



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/>



RECEIVED

OCT 11 2007

DIV. OF OIL, GAS & MINING
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IN REPLY REFER TO:

SL-066145
 SL-066490
 U-014218
 U-0126947
 SL-069291
 U-014217
 UTU 73516 (LMU)
 (UT-923)

Mr. Jay Marshall
 Chief Engineer and Project Manager
 UtahAmerican Energy, Inc.
 Lila Canyon Project
 P. O. Box 986
 Price, UT 84501

J. Downing
 10/09/07

RE: Design for Portal Closures of the Geneva Mine in Lila Canyon

Dear Mr. Marshall:

Background: On July 31, 2000 UtahAmerican Energy (UEI) acquired the Federal coal leases which encompass the Geneva Mine (Horse Canyon Mine). Two mine portals located in Lila Canyon previously used for ventilating the Geneva Mine (Horse Canyon Mine) had been sealed upon the completion of mining operations as late as 1993. Due to the location of these permanent seals which are some 50 to 80 feet in by the brow of the entries into the mountainside, inspections were made and it was determined that a potential safety hazard exists for the public. In order to eliminate the hazard, it was concluded that the portals should be backfilled to the point of the seal locations to prevent entrance into the entries.

Proposal: UEI has the possibility of using the portals for future ventilation needs at the adjacent Lila Canyon Mine, and, therefore, objects to backfilling the portals. However, in order to preclude entry, UEI is proposing to secure the entries by installing manganese steel grate type barriers. The design of these barriers has been reviewed and subsequently modified by UEI following discussions with the Bureau of Land Management (BLM). The effectiveness of this barrier design will be considered in the BLM review of the proposed final permanent sealing of these entries.

Affected Leases & LMUs: Although the portals are located on Federal lease SL-066145 this approval also affects the Logical Mining Unit UTU- 73516 which was approved on January 27, 1999.

Inspection: The portals were inspected on two different occasions (May 2, 2006 and June 16, 2006) by representatives from UEI, the Utah Division of Oil, Gas and Mining (UDOGM) and the BLM. It appeared as though there had been no visitation or vandalism since the permanent seals had been installed.

Approval: The BLM approves the construction of the of the manganese steel grates as temporary mine access barriers.

Conditions of Approval: This approval is subject to the following conditions:

- Annual monitoring and reporting of the grates verifying stability and possible vandalism. The reports shall contain a dated photo and is due by May 1 of each subsequent year following construction of the temporary barrier.
- In the event of vandalism to or destruction of the grates, a review will be conducted and a plan for corrective action will be made and submitted to BLM for approval within 30 days after the vandalism/destruction is discovered.

This approval does not constitute any authorizations required by other governmental agencies or any other permits necessary to proceed with the project.

If you have any questions, please contact Steve Rigby of the Price Field Office at (435) 636-3604 or Stan Perkes of the BLM State Office at (801) 539-4036.

Sincerely,

JAMES F KOHLER

James F. Kohler
Chief, Branch of Solid Minerals

Enclosures:

Approved Construction Design (UEI 12-27-06, rev. 5-31-07)

cc: UT-070, Price Field Office (w/ Enclosure)
Utah Division of Oil Gas and Mining (w/ Enclosure)
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84414-5801

Lila Cyn Portal Draft 10-2-07 SP-SA

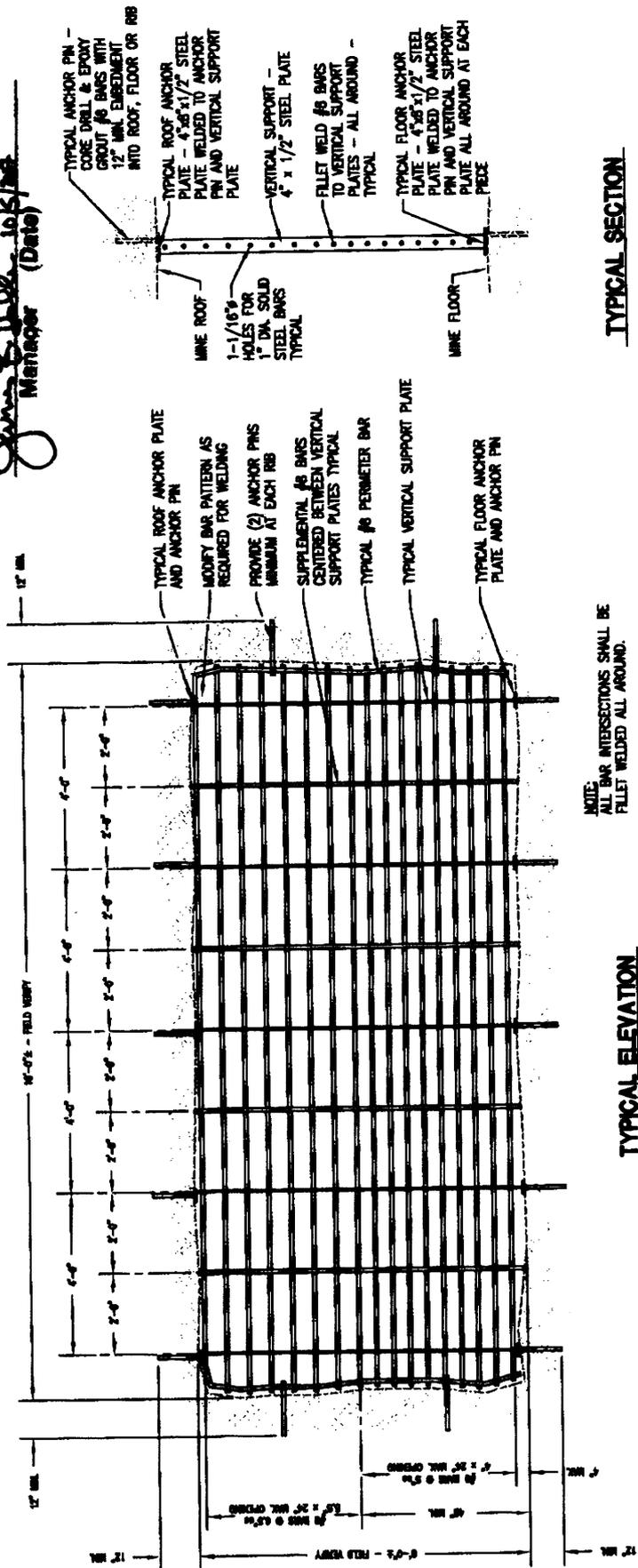
**MINING PLAN APPROVED BY
BUREAU OF LAND-MANAGEMENT**

Recommended By: Steve Hawke 10/21/07
Mining Engineer (Date)

Approved By: [Signature] 10/15/07
Manager (Date)

Figure 1

This Plan will be implemented in conjunction with the first area helicopter drilling in the spring of 2007.



All Material will be flown in by helicopter. There will be "NO" surface disturbance during the construction of the barriers.

U.S. American Energy, Inc.

TYPICAL PORTAL BARRIER

HORSE CANYON MINE

PERMANENT BARRIER
COLUMBIA COUNTY, UTAH

DATE	BY	SCALE
10/15/07	SAH	3/4" = 1'-0"
10/21/07	SAH	3/4" = 1'-0"
10/21/07	SAH	3/4" = 1'-0"

BY ORDER OF THE BOARD OF DIRECTORS
U.S. AMERICAN ENERGY, INC.
1000 WEST 1000 SOUTH, SUITE 100
COLUMBIA COUNTY, UTAH 84202
PHONE: (435) 734-1000

NO.	DATE	BY	REVISIONS
3	5/25/07	SAH	
2	2/9/07	SAH	
1	1/15/07	SAH	

NOTE:
STRUCTURE TO BE USED IN BARRIER APPLICATIONS ONLY. THIS STRUCTURE IS NOT INTENDED TO BE USED AS A SUBSTITUTE FOR AN MSHA APPROVED SEAL.