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From: <Steve_Rigby@blm.gov>
To: "Wayne Hedberg" <WAYNEHEDBERG@utah.gov>
Date: 1/11/2007 4:40:03 PM
Subject: R-O-W's for Lila Project

Wayne,

Attached is an internal memo on the status of the R-O-W's for the Lila Canyon Mine Project that was put together by Dave Watson, BLM Realty Specialist, here in the Price Field Office.

I hope this answers any question you may have, and if not, please give Dave or myself a call.

Thanks,

S. Rigby

(See attached file: Memo to file - ROW Status.doc)

CC: <David_S_Watson@blm.gov>, <Jeff_McKenzie@blm.gov>

Bureau of Land Management
Price Field Office

MEMORANDUM

Date: 10 October 2006

To: Files

Fm: David S. Watson, Realty Specialist

Reviewed the below listed R/W files, which are part of the Lila Canyon Coal Mine Project as evaluated by EA UT-070-99-22.

U-76614 – Utah American Energy, Inc. - 46 KV powerline from existing 46 KV powerline T16S, R14E, east 1.3 miles to mine surface facilities. Although the serial register page indicates this R/W was granted on 7/27/2001, there is not a copy of the grant document in the file. Five year rental was received on 12/27/2002 in the amount of \$253.33 for the period 1/1/2002 to 12/31/2006. The grant document ostensibly contains stipulations indicating no work can be done to construct this powerline until the authorized officer issues a written Notice to Proceed to the grantee which will occur after the mine plan is approved.

U-76616 – Basic Management, LLC. – 10 foot utility corridor to parallel the coal haul road and to be used primarily for a buried fiberoptic telephone line and possibly for water, sewer and natural gas lines in the future. The Decision Record for the EA stipulates that approval of this R/W is contingent upon mine plan approval.

U-79542 – Emery County -- upgrade and relocate a portion of County Road 126 from SR6/191 to the Lila Canyon Road approximately 4.7 miles. The Decision Record for the EA stipulates that approval of this R/W is contingent upon mine plan approval.

U-77122 – Utah American Energy, Inc. – 40 acre mine surface facility including buildings, parking lots, water facilities, etc. This R/W was granted 7/27/2001 and a five year rental was collected on 1/27/2002 for the period 1/2002 to 12/31/2006 in the amount of \$250. This grant contains stipulations indicating no work can be done to construct the approved facilities until the authorized officer issues a written Notice to Proceed to the grantee which will occur after the mine plan is approved.

In speaking with Steve Falk, Mining Engineer PFO, this date, he indicated that Lila Canyon Mine Plan approval could be some time off still. He indicated that the State of Utah and UEI are still working through some issues relative to cultural sites in the mine surface facility area. Once these issues are resolved a Programmatic Agreement must be signed and then the Mine Plan can proceed toward approval. The estimate of time for this process would be several months to a few years depending on protests, appeals,

lawsuits, etc.