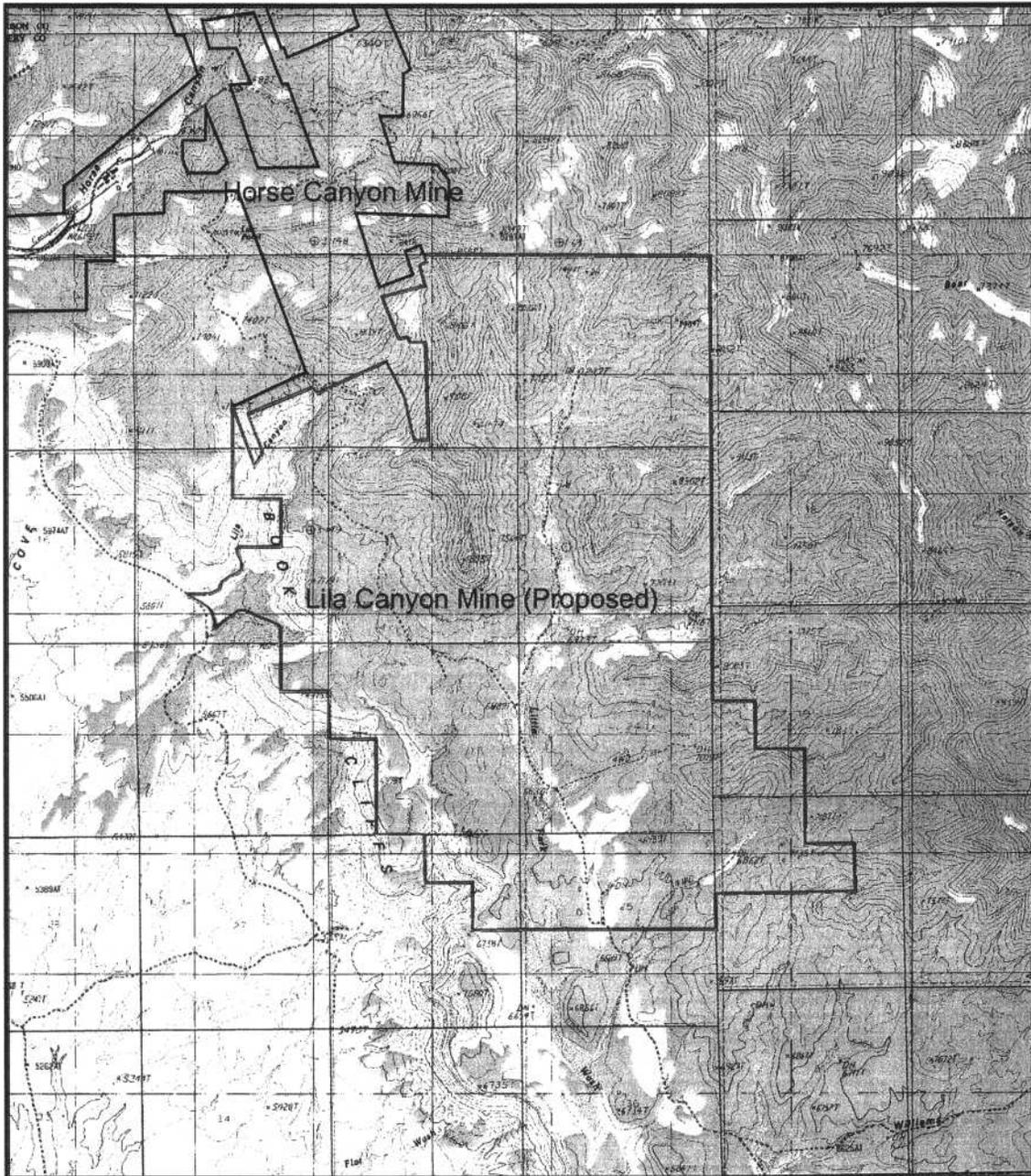
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If you have any questions about this project, please call me at (801) 538-5268
or Jerriann Ernstsén at (801) 538-5214.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

an
cc: Price Field Office
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Lila Canyon Mine

PRO0070013

July 30, 2004

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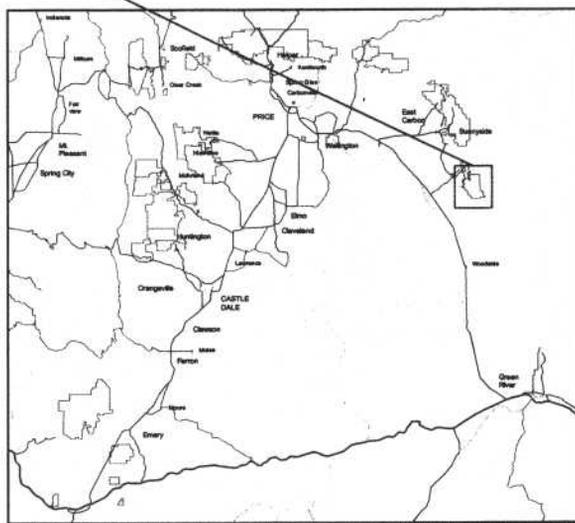
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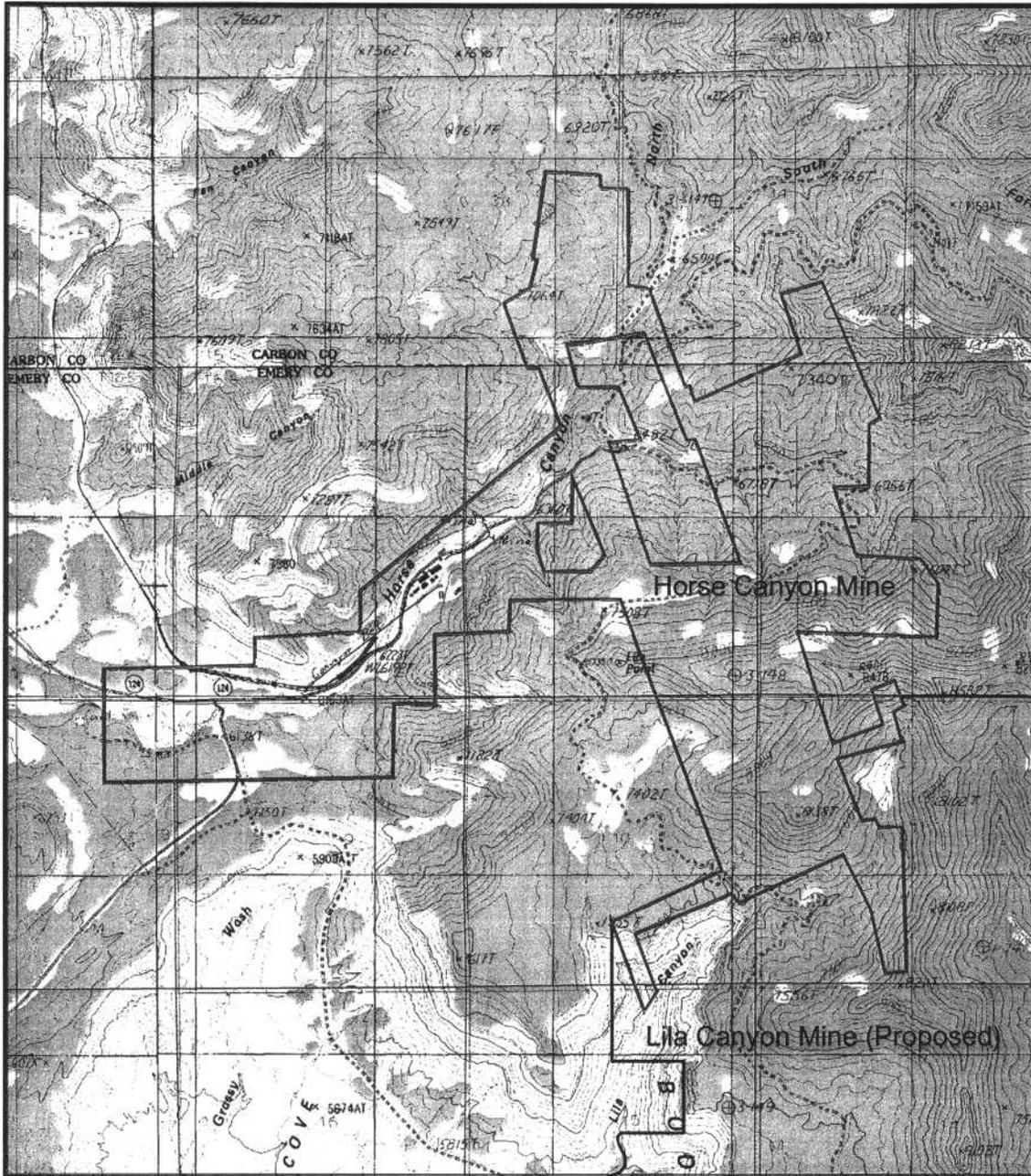
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State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining



Locator Map



Horse Canyon Mine

ACT0070013

July 30, 2004

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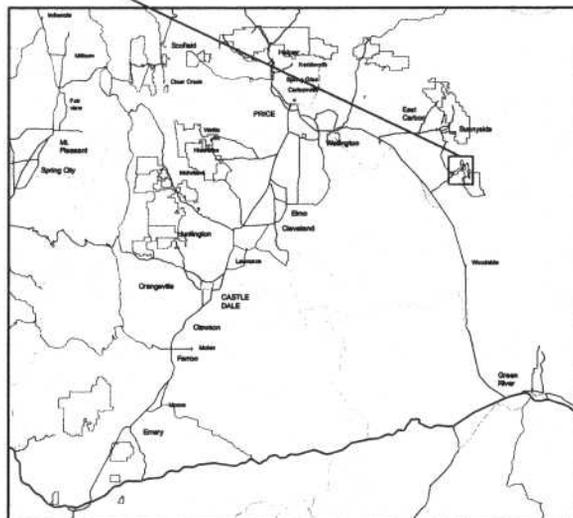
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State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining



Locator Map