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off C/007/019 letter: Incoming map: Confidential



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

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JUN 20 2008

Certified Mail - Return Receipt Requested 7007 0710 0003 0208 2287

Mr. David W. Hibbs
Director, Engineering
UtahAmerican Energy, Inc.
P. O. Box 902
Price, Utah 84501

Re: Minor Modification to the Resource Recovery and Protection Plan (R2P2) and Compliance with Notice and Order, Removal of Equipment, Aberdeen Mine, UtahAmerican Energy Inc.

Dear Mr. Hibbs:

On June 11, 2008, the Bureau of Land Management (BLM) received from UtahAmerican Energy Inc. (UEI), a request to modify the approved R2P2 by idling the subject mine, removing equipment inby the #12 belt tailpiece and temporarily sealing the mine openings. This request follows the "Partial Compliance with Notice and Order" letter from the BLM to UEI dated April 4, 2008, in that BLM approved pulling the longwall equipment off of panel # 10 and ceasing production at the mine. The received request from UEI is another step in an overall temporary mine closure plan. Please note that UEI's other request for the granting of temporary interruption in coal severance, dated May 15, 2008, will be addressed separately.

Affected Leases and Logical Mining Units (LMU): The idling of the mine affects the pending LMU which includes all the leases and properties in the LMU application.

Proposed Plan and Justification: UEI proposes to extract all equipment out of the mine from inby #12 belt tailpiece, located at the last turn of Main West going north down dip. Leaving the conveyor system outby this point will allow better options to access the applied for west coal leases. UEI also proposes to temporarily seal all drifts with block walls and noncombustible material and to cement cap the new fan shaft. Unauthorized access into the mine would be secured and the mine workings protected from long

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term degradation. The temporary idling and securing the portal of this mine would allow for time to secure new leases to the west and pursue new technologies and systems to mine at the increasing depths of this property.

Inspection: The conditions at the mine at the time of the submittal of the request for removal of the longwall were inspected by the BLM on March 26, April 3, and May 1, 2008, wherein conditions were witnessed and noted. As equipment is withdrawn from the mine, BLM will have to inspect areas that have been abandoned before they become inaccessible.

Approval and Conditions: The attached approved map is to illustrate longwall panel 10 only and does not show the remaining areas to be mined. The BLM accepts UEI's proposals for idling and securing the mine. UEI's methods for withdrawing equipment and securing the mine openings will provide for protection of the coal resource for future mining while reducing maintenance requirements for a non-producing mine. Also, unauthorized entrance to hazardous mine openings will be barred for public safety. BLM authorizes the withdrawal of equipment as set forth in your proposal on the following conditions:

- BLM must be notified in advance before areas are made inaccessible so that inspections can be scheduled and made.
- A drawing/plan of the design for the temporary portal seals must be submitted to the BLM before implementation.
- A disposition of the current Federal leases, including the deep coal reserves and the pending lease modification application (dated 1 September 2006), along with the associated recoverable reserve tonnages by lease must be submitted to the BLM for review and approval within 60 days of the date this letter is received (UEI acknowledges in this proposal of current action on this requirement).
- Mine site security for public safety and protection of the coal reserves will be maintained through the idle period.

Maximum Economic Recovery (MER): Future recovery of Federal coal has been compromised by the removal of the longwall from the mine and additional reserves could be compromised by this proposed plan to fully but temporarily idle the mine. However MER can be achieved under this proposal by payment of royalties on coal tons lost, including those due to removal of the longwall from longwall Panel 10 and the resulting need to provide a barrier before longwall mining can resume at a later date.

UEI is required to provide a projection within 30 days, for BLM approval, of the tons of coal that will now have to be left in place upon resumption of mining for longwall Panel 10, or all ongoing work to remove equipment from the mine must stop at the end of the 30 days. UEI is required to commit in writing to pay royalty on the tons lost in longwall Panel 10 at the royalty rate and market price in effect at the time of actual mining or relinquishment of lease(s). A copy of UEI's written commitment will be provided to the Mineral Management Service (MMS).

At the resumption of mining and recovery of the coal in longwall Panel 10 and throughout the Federal leases of the mine, royalties will be due for the loss of coal by stopping mining as proposed. Further, the royalty due for projected tons lost in longwall Panel 10 will be adjusted to reflect actual tons lost.

National Environmental Policy Act (NEPA):

This approval of a minor modification to an approved R2P2 of an existing underground coal mine is Categorically Excluded from NEPA analysis, as explained in the Department Manual (5 DM Part 516 11.5 (F) (8)).

The BLM has determined that this R2P2 modification complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, and the lease terms and conditions. Subject to the conditions in this letter, UEI is authorized to begin equipment removal and securing the Aberdeen Mine in a temporary idle status. A copy of the approved mine map is attached. If you have any questions, please contact Stephen Falk at the Price Field Office (435-636-3605) and Jeff McKenzie of my staff at 801-539-4038.

Sincerely,

JAMES F KOHLER

James F. Kohler
Chief, Solid Minerals Branch

Attachment: Approved Mine Map

CC: Price Field Office
Mineral Management Service
DOGM

Removal of Equipment and temp sealing of AberdeenJM-SA 6-18-08