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January 12, 2006

Denise Dragoo  
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Gateway Tower West  
Salt Lake City, Utah 84101-1547

INCOMING  
C/007/0013

Re: Continuation of Technical Analysis for Lila Canyon Extension, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013

Dear Denise:

I am writing on behalf of the Division of Oil, Gas, and Mining in order to agree on an extension of the time limit provided by Utah Code §40-10-14(1) which requires the Division to issue written findings granting or denying the permit in whole or in part within 60 days of the informal conference concluded November 18, 2005. We believe that an extension of this time limit will provide the most efficient means of completing review of the application, and is in the best interests of all of the parties.

As you are aware, as a result of comments received at the informal conference and further inquiries, the Division has determined that Tribal Consultation as required by Section 106 of the National Historic Preservation Act (NHPA) pursuant to 36 CFR Part 800 has not been completed and must be done as part of the permit review process. This consultation has been delegated to the Division by OSM pursuant to 36 CFR 800.2(a). The time required to complete this consultation and make a finding as required by the NHPA will extend the process for at least 60 days. The actual amount of time will depend on the nature of the responses.

Also, in response to the comments received at the informal conference, the Division has requested supplemental information from UtahAmerican Energy Inc., to further address specific requirements for the permit. The requested information that has been submitted by UEI was only recently received in a format that permits its accurate evaluation. Until the Division has time to review this information it can not make an accurate estimate of

the additional time needed to make a final decision, but it is reasonable to expect that the time needed to evaluate this information and respond with a written decision will also exceed the current deadline, set to expire on January 17, 2006.

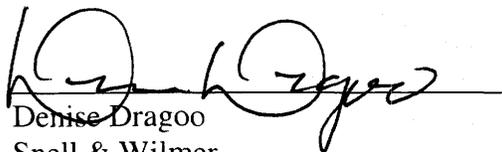
As a consequence, it will not be possible to issue a decision approving the permit within the time constraints of the statute. A decision based on incomplete analysis and prior to completion of the Section 106 consultation, would at best be a partial approval and a partial denial, or require a modification of the permit application. Proceeding with such a partial decision would put all parties to the burden of filing appeals and then either proceeding to appeal the partial actions, or stipulate to holding the appeal of the decision in abeyance pending complete evaluation of the application. Rather than go down that road again, it is proposed that we agree to extend the deadline for making a decision for such additional time as is necessary to complete the tribal consultations and determinations required by NHPA prior to issuing a permit.

Instead of preparing a separate stipulation, will you please indicate your agreement with an extension for the time and conditions described by signing and returning a copy of this letter to me. The order from the informal conference will be amended to provide that this extension is not inconsistent with that order.

Sincerely yours,



Steven F. Alder  
Assistant Attorney General  
Attorney for Utah Division of Oil, Gas and Mining



Denise Dragoo  
Snell & Wilmer  
Attorney for Utah American Energy, Inc.

cc: Stephen Bloch  
Attorney for SUWA