



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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APR 25 2005

DEPT. OF OIL, GAS & MINING

APR 22 2005

CERTIFIED MAIL –Return Receipt Requested

Mr. Erwin Sass
 General Manager
 Canyon Fuel Company, LLC
 Soldier/Dugout Canyon Mines
 P. O. Box 1029
 Wellington, Utah 84542

Erwin Sass
 4/20/05
 and
 4/20/05

Re: Approval of the minor modification of the Resource Recovery and Protection Plan (R2P2) Soldier Canyon Mine and Dugout Canyon Mine, Canyon Fuel Company, LLC (CFC), Pace Canyon Breakout and Ventilation Facility, April 2005.

Dear Mr. Sass:

The Bureau of Land Management (BLM) received CFC's revised R2P2 for the Pace Canyon Breakout and Ventilation Facility for the Dugout mine on April 11, 2005. This letter is to notify you that the Bureau of Land Management (BLM) has completed our review of CFC's modification to the R2P2 regarding the Pace Canyon Breakout. The purpose of our review is to determine compliance with The Mineral Leasing Act of 1920 as amended; the regulations at 43CFR 3480; the lease terms and conditions and to ensure that Maximum Economic Recovery (MER) will be achieved.

BLM has analyzed the situation and reviewed all supporting documentation. The results of the analysis indicate that the proposed minor modification will provide for mining the necessary coal for the installation of an exhausting fan facility. Our determination of the subject R2P2 is as follows:

This modification is for a slope that breaks out to the surface and a ventilation shaft connected to an exhausting fan. There are no changes in reserves for this project because it has been projected as part of the R2P2 dated February 25, 2005 that is still under review. This plan utilizes appropriate mining practices for ventilation breakouts and conserves the coal resource by mining the appropriate amount of coal.

Conditions of approval:

1. The lessee shall submit to the BLM as part of the R2P2 a copy of the approved modification to the Mine Safety Health Administration (MSHA) roof control plan for the breakout entry that exceeds the requirements of the existing roof control plan.

2. The company shall submit to the BLM prior to the portal/shaft seal approval/installation an analysis of the final water levels in the mine and any discharge points that may be necessary. Based on this information the final design of the portal and shaft seals will be approved by BLM prior to the time of portal/shaft sealing and/or backfilling.

This approval is Categorically Excluded as a minor modification to an existing mining plan as stated in, 516 (Department of Interior Department Manual) DM 11.5 F. 8. Categorical Exclusions, May 2004.

BLM has analyzed the situation and reviewed all supporting documentation. The results of the analysis indicate that this change is in compliance with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and stipulations, and will achieve maximum economic recovery (MER) of the Federal coal. Thus, approval for the modification to the mine plan (R2P2) for the Pace Canyon Breakout and Ventilation Facility is granted. If you have any questions, please contact Stan Perkes at (801) 539-4036.

Sincerely,

JAMES F KOHLER

James F. Kohler
Chief, Solid Minerals Branch

cc: PFO

Coal Regulatory Program, Utah Division of Oil, Gas and Mining, P.O. Box 145801,
Salt Lake City, Utah, 84114-5801

Office of Surface Mining Reclamation and Enforcement, 1999 Broadway, Suite 3320
Denver, Colorado 80202-5733