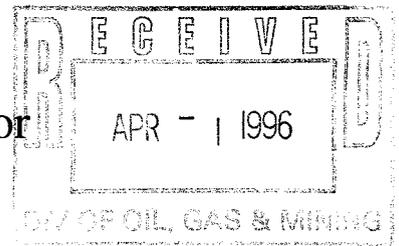


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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
Price River/San Rafael Resource Areas
125 South 600 West
P. O. Box 7004
Price, Utah 84501

3482
UTU-69635
(UT-066)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Certified No. Z 382 123 794

Mr. Reid Olsen
Vice President and General Manager
Soldier Creek Coal Company
Coastal Corporation
P. O. Box 1029
Wellington, Utah 84542

MAR 29 1996
Copy to Reid Olsen
ACT/007/018 #2

Re: Soldier Creek Coal Company's (Soldier Creek) Resource Recovery and Protection Plan (R2P2),
Minor Modification Request/Incidental Boundary Change (IBC)

Dear Mr. Olsen:

On February 14, 1996, the Bureau of Land Management (BLM) received Soldier Creek's revised R2P2 which encompasses the Soldier Canyon Mine and the Dugout Canyon Mine. We understand that the submittal serves two purposes: one, to request approval for the complete R2P2 or partial approval to allow mining of limited acreage /IBC; and the other, to supplement and modify the Soldier Creek's Application for a Logical Mining Unit. This letter will address the issue of **Temporary Relief** concerning the mining of limited acreage with regard to the existing R2P2. The remaining issues will be addressed at a later date under separate letters.

In part, the revised R2P2 proposes to extend the boundaries of the existing Soldier Canyon Mine by mining limited acreage on the newly acquired Federal coal lease UTU-69635. Soldier Creek contends that to maintain coal quality and to ensure an uninterrupted coal production requires a timely development (as early as April 96) of the acreage in question. However, as you know, lease UTU-69635 is outside the approved R2P2 permit boundary and is not approved for mining. We understand Soldier Creek has approval from the Division of Oil, Gas and Mining (DOG M) to annex limited acreage (276.17 acres as defined in the IBC application and illustrated on drawing TOSC1A001, dated February 5, 1996) of lease UTU-69635 to the current mine permit boundary. Although, final approval to mine awaits BLM's approval of the revised R2P2 concerning the area in question.

The basis for our determination in this matter is as follows:

Presently, Soldier Creek's coal production is generated entirely from reserves on fee land or state lease. We recognize that Soldier Creek has encountered mining and geologic conditions such as rock partings, high methane gas emission levels, and overburden exceeding 1500 feet which may impede coal quality and productivity significantly. Also, the revised mine plan (in regards to the IBC) appears to be a logical and orderly approach to mining the reserves in question and assures

that maximum economic recovery will be achieved. In conclusion, we concur with Soldier Creek and their need/urgency to begin developing the limited acreage as described by the IBC. However, BLM does stipulate that Soldier Creek shall agree to:

Waive any argument that the BLM's action in approving this temporary relief causes the remaining reserves of Federal coal lease UTU-69635 to become unrecoverable or more costly or uneconomical to recover in the future.

Waive any argument, to the effect, that it would have been preferable from an engineering or economic basis to mine the reserves of Federal lease UTU-69635 in a different manner or sequence than proposed.

The BLM has determined the proposed request to mine limited acreage as described in the IBC and in the manner as indicate in the revised R2P2, as stipulated by the BLM, does comply with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and stipulations, and will achieve MER of the Federal coal. Therefore, approval to develop/first mine the area of the IBC, amending the mine permit boundary to the Soldier Canyon Mine, is granted with the stated stipulations. Failure to accept the stipulations, as written, will make this approval null and void.

A copy of the approved mine map is enclosed . If you have any questions, please contact Barry Grosely in the Price River Resource Area at (801) 636-3606.

Sincerely,

MARK E. BAILEY

Area Manager

Enclosure

Approved Mine Map

cc: UT-921, SD, Utah (wo/Encl.)
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Office of Surface Mining
Reclamation and Enforcement
1999 Broadway, Suite 3320
Denver, Colorado 80202-5733 (wo/Encl.)
Utah Division of Oil, Gas and Mining
355 West North Temple Street
3 Triad Center Ste 350
Salt Lake City, Utah 84180-1203(wo/Encl.)