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*Meeting*  
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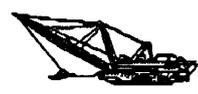
**to:** Ms. Mary Ann Wright, Associate Director  
**fax #:** (801) 359-3940  
**re:** OSM's Response to SUWA's May 16, 2007 Letter regarding Utah American Energy, Inc.'s Horse Canyon Mine, Lila Canyon Extension  
**date:** June 26, 2007  
**pages:** 3 (three) including this cover sheet.

Ms. Wright:

Following this cover page is the above subject.

If you have any questions, or need anything more, please contact me by any of the methods listed at the lower right of this cover.

*mm*  
JUN 26 2007  
*6/26*



From the desk of...

**Carl R. Johnston**  
Natural Resource Specialist  
OSMRE / WRCC / PSD / NWB  
P.O. Box 46667  
Denver, CO 80201-6667

Courier delivery: 1999 Broadway, Suite 3320

303 / 844-1400 - ext. 1500  
Fax: 303 / 844-1538  
e-mail: CJOHNSTO@OSMRE.GOV



IN REPLY REFER TO:

## United States Department of the Interior

OFFICE OF SURFACE MINING  
Reclamation and Enforcement  
P.O. Box 46667  
Denver, Colorado 80201-6667

UT-0020

June 26, 2007

Mr. Stephen Bloch, Staff Attorney  
Southern Utah Wilderness Alliance  
425 East 100 South  
Salt Lake City, UT 84111

Dear Mr. Bloch,

I am responding to your letter of May 16, 2007, addressed to Jim Fulton and Jim Kohler, regarding UtahAmerican Energy, Inc.'s Horse Canyon Mine-Lila Canyon Extension located in Carbon and Emery Counties, Utah. You have expressed concerns that the Office of Surface Mining Reclamation and Enforcement (OSM) might shortcut compliance with 30 CFR 746.13 relative to mining plan approval, and environmental assessment for the rights of way and mining plan approval. You have asserted that the permit application approved by the Utah Division of Oil, Gas and Mining (DOG M) on May 02, 2007, is an entirely new and altogether different document and OSM needs to thoroughly review and analyze the new PAP before making any recommendation regarding the mining plan.

The environmental impacts of the rights of way for the transportation corridor, that included the Lila Canyon Road and the Proposed Coal Haul Road (depicted in Plate IV: Land Use) were analyzed (pages 9 and 10) in the September 2000 Environmental Assessment pursuant to the National Environmental Policy Act (NEPA). In accordance with its responsibility, BLM had approved both rights of way. They are not a part of the DOGM permit approval and are not subject to mining plan approval.

In accordance with the Federal regulations under 30 CFR 944.30, the Governor of the State of Utah and the Secretary of the Department of the Interior entered into a Cooperative Agreement (CA) for the State regulation of surface coal mining and reclamation operations on Federal lands in Utah. Pursuant to Article VI of the CA, "Review of Permit Application Package", the Utah Division of Oil, Gas and Mining (DOG M) has the primary responsibility for the analysis, review and approval or disapproval of the permit application package (PAP). Pursuant to the CA OSM does not conduct independent review and analysis of permit applications.

From February 11, 2002, through May 16, 2007, UtahAmerican Energy, Inc. submitted additional environmental resource information to supplement the original September 8, 1998, PAP. DOGM reviewed and analyzed this additional information added to the revised permit application, prepared a State decision package, and issued permit C/007/0013 on May 18, 2007, for the Horse Canyon Mine-Lila Canyon Extension.

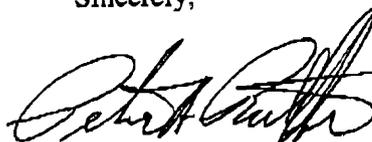
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*msw*  
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Pursuant to the requirements of Article VI.4 of the CA, OSM has reviewed the operation and reclamation plan portion of the Horse Canyon Mine-Lila Canyon Extension revised permit application, other appropriate portions of the PAP related to non-delegable responsibilities, and DOGM's decision package of technical analysis and written findings. OSM's review has found that only certain parts of the 1998 PAP were revised to incorporate supplemental environmental resources information, and that the PAP approved by DOGM on May 02, 2007, is not an entirely new and altogether different document. Operationally, the mining and reclamation operations have not significantly changed from the 1998 PAP.

Based upon the above review, OSM has determined that permit C/007/0013 issued by DOGM on May 18, 2007, does not require a mining plan modification because this permit action does not meet any of the criteria of 30 CFR 746.18 (d). Additionally, pursuant to the Federal regulations at 30 CFR 746, "Review and Approval of Mining Plan", the Assistant Secretary, Land and Minerals Management approved a Mining Plan on November 5, 2001, for Federal leases SL-066145, SL-066490, SL-069291, U-014217, U-0126947, and U-014218 for which DOGM had issued permit C/007/013. This mining plan approval has not been modified, cancelled or withdrawn as provided under 30 CFR 746.17(b), and hence is still in effect.

Sincerely,



Peter A Rutledge, Chief  
Program Support Division

cc: BLM - Utah State Office  
BLM - Price Field Office  
U.S. Forest Service  
Utah Division of Oil, Gas and Mining  
UtahAmerican Energy, Inc.