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Refer to Expandable 12112006
file in C0070013, 2006 INCOMING
for additional information

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December 11, 2006

HAND DELIVERED

Ms. Pamela Grubaugh-Littig
Utah Division of Oil, Gas and Mining
1594 West North Temple
Salt Lake City, Utah 84114

Denise Dragoo
C0070013 OK
#2708

**RE: Supplemental Technical Information and Clarification, Lila Canyon Extension,
Horse Canyon Mine, C/007/013**

Dear Pam:

At the request of Jay Marshall, enclosed are three redline strikeouts regarding changes to the Mining and Reclamation Plan ("MRP") submitted by UtahAmerican Energy, Inc. ("UEI"), on December 1, 2006. Also enclosed are three additional corrected copies of the Technical Deficiency Summary which has been revised per your request. We discussed preparation of a new form C-1 and C-2 to accompany this material with Assistant Director Mary Ann Wright. Ms. Wright indicates that the previous form C-1 and C-2 will suffice for these submissions.

Please let me know if you have further questions.

Very truly yours,

Denise A. Dragoo

DAD:jmc:423457

Enclosures

cc: Jay Marshall
Michael McKown, Esq.

RECEIVED

DEC 11 2006

DIV. OF OIL, GAS & MINING

**Technical Deficiencies
Task ID#2421**

R645-301-121.200

UEI must update any information in the MRP to reflect possible changes in how BLM will address 42Em2517.

Some discussions did take place within BLM about changing how BLM will address 42Em2517. However, it was decided by BLM not to change how 42Em2517 was addressed.

Provide the USFWS January 11, 2006 Formal Section 7 and February 28, 2006 Informal Section 7 response letters. UEI may obtain a copy from the DOGM PIC room. UEI may want to locate these letters as the first few pages behind the tab page for Appendix 3-3.

The USFWS January 11 and February 28 letters have been added to the end of Appendix 3-3.

The mining and reclamation plan must be clear and concise. The fifth paragraph on Page 24 (chapter 7) states there are no perennial reaches in Lila Canyon or Little Park Wash. This statement needs to be corrected because the springs are perennial and flow for a short distance down stream.

Fifth paragraph of page 24 was modified to discuss that continuous flow resulted from spring flow and stream reach had no baseflow.

The second paragraph on Page 26 states "There are no specified water uses for stream flows." This statement is incorrect. There is a BLM stock pond fed by flows in Lila Wash have some potential of flowing to the pond. The statement should be corrected or explained.

First paragraph of page 28, due to pagination changes, was modified to reflect fact that the diversion discussed in Appendix 7-9 was reported to BLM and they were not aware of it and did not approve it. Subsequently the diversion has been breached and the pond no longer receives water from Grassy Wash. Also, the water rights in the area downstream of the site have "0" flow and for many the use is not stipulated.

The first paragraph on Page 30 states ". . . high intensity thunderstorms that flow from ephemeral drainages . . .". This statement is inaccurate, because the streams are considered intermittent by definition. The statement should be corrected. The permittee should check to make sure all drainages over a square mile are identified as intermittent.

This statement was modified to reflect that flows from ephemeral and intermittent drainages.

Table 7-1a should be cross-referenced to a map.

The Cross-reference made more clear.

The cover page for IPA piezometers still states "Water Monitoring Well Data". It should state "Piezometer Data".

Cover page for piezometers in Appendix 7-1 was changed as requested.

Information in Appendix 7-10 shows the simulated peak flow using modeling methods. It is unclear if the flows in the simulated hydrographs are cumulative discharge flow rates at the bottom of the drainage, which includes all reaches of the drainage, or represents the lower most drainage. This needs to be explained.

Explanation provided in Appendix 7-10, page 2.

The outline of the drainage basin areas for WS 2.2/WS 6.7 on the Map in Appendix 7-10 are not correct and must be corrected, because the areas affect the peak flow calculations.

Drainage boundary corrected and associated calculations corrected and updated in tables 3 and 7-1A and in Attachment 2.

The map in Appendix 7-10 should be labeled and contain a legend.

Title Block was included in the Drawing.

Photographs of water monitoring sites in Appendix 7-8 should be added if they are available.

Added available photos.

R645-301.120, 542.710, 731.760

UEI must show on Plate 7-1 where the cross section in Figure 7-1 is located in relation to the permit and disturbed areas.

Plate 7-1 modified to include Section location line.

On Figure 7-1 and Plate 7-1, UEI must reconcile the elevation at which the mine workings are projected to encounter the potentiometric surface. (The division fully realizes this elevation is projected or approximated, but depictions on maps and cross sections and related descriptions in the text need to be congruent.)

Plate 7-1 and Figure 7-1 updated to correct the location information.

R645-301-121.200, -731.760

For Figure 7-1, UEI must:

Show locations where the IPA piezometers can be projected into this cross section (that is, if any of them can be projected into this cross section).

Included Piezometer on Figure 7-1

Depict the "upper saturated zone".

Included typical perched zones on Figure 7-1

Specify clearly the vertical exaggeration (1:1) on the cross section.

Included Vertical Exaggeration on Figure 7-1

R645-301-132

UEI must provide information on Tom Suchoski's qualifications in the MRP.

Tom Suchoski's qualifications can be found in Appendix 1-5 dated Feb 11, 2004.

UEI must provide professional credentials of Montgomery Archeological Consultants (for all surveyors that managed or assisted in any previous surveys for the Lila Canyon extension project) and Dr. King. UEI must place these requested documents in the MRP, Vol 1 of 7, Appendix 1-5.)

Qualifications for all surveyors that managed or assisted in any previous surveys for the Lila Canyon extension have been added to Appendix 1-5.

UEI must provide names to go with the initials on the ephemeral stream monitoring reports in Appendix 7-1. If the qualification of these individuals are not already in the MRP, provide a description of their professional qualifications to generate these reports.

A page listing initials and names of those people on the Ephemeral Stream Monitoring Reports has been added to the end of Appendix 7-1.

Vegetation

R645-301-321.100

UEI must provide the most current community characterization for the spring that is within the permit area and in the side channel east of Little Park Wash.

Revised per discussion with David Darby.

Cultural

R645-301-411.140

UEI must update Chapter 4 narrative (MRP Volume 3 Of 7) to reflect the new 2006 and supplemental inventories, Programmatic Agreement (include that 42Em2255/56 will be managed under the stipulation of the PA), and MOA (include that BLM will mitigate 42Em2517 under the commitments of the MOA).

Text has been added updating Chapter 4 narrative reflecting the new cultural inventory and that sites 42Em2255/56 will be managed under the stipulation of the PA. In addition text has been added to state that site 42Em2517 will fall under the commitments of the MOA.

UEI should edit many of the paragraphs on pages 11 and 12 (None of this information should be considered confidential.)

Text in pages 11 and 12 has been revised to reflect the new inventory.

UEI must update "Summary of Notable Results as of 2005" (MRP Volume Confidential Binder, Appendix 4-1) to reflect the June 2006 and supplemental inventories. (All of this information should be considered confidential.)

Text has been revised to reflect the results of the new inventory.

UEI must update Plate 4-3 (MRP Volume Confidential Binder) to reflect the June 2006 and supplemental inventories. On Plate 4-3 include a brief note under 42Em2255 that it could not be relocated in 2006. (This information should be considered confidential.) Provide an explanation in chapter 4 that explains that Montgomery and Blain Miller attempted to relocate this site in 2006. Explain that

this site is still considered eligible, and if mining operations change to include surface facilities near this site (and 42Em2256), then the participating agencies of the PA will reconvene. (All of this information should not be considered confidential.) Note, that these requests were briefly mentioned in a letter sent to you in early September 2006. The requests here provided information that is more detailed.

Chapter 4 and Plate 4-3 have been revised.

UEI must update Appendix 4-1 (MRP Volume Confidential Binder) by submitting the 2006 compilation report. (All of this information should be considered confidential.)

The new cultural inventory has been added to the end of Appendix 4-1.

Transportation Facilities Maps

R645-301-521.170

UEI must provide the Division with a map/plate showing the original (2001) proposed road realignment profile for the Lila Canyon road #126 from state Highway 191/6 to the proposed mine site disturbed area boundary. This information is required to reaffirm the Divisions original public roads finding.

A map showing the original ROW as well as the BLM ROW were submitted under a separate cover letter.

Subsidence

R645-301-525

UEI must describe the potential impacts from subsidence to the state appropriated water resources downstream of Lila Canyon: the Right Fork of Lila Wash; the unnamed wash between the Lila Wash and Stinky Wash; and Stinky Wash (Specifically, water rights 91-2617 through 91-2621, the BLM cattle/stock ponds located west of the escarpment). This information should also be referenced in the PHC.

Discussion modified to address water rights and streams in section 724.200 of MRP and Appendix 7-3 PHC

UEI must describe the potential impacts of subsidence from mining on Spring L-9-G. This should also be referenced in the PHC.

Discussion modified to address Spring L-9-G in section 724.100 of MRP and Appendix 7-3 PHC

Hydrologic

R645-301-722.100

UEI must clarify how springs associated with the perched groundwater zone(s), near the Colton-Flatstaff/North Horn Formation contact are recharged. An explanation must be included to explain if the springs flow from a single large

perched aquifer system or is there a perched aquifer for each spring. Describe why UEI has not shown or portrayed on a map or cross-sections of the head (water level) or seasonal variation in the aquifer.

Section 724.100 of the MRP has been expanded to further address these concerns.

UEI must make it clear if the springs on and adjacent to the permit area are currently being used, what those uses are, and the conditions of the facilities they supply.

Water use is described in Table 7-2 for all springs. Section 724.100 has been expanded to further describe the condition and use of the springs.

UEI must explain the rationale for calculating a peak discharge of 37 cfs (Appendix 7-9) for the Right Fork during a 2yr event, and then in Table 7-1A and Appendix 7-10 showing a calculated flow of 0.0 cfs for a 2yr-6hr peak flow event and a flow of .43 cfs for the 2yr-24hr event.

A discussion of the differences in the calculation method for the two peak flow methods is presented in Appendix 7-10

During a recent archeological study, it was determined that spring L-9-G was inaccurately plotted on Plate 7-1. It is located within the boundaries of the projected subsidence zone. UEI must provide assurance that the other monitoring springs are plotted accurately and must be identified on the hydrologic map (Plate 7-1). This was identified as a deficiency in a letter dated August 31, 2006.

This problem was created by the fact that there are two water rights with the same name and these two separate sites resulted in confusion of the correct location and an assumption of the location was incorrectly made. This has now been corrected and text in Section 731.211 of the MRP has been modified.

Efforts have been made to GPS all of the sites, but due to locations in steep sided, deep canyons, it is not always possible to "see" the required number of satellites to accurately determine positions. All other sites are correct to the best of UEI's knowledge and have been certified by PE stamp.

The Division is not convinced the permitted has shown, in the MRP, that no flow data collected for intermittent streams represents a complete picture of the seasonal variation in flow. The data collected on the streams is 0 flow. It is a fact that the streams flow some time during the year. Why hasn't water quality and quantity data been collected during those times? The Permitted should submit reasonable justification how the data reflects the seasonal variation, or provide baseline water quality and quantity data representing the seasonal flow of the streams on the adjacent to the permit area.

The text of the MRP was modified in several places to address the results of the flow modeling, stream characterization, snowmelt sample in Lila Canyon March '05, and seasonal variation of ephemeral drainages.

R645-301-724.100

UEI must clarify the connection of ground water in the Lila Canyon Extension permit area to:

Horse Canyon Mine water quality data

Adjusted text in Section 724.100 to expand the discussion.

S-32 data

Adjusted text in Section 724.100 to expand the discussion.

Any other pertinent ground-water quality data that is available.

Adjusted text in Section 724.100 to expand the discussion.

R645-301-726

UEI must tie the peak flow simulation in Appendix 7-10, to the factual no-flow surface water baseline monitoring results.

The text of Section 726 was expanded to include a cross-reference to the modeling discussion in Section 724.200 of the MRP.

R645-301-728

Complete information must be included in the PHC. Although hydrologic information is mentioned elsewhere in the mining and reclamation plan, the PHC must be a complete document and include the following information:

The consequence to stream flow on the outside the permit area, state appropriated water sources, riparian areas and wildlife usage. The PHC should also contain facts about the function of the streams and groundwater systems (aquifers and saturates zone).

Discussion and cross-reference has been added to the PHC regarding downstream impacts to state appropriated waters, riparian areas, and wildlife useage.

The consequences of subsidence to groundwater systems and their recharge sources in and outside the permit area.

Discussion and cross-reference has been added to the PHC regarding subsidence impacts and recharge sources.

A description of the function, intended use and potential for developing and using groundwater zones. The PHC must also describe the consequences mining will have on the function and quality of the groundwater regimes, and how they affect the hydrologic balance of Range Creek.

Discussion and cross-reference has been added to the PHC regarding function, use and development potential of the groundwater zones.

The potential subsidence related impacts to springs within the expected area of subsidence and down gradient of groundwater resources. Impacts to springs as a result of mining under the recharge areas.

Consequences to springs in Range Creek. Consequences to springs along the Book Cliffs escarpment.

Discussion and cross-reference has been added to the PHC regarding impacts to springs.

Clearly identify all subsidence impacts to springs, streams groundwater systems, stock ponds, sedimentation ponds, and reservoirs as a result of subsidence and state the mitigation measures to minimize material damage.

Discussion and cross-reference has been added to the PHC regarding subsidence impacts.

R645-301-731

UEI must establish an operational water monitoring site on Little Park Wash, outside the permit area. (Baseline water monitoring information is not needed from this site, because the flow is nearly the same as Site L-13-S. There are no contributing (spring) sources other than overland flow. Essentially, the data already recorded for site L-13-S are representative of the new site).

Adjusted text in the MRP and Appendix 7-8.

R645-301-731.111, 731.121,

UEI must clarify how the analyses of data from S-24 and S-25 provide information on the acid and toxic-forming properties of the rock that will be removed during construction for the access tunnels.

Adjusted text in Section 731-111 and 731-121 of the MRP to address these comments.

R645-301-731-600

UEI must correct the statement in Section 731.600 Buffer Zones: "All streams within the permit are either ephemeral or intermittent by rule with ephemeral flow. As such, buffer zones are not required; however, to provide additional protection, the Operator will install stream buffer zone signs in locations shown Plate 5-2 and maintain the buffer zones during the operation."

Contrary to the statement found under 731.600, Plate 502 does not clearly show the buffer zone. UEI must clearly show the Lila Wash buffer zone on Plate 5-2 and 7-2 and any other appropriate map.

Plate 5-2 and 7-2 have been revised. Section 731.600 text has been revised.

Cross Sections 2+00, 4+00 and 6+00 show that drainage from the road and part of the parking area will report to Lila Wash. Sediment control between Lila Wash and the road and parking lot need to be described.

Cross Sections 2+00, 4+00 and 6+00 on Plates 5-7A-1 and 5-7A-2 have been revised showing culvert DD-10.

UEI needs to show using the cross sections on the Plate 5-7 series, that no operation is planned for the channels or flood plain of Lila Wash,

Cross Sections 2+00, 4+00 and 6+00 on Plates 5-7A-1 and 5-7A-2 have been revised showing that no operation is planned for the channels or flood plan of Lila Wash.

UEI need to relate water flows predicted in Appendix 7-10 to stream channels and flood plains depicted on cross sections on Plate 5-7 series.

Flow water levels for the 100-year event have been added to the cross-sections on Plate 5-7to show the maximum inundation areas.