



**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*

January 8, 2007

Denise Dragoo, Esq.  
Snell & Wilmer  
15 West South Temple, Suite 1200  
Gateway Tower West  
Salt Lake City, Utah 84101-1547

Re: Request to Sign Stipulation to Modify Order Extending 60 Day Time Limits for Permit Decision for Lila Canyon Extension, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013

Dear Denise:

It appears after our pre-hearing meeting on Thursday, January 4, 2007, that the January 19, 2006 Stipulation to extend the 60 day deadline is no longer supported by UEI, SUWA, and Emery County. Additionally all parties agreed that the informal conference convened at the request of SUWA has been closed since December 2005. The Division believes that many of the reasons that justified this Stipulation in January 2006 still exist and has asked the parties to reconsider their decision and to reaffirm the Stipulation. However, none of the parties expressed any desire to do so.

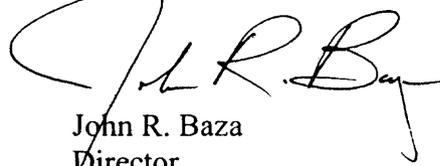
The January 19, 2006 Stipulation was essentially an agreement of those persons signing it to withhold any legal action to compel a decision pursuant to Utah Code 40-10-14(1) until the cultural resource review was complete. Accordingly it was dependent upon the mutual acquiescence of all parties. Due to the withdrawal of all of the parties except the Division from the Stipulation and due to the written notice by UEI that it will bring suit if a decision is not made by January 22, 2007, there is no basis for the Division to do anything but abide by the statutory requirement for a decision no later than January 22, 2007. The Stipulation can no longer forestall such action.

Since it would be futile for the Division to oppose the withdrawal of the Stipulation, and equally pointless to execute the Stipulation to Amend the Order that you have submitted, I am returning it to you unsigned.

Page 2  
Denise Drago, Esq.  
January 8, 2007

If there are any questions, please advise.

Sincerely yours,



John R. Baza  
Director

Enclosures (2)

cc: John E. Jevicky  
Ray Peterson, Emery County  
Stephen Bloch, SUWA

**BEFORE THE DIVISION OF OIL, GAS AND MINING**  
**DEPARTMENT OF NATURAL RESOURCES**  
**STATE OF UTAH**

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<b>IN THE MATTER OF LILA CANYON</b>	<b>:</b>	<b>STIPULATION TO AMEND</b>
<b>EXTENSION TO THE HORSE CANYON</b>	<b>:</b>	<b>ORDER</b>
<b>MINE, CARBON AND EMERY</b>	<b>:</b>	
<b>COUNTIES, UTAH</b>	<b>:</b>	<b>CAUSE NO. C/007/013</b>

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The Division of Oil, Gas and Mining ("**Division**"), UtahAmerican Energy, Inc. ("**UEI**"), Emery County and the Southern Utah Wilderness Alliance ("**SUWA**"), parties to the informal conference in the matter, hereby agree and stipulate as follows:

**RECITALS:**

1. By Stipulation to Amend Order executed on January 17, 2006 by UEI, SUWA and Emery County, and on January 18, 2006 by the Division, the parties to the informal conference agreed that the December 2, 2005 Order could be amended to allow the Division additional time to make its final decision on UEI's permit application as necessary to complete the tribal consultations and determinations required by the National Historic Preservation Act ("**NHPA**").
2. By letter dated November 21, 2006, UEI requested the Division to issue the mine permit and allow the United States Department of the Interior ("**DOI**") to complete further tribal consultation, if any, as the Secretary of DOI may determine.
3. By letter dated November 22, 2006, UEI withdrew its Stipulation to Amend Order and requested the Division to perform its mandatory duty under Utah law to issue findings on the pending application within sixty (60) days.

4. By letter dated November 27, 2006, the Director Baza requested UEI to obtain the agreement of the parties or file a motion seeking modification of the Order consistent with UEI's requests as set forth in letters dated November 21, 2006 and November 22, 2006.

### STIPULATION

NOW, THEREFORE, the parties to the informal conference in this matter stipulate that:

1. The Amendment to Order dated January 19, 2006 ("**Order**") is amended to provide that the Utah Division of Oil, Gas and Mining ("**Division**"), will review Utah AmericanEnergy, Inc.'s ("**UEI's**") application for permit in this matter, written comments and objections submitted and the records of the informal conferences held on the application and issue a written decision within sixty (60) days following withdrawal of UEI's Stipulation to Amend Order, i.e., by January 22, 2007.

2. The Order is further amended to clarify that the informal conference in this matter closed effective as of November 22, 2006.

AGREED to on behalf of the parties on the date last executed by the signatures of the following persons:

UTAHAMERICAN ENERGY, INC.  
(UEI)

UTAH DIVISION OF OIL, GAS AND  
MINING

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Denise Drago, Esq.  
Wade R. Budge, Esq.  
Snell & Wilmer L.L.P.  
15 West South Temple, Suite 1200  
Salt Lake City, Utah 84101  
Attorneys for UEI

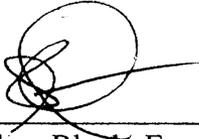
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Steve Alder, Esq.  
Utah Attorney General's Office  
1594 West North Temple  
Salt Lake City, Utah 84114

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

SOUTHERN UTAH WILDERNESS  
ALLIANCE (SUWA)



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Stephen Bloch, Esq.  
Southern Utah Wilderness Alliance  
425 East 100 South  
Salt Lake City, Utah 84111  
Attorney for SUWA

Dated: 12/6/06

EMERY COUNTY

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Ira Hatch  
Emery County Commissioner  
P.O. Box 629  
Castle Dale, Utah 84513

Dated: \_\_\_\_\_

**BEFORE THE DIVISION OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH**

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<b>IN THE MATTER OF LILA CANYON</b>	<b>:</b>	<b>AMENDMENT TO ORDER</b>
<b>EXTENSION TO THE HORSE CANYON</b>	<b>:</b>	
<b>MINE, CARBON AND EMERY</b>	<b>:</b>	
<b>COUNTIES, UTAH</b>	<b>:</b>	<b>CAUSE NO. C/007/013</b>

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**ORDER**

Pursuant to the Stipulation of the parties to the above-entitled matter and for good cause appearing;

IT IS HEREBY ORDERED that:

1. The Amendment to Order dated January 19, 2006 ("**Order**") is amended to provide that the Utah Division of Oil, Gas and Mining ("**Division**"), will review Utah AmericanEnergy, Inc.'s ("**UEI's**") application for permit in this matter, written comments and objections submitted and the records of the informal conferences held on the application and issue a written decision within sixty (60) days following withdrawal of UEI's Stipulation to Amend Order, i.e., by January 22, 2007.
2. The Order is further amended to clarify that the informal conference in this matter closed effective as of November 22, 2006.

DATED this \_\_\_\_\_ day of December, 2006.

UTAH DIVISION OF OIL, GAS AND MINING

By: \_\_\_\_\_  
John R. Baza, Director

**CERTIFICATE OF MAILING**

I hereby certify that on this \_\_\_\_\_ day of December, 2006, I mailed, via U.S. mail, postage prepaid, a true and correct copy of the foregoing Amendment to Order to the following:

Steven Alder, Esq.  
Utah Assistant Attorney General  
1594 West North Temple  
Salt Lake City, Utah 84114

Denise A. Dragoo, Esq.  
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Southern Utah Wilderness Alliance  
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