

C/007/013 Incoming



# 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:

3482  
UTU-73516  
SL-066490  
(UT-923)

RECEIVED  
FEB 28 2011  
DIV. OF OIL, GAS & MINING

FEB 3 2 2011

Certified Mail--Return Receipt Requested 7009 0820 0001 7945 3467

R. Jay Marshall, P.E.  
Project Manager-Lila Canyon Mine  
UtahAmerican Energy, Inc.  
794 North "C" Canyon Road  
P.O. Box 910  
East Carbon, Utah 84520

Re: Approved – Modification to the Resource Recovery and Protection Plan (R2P2),  
Projected Mine Plan change resulting in change of tonnage, Lila Canyon Mine

Dear Mr. Marshall:

The Bureau of Land Management (BLM) received on January 27, 2011, an R2P2 modification request from UtahAmerican Energy, Inc. (UEI) for the Lila Canyon Mine. The proposed modification meshes the short range mine plan (Portal Area) with the long range mine plan for the entire mine.

This R2P2 modification approval includes mining the sump areas shown on the previously approved 11-24-2011 R2P2 Map. This R2P2 modification does not include mining the north breakout entries west beyond the lease boundary. A revised Lila Canyon Mine R2P2 must be submitted upon approval of the 5 acre lease modification to Federal Coal Lease SL-066490 to include mining to the outcrop.

A change of 296,000 additional tons will be added to the tonnage projections for Lila Canyon's Logical Mining Unit (LMU) #UTU-73516 which includes Federal coal leases SL-066490, U-014218, U-0126947, U-014217, SL-069291 and SL-066145. The new LMU recoverable reserve base tonnage is now 27,528,000 tons.

This mine was most recently inspected by the BLM on October 29, 2010. Mining has finished the south three ventilation breakout entries and is now moving toward the north breakouts on Federal Coal Lease SL-066490.

**Proposed Plan:** UEI is proposing to mine a sump area to the north and development mains to the east while waiting for their lease modification to be approved. Mining the north breakout entries to the west is NOT approved beyond the lease boundary.

This additional mining will add approximately 296,000 tons of coal to the LMU on Federal coal lease SL-066490. The reasoning behind this change is to provide additional sump capacity as the mine proceeds to mine the east mains and the north breakout entries to the lease line.

**Approval:** This action will change tonnages to the Recoverable Reserve Base. UEI has provided a copy of the geotechnical analysis prepared by Dr. Du along with a copy of the "Memo to File" by Jay Marshall PE. The BLM agrees with the proposed revision and map.

A copy of the approved Mine Map is enclosed.

**Maximum Economic Recovery (MER):** Full extraction of recoverable coal reserves will enable MER of the Federal coal in LMU #UTU-73516 to be achieved.

**Recoverable Reserve Base:** The estimated recoverable coal base for LMU #UTU-73516 before this R2P2 change and after this R2P2 change is shown in the table below:

Lease	Recoverable Reserves <u>before this R2P2</u> Change	R2P2 Change	Recoverable Reserves <u>after this R2P2</u> Change
SL-066145	0	0	0
SL-066490	16,566,000	296,000 *	16,862,000
SL-069291	2,396,000	0	2,396,000
U-0126947	8,059,000	0	8,059,000
U-014217	143,000	0	143,000
U-014218	68,000	0	68,000
	27,232,000	296000	27,528,000

\*This R2P2 change requested on 01/27/2011 adding 296,000 tons.

**National Environmental Policy Act (NEPA):** No new surface disturbance is predicted with this action, and therefore this action is Categorical Excluded (CX) from NEPA analysis under DM 516 chapter 11.5, paragraph F. (8): Approval of minor modifications to, or minor variances from, activities described in an approved underground or surface mine plan for leasable minerals (e.g., change in mining sequence or timing).

This R2P2 modification complies with the Mineral Leasing Act of 1920, as amended, the regulations at CFR 3480, and the lease terms and conditions. If you have any questions, please contact Jeff McKenzie of my staff at (801) 539-4038.

Sincerely,

/s/ Roger L. Bankert

Roger Bankert  
Minerals Branch Chief

Enclosure:

Approved Mine Map

cc: (includes confidential and proprietary company information)

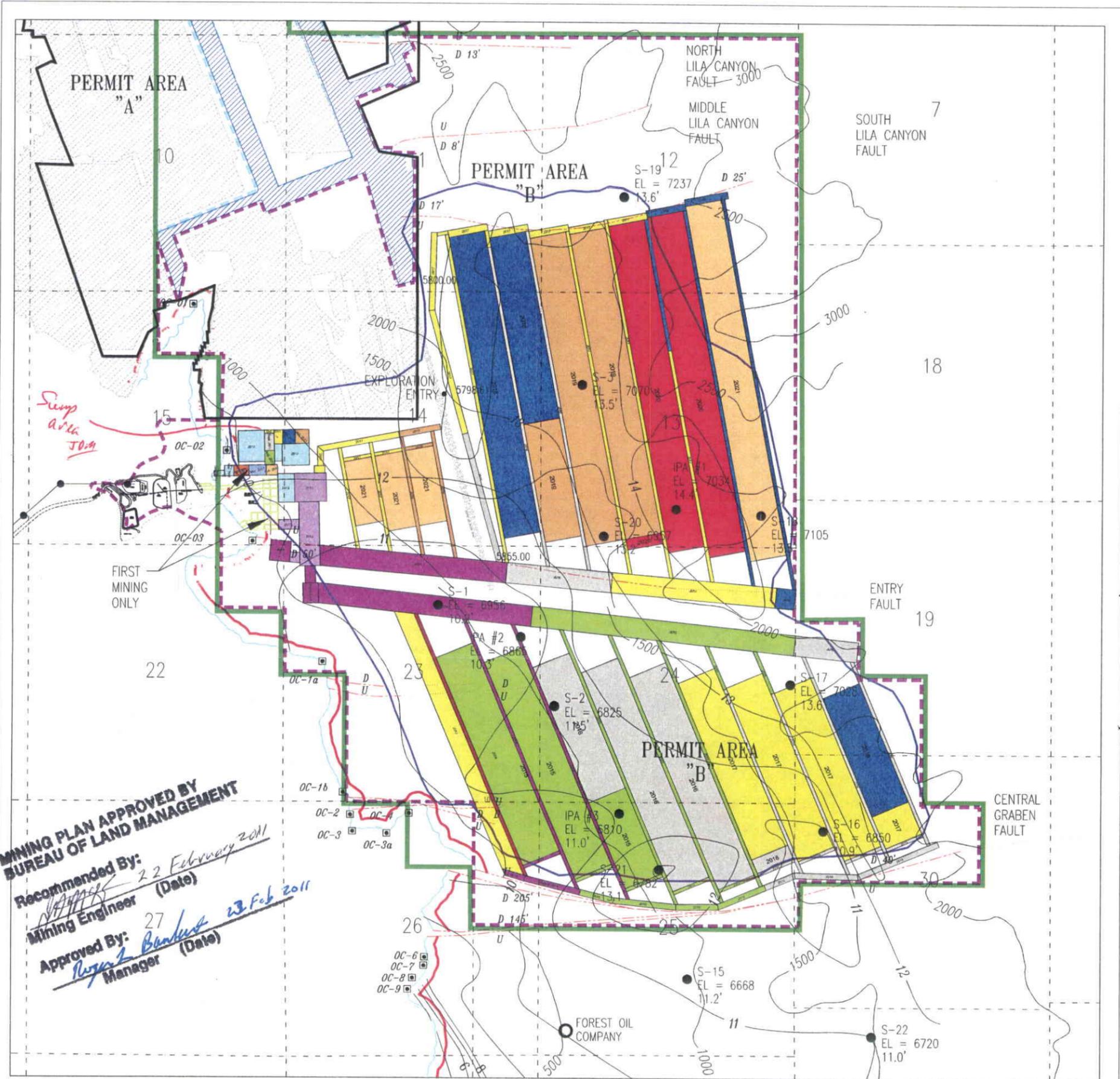
UTG023, Price Field Office (w/ Enclosure)

Utah Division of Oil Gas and Mining (w/ Enclosure)

1594 West North Temple, Suite 1210

Salt Lake City, Utah 84114-5801

Lila CanyonR2P2approvalJM-SA-2-22-11



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

Recommended By: *[Signature]* 22 February 2011  
 Mining Engineer (Date)

Approved By: *[Signature]* 27 Feb 2011  
 Manager (Date)

**LEGEND:**

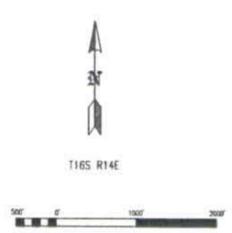
- PERMIT AREA "B" (LILA CANYON): [Hatched pattern]
- PERMIT AREA "A" (HORSE CANYON): [Hatched pattern]
- LMU: [Hatched pattern]
- COAL OUTCROP: [Hatched pattern]
- OUTCROP MEASUREMENTS: OC-01 to OC-09 [Symbol]
- FAULTS: U, D, S [Symbol]
- COVER LINES: [Symbol]
- MAXIMUM EXTENT OF SUBSIDENCE: [Symbol]
- Using 21.5° angle draw
- FIRST MINING: [Symbol]
- OUTCROP BARRIER (Extent of 2nd Mining): [Symbol]

**TIMING LEGEND:**

2012	2018
2013	2019
2014	2020
2015	2021
2016	
2017	

**REVISION DATE:**

NO.	DATE	BY
1	2-02-2011	PJW



**LILA CANYON MINE**

MINE PLAN / R2P2

DATE: JANUARY 25, 2011	DESIGNED BY: [Signature]
STATE: AS SHOWN	PLATE # 5-5

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