

March 13, 2006

Certified Return Receipt
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David Levanger
Carbon County Planning & Zoning
120 East Main Street
Price, Utah 84501

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 Mr. Anderson:

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.

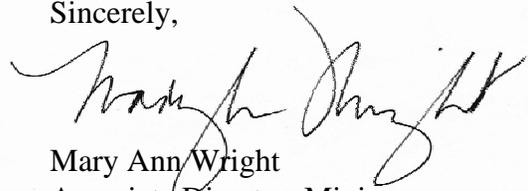
OGM is continuing to gather information about cultural or religious sites in the area to determine whether further cultural resource surveys are necessary. Again, we would appreciate any information you would be willing to share with us

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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.

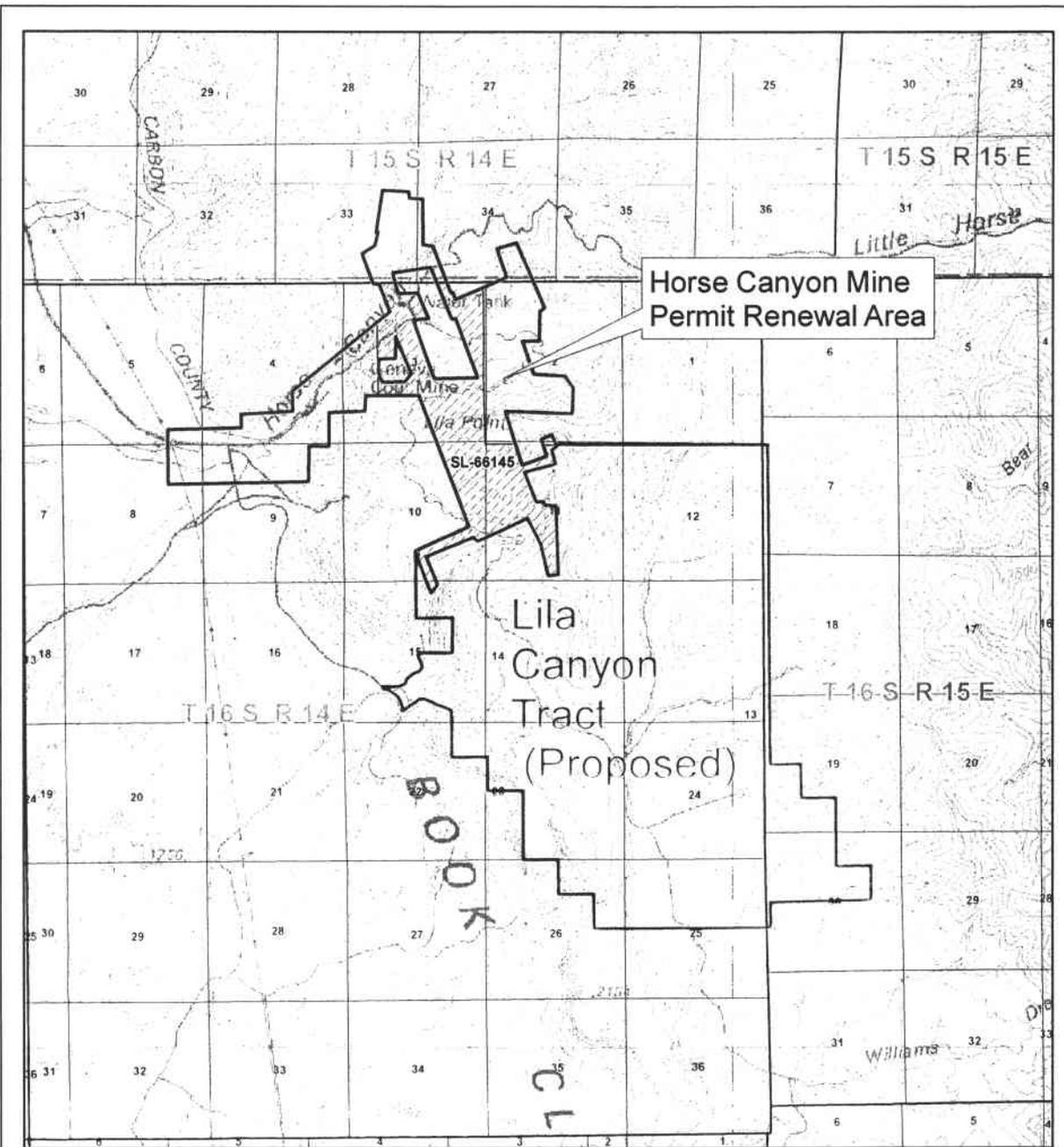
If you believe that you have already sufficiently responded to OGM's prior letter, please disregard this second request. If you have any questions about this process or would like further clarification, please contact me at (801) 538-5306, or Jerriann Ernsten at (801) 538-5214.

Sincerely,



Mary Ann Wright
Associate Director, Mining

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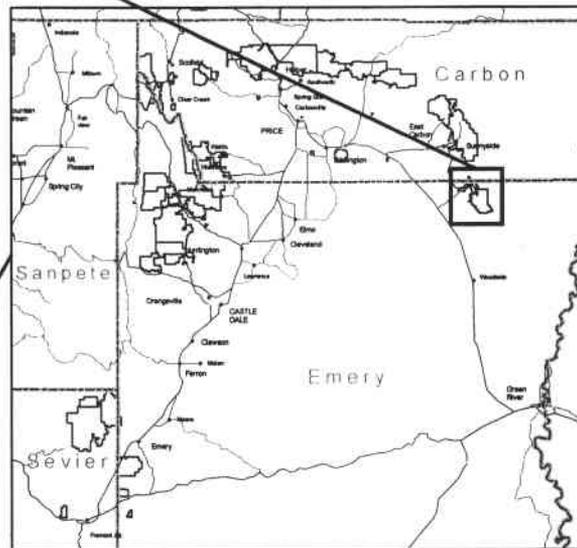
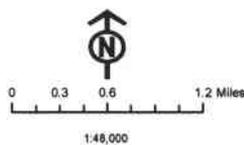
Horse Canyon Mine - Map 1

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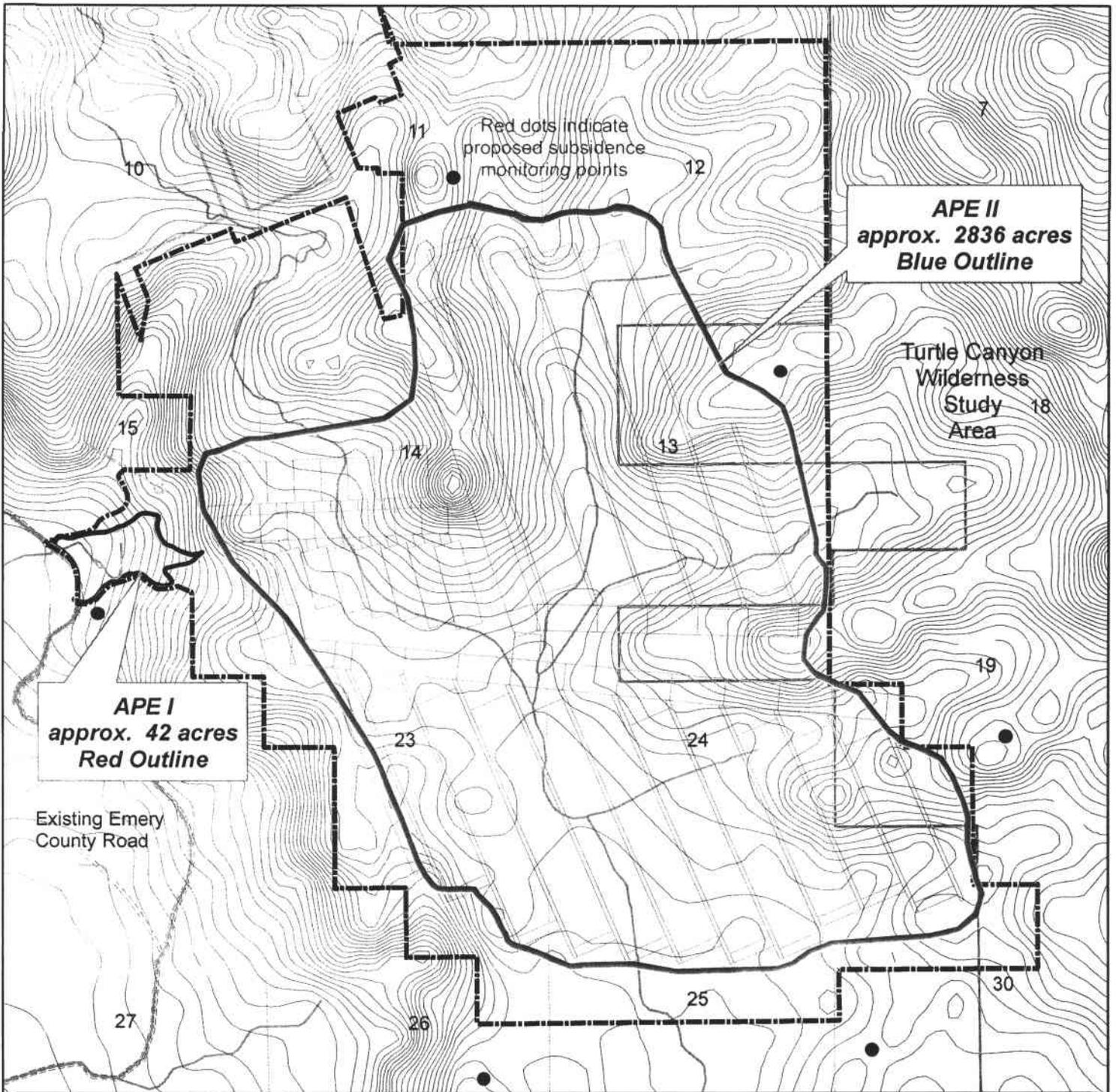
Township 15 South Range 14 East
Township 16 South Range 14 East

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

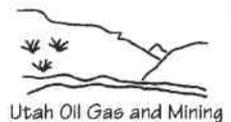
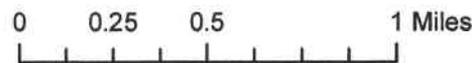


Locator Map



Lila Canyon Project - Map 2

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



Map Produced
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