

**State of Utah****Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

November 20, 2006

Jay Marshall, Resident Agent  
UtahAmerican Energy, Inc.  
P.O. Box 986  
Price, Utah 84501

Subject: Plan for Closure of Two Remote Lila Canyon Portals (Plan with Implementation Scheduled Needed), UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013, Outgoing File

Dear Mr. Marshall:

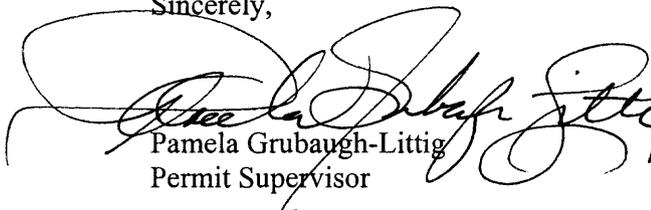
On August 17, 2006, Mary Ann Wright, Associate Director of Mining, sent you a letter stating that a plan is needed prior to the implementation of the closure of the two remote Lila Canyon portals (attached). Since that time, the Division received a letter from the Bureau of Land Management (dated October 26, 2006) requesting that these portals be "backfilled without delay"(attached).

Therefore, UEI must submit a complete and adequate plan for the closure of the two Lila Canyon remote portals by January 22, 2007. This plan must include an implementation schedule that meets the BLM request of "backfilled without delay".

Prior to the recent BLM request, the Division required money to remain in the bond for the permanent closure of these portals. However, due to the request of the BLM, the Division cannot approve the Phase III bond release until these portals are closed in accordance with an approved plan.

If you have any questions, please call me at (801) 538-5268.

Sincerely,



Pamela Grubaugh-Littig  
Permit Supervisor

an  
attachments (2)  
cc: Jim Kohler, BLM  
Mary Ann Wright, DOGM  
O:\007013.HOR\FINAL\pjlremoteportal11202006.doc

0064

Outgoing  
C0070013

OK



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

August 17, 2006

Mr. Jay Marshall, Vice President  
UtahAmerican Energy Inc.  
P.O. Box 986  
Price, Utah 84501

Re: Remote Lila Canyon Portals – Decision to Retain Bond Amount for Permanent Closure, UtahAmerican Energy Inc., Horse Canyon Mine, C0070013

Dear Mr. Marshall:

The Division has made a decision that it will not grant Phase III bond release for the portion of the Horse Canyon Mine that is called the Remote Lila Canyon portals. Moneys will remain in the bond for the permanent closure of these portals. The reason for this decision is that we are not able to make the findings required by R645-301-880.330 for final bond release, specifically R645-301-551:

“ When no longer needed for monitoring or other use approved by the Division upon a finding of no adverse environmental or health and safety effects, each shaft, drift, adit, tunnel or other opening to the surface from underground will be capped, sealed and backfilled, or otherwise properly managed, as required by the Division and consistent with MSHA, 30 CFR 75.1711. Permanent closure measures will be designed to prevent access to the mine workings by people, livestock fish and wildlife, machinery and to keep acid or other toxic drainage from entering ground or surface waters.”

Therefore, the Division will need a plan from UEI for the closure of the two remote portals. The plan must be reviewed and approved prior to implementation.

If you have any questions, please call me at 801-538-5306.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright".

Mary Ann Wright  
Associate Director, Mining

sm  
cc: Jim Kohler, BLM  
O:\007013.HOR\FINAL\JayM08172006.doc

0180



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov>



IN REPLY REFER TO:  
SL-066145  
(UT-923)  
3484

RECEIVED  
OCT 27 2006

OCT 26 2006

DIV. OF OIL, GAS & MINING

Utah Coal Program  
Ms. Pamela Grubaugh-Littig  
Division of Oil, Gas and Mining  
1594 West North Temple, Street, Suite 1210  
Salt Lake City, Utah 84114-5801

Re: Lila Canyon Portals, Federal Coal Lease SL-066145

Dear Ms. Littig:

Bureau of Land Management (BLM) considers the open portals at Lila Canyon a Public Safety Issue. We would like you to move forward on a closure strategy as part of your mining permit with the company and have BLM participate in developing a closure methodology as soon as possible. Portals that are not sealed properly have the potential of spontaneous combustion of the coal, low oxygen around the seals (as has already been found during an inspection of the site), unstable roof conditions (as is witnessed at this site) and a generally unsafe area for the public to be around.

BLM has found and confirmed that the portals are on an existing Federal Coal lease SL-066145. The federal lease requires that all regulations under 43 CFR 3400 be met. BLM requires that in order to provide for permanent abandonment, to adequately protect the coal resource, and ensure public health and safety, the portals in Lila Canyon should be back filled without delay. If the lessee would like to propose another similar type of closure, BLM will need to review and approve the closure method.

If you have any questions, please feel free to contact Mr. Stan Perkes of my staff at 801-539-4036.

James F. Kohler  
Chief, Solid Minerals Branch

Cc: PFO  
Lila Canyon Mine File

*James F. Kohler*  
10/27/06  
*Cathy Skye, Pam, Stan Perkes, Wayne W.*