

March 7, 2006

Certified Return Receipt
«PHONE_»

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

Subject: Supplemental Information for Section 106 Consultation Lila Canyon Extension of the Horse Canyon Mine, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013, Outgoing

Dear «SALUTATION»:

On January 9, 2006, I sent you a letter requesting information about cultural or religious sites located within the area of the proposed Lila Canyon Extension of the Horse Canyon Mine (attached). Since then, Division of Oil, Gas & Mining (“OGM”) staff have either spoken with you or left you a phone message regarding identification of cultural, religious, and historic sites or properties at this project site.

As a clarification, we are sending this letter to further describe the “Area of Potential Effect” (“APE”) and to explain how OGM will handle information received from you. The original letter provided only numbers for three known eligible sites to keep the nature and location confidential. Likewise, OGM will keep in confidence any information that you submit about cultural or religious sites. If you identify cultural or religious sites within the APE, OGM will continue to consult with you to determine whether any site will be affected by the project.

As stated in our previous letter, OGM is in the process of permitting the Lila Canyon extension to the Horse Canyon Mine, located in the Book Cliffs coalfield in Emery County, Utah, south of East Carbon and Sunnyside (see Map 1). This extension to the Horse Canyon Mine would entail about 4660 acres (entire proposed permit area), of which approximately 42 acres would be subject to direct surface disturbance (“APE I”) and approximately 2835 acres would potentially be subject to subsidence (“APE II”). The remaining 1788 acres of the proposed project area would not be subject to any surface impact. (see Map 2).

A. Area of Potential Effect I (“APE I”)

The proposed mine permit would allow the mine operator to directly disturb 42 acres. Such disturbance would include surface facilities such as: above-ground coal storage, bathhouse, offices, parking, and underground mining entrance and exit (portals) where the coal would be brought out.

A Class III cultural survey was completed on the 42 acres in 1998. A Class III survey is an intensive, pedestrian walk-over and is aimed at recording all archeological properties that have surface indications. The results showed no historical sites were identified within the permit area as being eligible or listed on the National Register of Historic Places. However, there was one nearby site (42EM2517) that was evaluated as eligible for listing on the National Register of Historic Places under Criterion D. This site is located adjacent to the permit area and would not be subject to direct surface disturbance. However, the surface land manager, Bureau of Land Management, would take steps to mitigate potential effects to the site because of its close proximity to the proposed disturbance.

B. Area of Potential Effect II (“APE II”)

In addition to the 42 acres of direct surface disturbance, an additional 2835 acres could potentially be subject to mine subsidence. Subsidence is the lowering of the land surface, and/or surface cracking, due to the collapse of underground mine workings, following the extraction of the coal. The area of subsidence is substantially less than the entire permit area because the underground area suitable for mining is limited by geologic and other factors and because not all underground mining results in surface subsidence. It is difficult to predict subsidence precisely. However, based upon geotechnical information provided in the permit application and documented subsidence at similarly situated mines, the ground-lowering type of subsidence is projected to range from zero to approximately 9.0 feet within APE II. Surface cracks are very difficult to predict and are less likely to occur in areas where overburden thickness above the coal seam is high (>1000 feet). Some surface cracking is anticipated to occur at this mine.

The area where subsidence might occur, APE II, included a Class III survey of about 5% of the area. During this survey, two sites were found (42EM2255 and 42EM2256), both of which are eligible for listing on the National Register of Historic Places under Section 106, Criterion D.

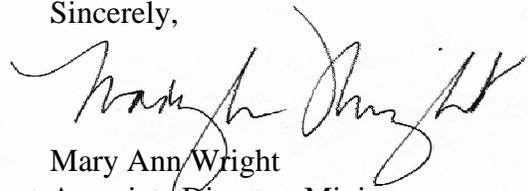
OGM is continuing to gather information about cultural or religious sites in the area to determine whether further cultural resource surveys are necessary. Again, we would appreciate any information you would be willing to share with us

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regarding cultural sites or other sites of importance to you within the project area as it will assist us in making determinations regarding further identification efforts and help with determining project effects.

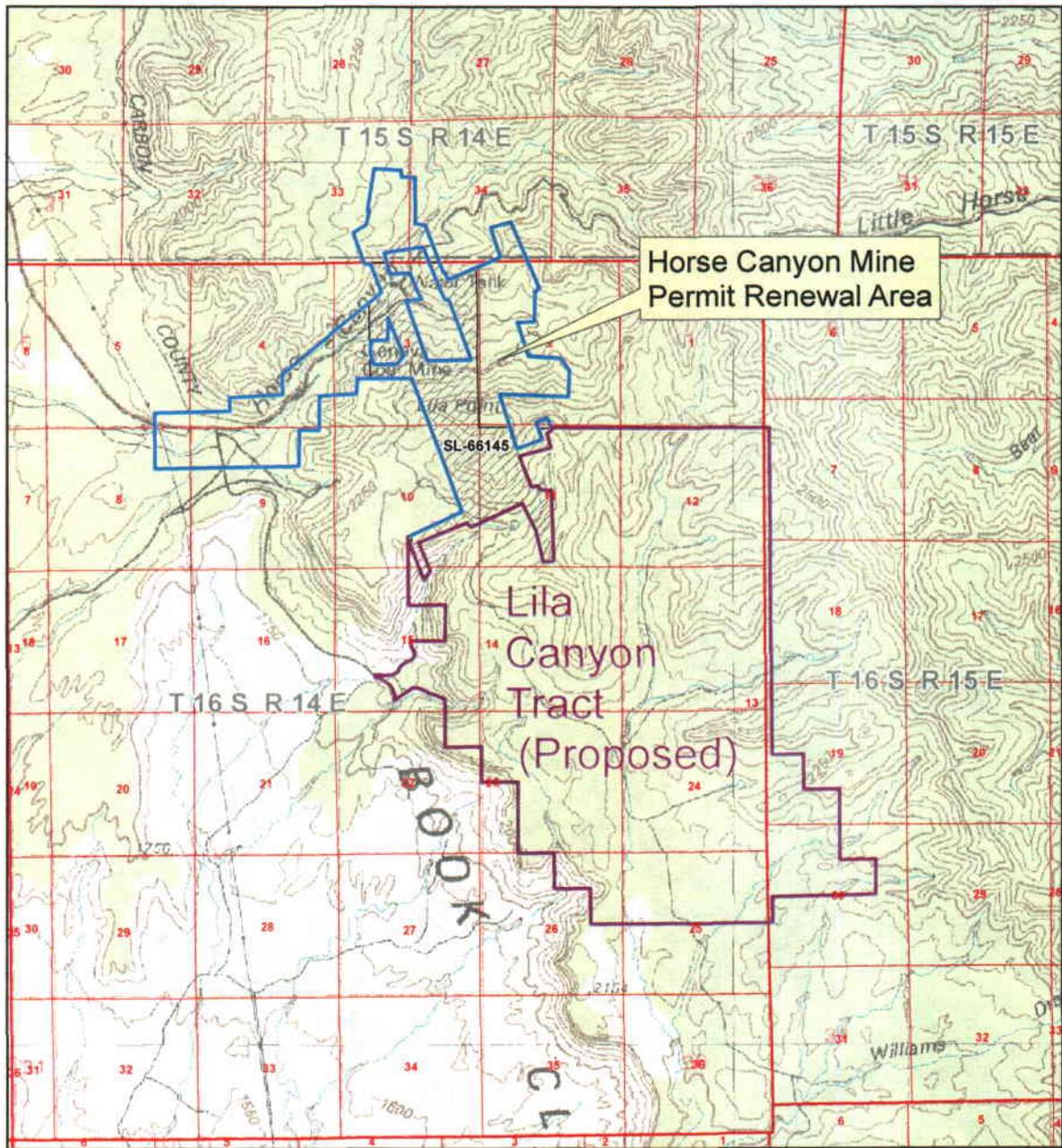
If you believe that you have already sufficiently responded to OGM's prior letter, please disregard this second request. If you have any questions about this process or would like further clarification, please contact me at (801) 538-5306, or Jerriann Ernsten at (801) 538-5214.

Sincerely,



Mary Ann Wright
Associate Director, Mining

Enclosures: Map 1 & 2
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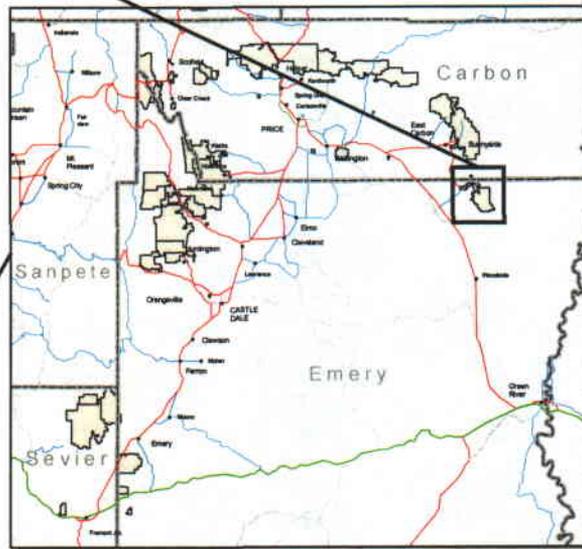
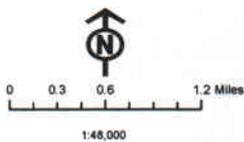
Horse Canyon Mine - Map 1

C0070013
Carbon County, Utah
March 2006

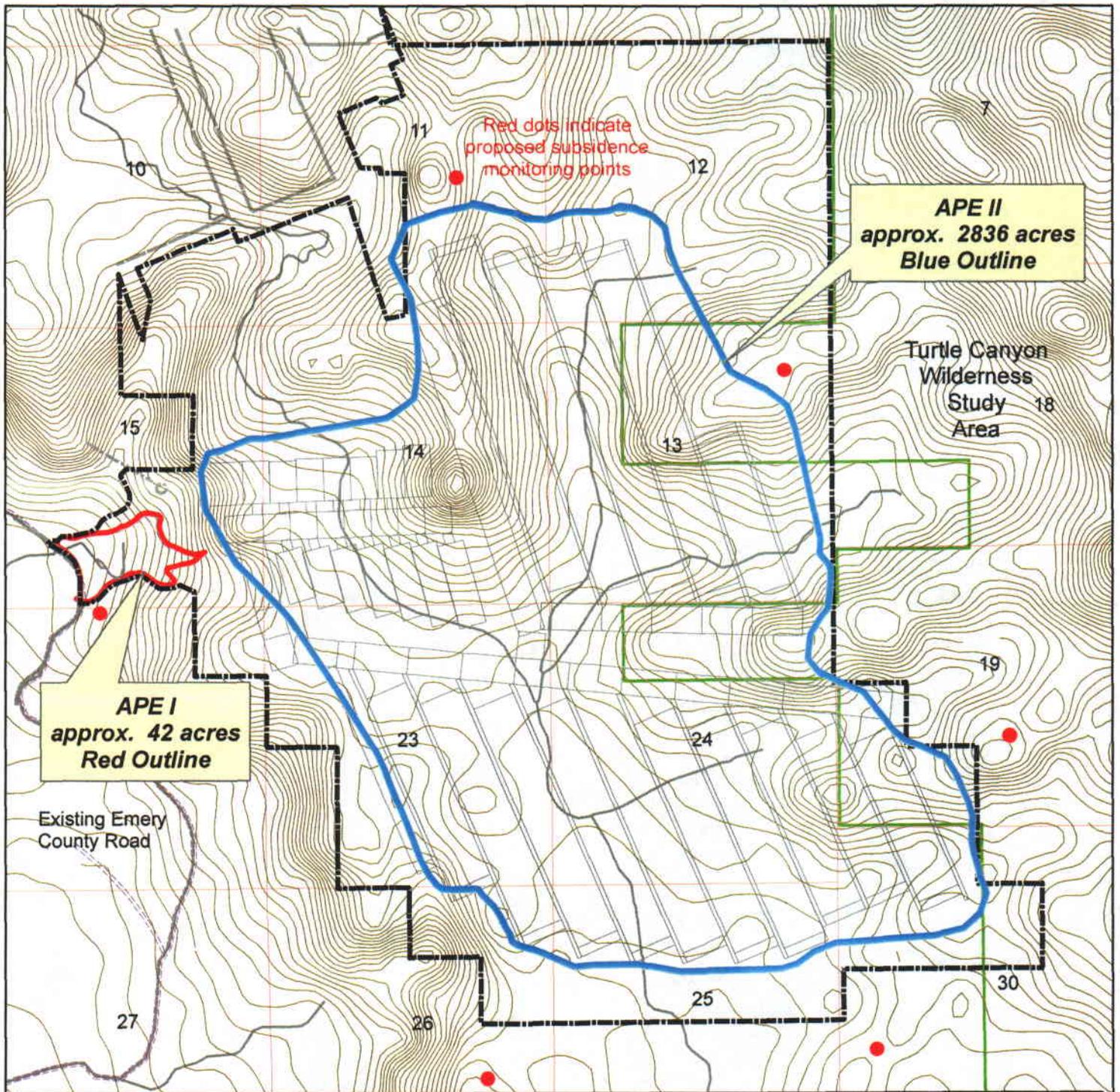
Township 15 South Range 14 East
Township 16 South Range 14 East

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- Permit Area
- Proposed Mine Plan Modification (if shown)
- Federal Lease Areas



Locator Map

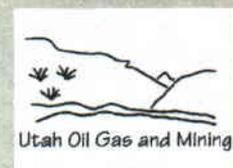


Lila Canyon Project - Map 2

- Legend**
Plate5-3.dwg
Layer
- CONTOUR
 - INDEX CONTOUR
 - DISTURBED
 - LAYOUT
 - OLD PERMIT
 - PERMIT
 - ROAD
 - PROPOSED
 - SECTION
 - WSA
 - SUBSIDENCE



0 0.25 0.5 1 Miles



Map Produced
March 2006

CLEMENT FROST
SOUTHERN UTE TRIBE
P O BOX 737
IGNACIO CO 81137

MANUEL HART
UTE MOUNTAIN UTE TRIBE
P O BOX JJ MIKE WASH ROAD
TOWAOC CO 81334

ELAYNE ATCITTY
WHITE MESA UTE TRIBE
P O BOX 7096
BLANDING UT 84511

BETSY CHAPOOSE
UTE INDIAN TRIBE
P O BOX 190
FORT DUCHESNE UT 84026

MAXINE NATCHEES
UTE INDIAN TRIBE
P O BOX 190
FORT DUCHESNE UT 84026

IVAN POSEY
EASTERN SHOSHONE TRIBE
P O BOX 538
FT WASHAKIE WY 82514

BLAINE EDMO
SHOSHONE BANNOCK TRIBES
P O BOX 306
FORT HALL ID 83203-0306

TERRY GIBSON
SHOSHONE PAIUTE TRIBE
P O BOX 219
OWYHEE NV 89832

IVAN WONGAN
NORTHWEST SHOSHONE TRIBE
427 NORTH MAIN STREET STE 101
POCATELLO ID 83204

DIANA BUCKNER
ELY SHOSHONE TRIBE
16 SHOSHONE CIRCLE
ELY NV 89301

HUGH STEVENS
TE MOAK WESTERN SHOSHONE TRIBE
525 SUNSENT STREET
ELKO NV 89801

KRISTI BEGAY
TE MOAK WESTERN SHOSHONE TRIBE
P O BOX 809
WELLS NV 89835-0809

RONNIE WOODS
TE MOAK WESTERN SHOSHONE TRIBE
21 LEE B-13
SPRING CREEK NV 89815

JOSEPH HOLLEY
TE MOAK WESTERN SHOSHONE TRIBE
37 MOUNTAIN VIEW DRIVE
BATTLE MOUNTAIN NV 89820

JERRY MILLETT
DUCKWATER SHOSHONE TRIBE
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DUCKWATER NV 89314

EDWIN NARANJO
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IBAPAH UT 84034-6104

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SKULL VALLEY BAND OF GOSHUTE INDIANS
3359 SOUTH MAIN #808
SALT LAKE CITY UT 84115-4443

LAURA TOM
PAIUTE TRIBE OF UTAH
440 NORTH PAITUE DRIVE
CEDAR CITY UT 84720

CYNDI CHARLES
KOOSHAREM BAND OF PAIUTES
223 EAST 575 NORTH
CEDAR CITY UT 84720

GLENN ROGERS
SHIVWITS BAND OF PAIUTES
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ST GEORGE UT 84770

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MOAPA NV 89025-0340

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KAIBAB BAND OF PAIUTE INDIANS
HC 65 BOX 2
PIPE SPRINGS AZ 86022

EVELYN JAMES
SAN JUAN SOUTHERN PAIUTE TRIBE
P O BOX 2656
TUBA CITY AZ 86045

LEIGH KUWANWISIMA
HOPI TRIBE
P O BOX 123
KYKOTSMOVI AZ 86039

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NAVAJO NATION
P O 9000 HIGHWAY 264
TRIBAL HILLS DRIVE
WINDOW ROCK AZ 86515

LAWRENCE MORGAN
NAVAJO NATION
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WINDOW ROCK AZ 86515

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ANETH CHAPTER
P O BOX 430
MONTEZUMA CREEK UT 84534

FRANK YAZZIE
DENNEHOTSO CHAPTER
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DENNEHOTSO AZ 86535

CULTURAL RESOURCE COORDINATOR
MEXICAN WATER CHAPTER
HC 61 BOX 38
TEECNOSPOS AZ 86514

CULTURAL RESOURCE COORDINATOR
NAVAJO MOUNTAIN CHAPTER
P O BOX 10070
TONALEA AZ 86044

PEGGY ABRIGO
OLJATA CHAPTER
P O BOX 360455
MONUMENT VALLEY UT 84531

CULTURAL RESOURCE COORDINATOR
RED MESA CHAPTER
P O BOX 422
MONTEZUMA CREEK UT 84534

CULTURAL RESOURCE COORDINATOR
TEECNOSPOS CHAPTER
P O BOX 106
TEECNOSPOS UT 86514

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NAVAJO UTAH COMMISSION
P O BOX 570
MONTEZUMA CREEK UT 84534

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UTAHAMERICAN ENERGY INC
P O BOX 986
PRICE UT 84501

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SNELL & WILMER
15 WEST SOUTH TEMPLE STE 1200
GATEWAY TOWER WEST
SALT LAKE CITY UT 84101

STEPHEN BLOCH
SUWA
425 EAST 100 SOUTH
SALT LAKE CITY UT 84111

VICTOR SARRACINO
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LAGUNA NM 87026

JACKIE GUTIERREZ
SANTA CLARA PUEBLO
P O BOX 580
ESPANOLA NM 87532

CELESTINO GACHUPIN
ZIA PUEBLO
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ZIA PUEBLO NM 87503

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