

C/007/013 Incoming
cc: Pete
OK

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JUN 30 2011



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Green River District, Price Field Office
125 South 600 West
Price, UT 84501

Phone: (435) 636-3600 Fax: (435) 636-3657

<http://www.blm.gov/ut/st/en/fo/price.html>



In Reply Refer To:
3482(UTG023)
UTU-73516
SL-066490

JUN 29 2011

CERTIFIED MAIL—7010-1870-0002-7017-3446
RETURN RECEIPT REQUESTED

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), Mining the north Ventilation Breakouts, Mine Plan change resulting in small change of recoverable reserve tonnage, Lila Canyon Mine

Dear Mr. Marshall:

The Bureau of Land Management (BLM) received on June 10, 2011, an R2P2 modification request from UtahAmerican Energy, Inc. (UEI) for the Lila Canyon Mine. The R2P2 modification is required for mining the north Ventilation Breakouts to the outcrop and will add 5,000 tons of recoverable reserves to Federal coal lease SL-066490. This approval is hereby granted upon UEI signing the 5 acre lease modification and agreeing to the stipulations and terms of the lease.

Background: UEI submitted an R2P2 on December 8, 2010 and received approval to mine rock rooms used for storage of rock material from the south ventilation breakouts adding 826 tons of recoverable reserves to Federal coal lease SL-066490. UEI submitted an R2P2 on January 27, 2011 and received approval to mine the north sump and east mains area near the portal adding 296,000 tons of recoverable reserves and meshing the portal area, the ventilation breakouts and east mains with the long range mine plan. The recoverable reserve tonnage base 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 will change as shown in the table below.

Proposed Plan: UEI has submitted an R2P2 modification proposing to mine the north ventilation breakout portals from the lease boundary to the outcrop by crossing into the new lease modification on Federal coal lease SL-066490. This R2P2 modification is necessary to maintain ventilation requirements for the mine and will add approximately 5,000 tons of recoverable reserves.

Approval: 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</u> this R2P2 Change	R2P2 Change	Recoverable Reserves <u>after</u> this R2P2 Change
SL-066145	0	0	0
SL-066490	16,857,826	5,000 *	16,862,826
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
	27,523,826	5,000	27,528,826

*R2P2 change 06/10/2011 adding 5,000 tons.

National Environmental Policy Act (NEPA): No new surface disturbance is predicted with this action, and therefore this action is Categorically 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 Vaughn Hughes of my staff at (435) 636-3626.

Sincerely,

Patricia A. Clabaugh
Manager, Price Field Office

Enclosure:

Approved Mine Map

cc: 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

