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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
0070013

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November 9, 2011

R. Jay Marshall, Project Manager/Chief Engineer
Utah American Energy, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Wildlife Enhancement and Mitigation, Utah American Energy, Inc. (UEI), Horse Canyon - Lila Canyon Mine, Permit #C/007/0013

Dear Mr. Marshall:

The Division works closely with the BLM and DWR when dealing with wildlife issues at Utah mine sites on federal lands. A review of your Mining and Reclamation Plan (Appendix 3-7) indicates that additional follow-up is required with regard to the Wildlife Enhancement and Mitigation requirements at the Lila Canyon Mine. The Enhancement Plan commits UEI to participate in guzzler mitigation as well as participation in a vegetation treatment project in conjunction with BLM and DWR. According to the Guzzler mitigation plan, UEI would purchase and deliver to the DWR office in Price, Utah the parts, tanks, supplies, and materials needed to construct 2 guzzlers. It was DWR's responsibility to provide you with a list of tanks, materials, and supplies including the sources of the materials. We have been working with DWR's Nicole Nielson and have now received the needed information which we have included with this letter. Nicole indicates that the guzzler tanks can be acquired from the following vendor and currently cost around \$5500:

BOSS TANKS
7861 East Idaho St.
P.O. Box 5689
Elko, NV 89802
Phone: (775) 738-2677
Fax: (775) 738-2367

<http://www.bosstanks.com/guzzler.htm>

The materials for the raised sheet metal apron that goes with the tank can be acquired from Sutherlands for approximately \$615. A copy of the list of materials and cost estimate is attached to this letter. You should now purchase and deliver the materials for 2 guzzlers to the DWR office in Price so that the guzzlers can be installed by the DWR and BLM.



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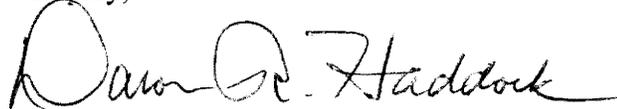
Subject: Wildlife Enhancement

As for the vegetation treatment project, it is our understanding that the units have been marked, GPS'd and surveyed and are now ready for the on-the-ground work. It is UEI's responsibility to contract, oversee, and pay hand crews to cut, limb and pile in the units. It is also UEI's responsibility to purchase seed for the areas that are treated.

As the timeline for completing these wildlife enhancement projects has already slipped, we encourage UEI to complete these projects as quickly as possible in order to avoid enforcement action.

If you have any questions, please feel free to call me at (801) 538-5325 or Joe Helfrich at (801) 538-5290.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is written in a cursive style with a large initial "D" and "H".

Daron R. Haddock
Coal Program Manager

DRH/ sqs
Enclosure

cc: Dave Waller, BLM
Chris Wood, DWR
Price Field Office

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Sutherlands

11/08/2011

406 S Hwy 55
Price ,UT 84501

Phone: (435) 613-1512 Fax: (435) 613-1516

Quote#: 1111080001

Salesman:

Quote Date: 11/08/2011

UTAH DIVISION OF WILDLIFE

Job/PO:

Good Thru Date: 12/08/2011

Drv Lic:

, 0

Job Address:

(000) 000-0000 Cell: (000) 000-0000

Auth Name:

Qty	Item#	Mfg#	Description	Retail	Ext Retail
9	3785268	2X 6 8	NO2 BTR DOUG FIR KD S4S	4.15	37.35
2	3785581	2X 6 16	NO2 BTR DOUG FIR KD S4S	9.99	19.98
4	0023507	4X8	3/4 OSB/WAFERBOARD	15.49	61.96
6	2121267	4X 4 8	NO2 TRTD HEM/FIR PP S4S	13.99	83.94
3	3785342	2X 6 10	NO2 BTR DOUG FIR KD S4S	7.99	23.97
4	2842557	2212308	GALV IRON 21/2 29GA 26X16	24.99	99.96
3	5009279	0673-4248	SCR LAG HX 3/8X4 BL BX50	28.34	85.02
4	5015490	1510-3836	WSHR HX NEO SD1/4-14X11/2BX100	34.99	139.96
3	5013156	4520-3040	SCR WD PH FL BRS 8X2 BX50	16.85	50.55
1	2917847	16CTDSKR5	16D SINKER C COATED 5LB	11.99	11.99
				Sub Total	614.68
				Tax	0
				Total	614.68

SUTHERLANDS HELPING YOU TO BUILD IT BETTER

This is an estimate only. Clerical errors are subject to correction. Price subject to change without Notice. No liability assumed for the accuracy of lists prepared or taken off blue prints or plans. Material listed on this estimate will be billed only as picked up or received by customer. Prices shown on this estimate will be honored until the Good Thru date above. Customer is responsible for checking local building codes. We offer free price estimates on all local code changes.