

*ok C/007/020 Incoming
cc: Dave
Jim*



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:
3482
UTU-74804
(UT-923)

JUL 15 2008

Certified Mail--Return Receipt Requested 7007 0710 0003 0208 2485

Kit Pappas
Manager Engineering/Environmental Services
Hidden Splendor Resources, Inc.
3266 South 125 West
Price, Utah 84501

RECEIVED

JUL 17 2008

DIV. OF OIL, GAS & MINING

Re: Minor Modification to the Resource Recovery and Protection Plan (R2P2), Northwest Access and Layout Revision, Horizon Mine

Dear Mr. Pappas:

The Bureau of Land Management (BLM) received on February 7, 2008, an R2P2 modification request from Hidden Splendor for the subject mine. The proposed modification revises the mine layout and the timing of the mining, with emphasis on the northwest main access and extraction panels on Hidden Splendor's only Federal coal lease (UTU-74804) and on other non-federal coal lands. This mine was inspected by BLM on November 16, 2007 and March 25, 2008.

Proposed Plan: Hidden Splendor has forgone the use of 2nd West as a main northwest access route and mined the pillars on retreat out of this section. Also, mine panels adjacent to 2nd West were mined after the completion of the 2nd West drivage. Hidden Splendor personnel stated that the reason for the changes was their inability to maintain 2nd West as a main access entry set due to adverse ground conditions for the ground control system used and stated the need for increased productivity from a production panel to show a more consistent cash flow for the reorganization court. Verbal approval of this mine plan change was given on March 25, 2008 by the BLM inspector.

New north-northeast submains will be established to access future coal lands to the north (extending the K North Mains). A second submain will then extend to the northwest (not labeled but shown to be mined in 2008-2012) from the north-northeast submain. Production panels will branch off of this northwest submain. One or more of these production panels extending to the northeast could be used as potential future access to possible unleased reserves to the north and northeast.

Minable coal west of the ending of 2nd West will be mined from the north and south access entries parallel to 2nd West.

File in: *C/007/0020, 2008, Incoming*

Refer to:

Confidential

Shelf

Expandable

Date *7/15/08* For additional information

Approval: The BLM agrees with the proposed changes. Stability of 2nd West has been an issue ever since the entries were started. We have noted on inspection visits for the last year and a half of the numerous roof falls and difficult roof support areas along 2nd West.

By beginning retreat pillar mining of 2nd West mains, Hidden Splendor was able to move from this long term entry stability problem allowing for an increase in productivity from a production pillar panel. Hidden Splendor personnel stated that this mine plan change was essential for the bankruptcy court to avoid foreclosure and liquidation. New access mains to the northwest will be established away from the old works in the upper mine and roof control procedures can be better established on this new development. The rest of the overall mine plan has been adjusted accordingly. A copy of the approved mine map is enclosed. This approval affirms verbal approval given by the BLM inspector on March 25, 2008.

Maximum Economic Recovery (MER): Full extraction of recoverable coal reserves will enable MER of the Federal coal in lease UTU-74804 to be achieved.

Recoverable Reserve Base: The recoverable coal base under the current R2P2 for Federal coal lease U-74804 is 6.435 million tons. Though west development of 2nd West was stopped and retreat mining of 2nd West started, Hidden Splendor still proposes to mine the potential coal reserves inby the end of 2nd West from other west development entries to the north.

The mine plan has undergone some significant changes since the original reserve estimate without updating the reserve base. Therefore, Hidden Splendor is required to provide a revised projection of geologic conditions and recoverable tonnage for all of the remaining reserves on lease UTU-74804 within 60 days of receipt of this letter. Sufficient and accurate detail is to be provided showing the most recent geologic information, geologic interpretation, and the mine plan projections, so BLM personnel can confirm the geologic projections and recoverable reserve calculations. The geologic interpretation and geologic projections are to be certified by a Utah professional geologist. The mine plan projections and reserve calculations are to be certified by a Utah professional mining engineer.

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 Stephen Rigby at the Price Field Office at (435) 636-3604 or Jeff McKenzie of my staff at (801) 539-4038.

Sincerely,

JAMES F KOHLER

James F. Kohler
Chief, Solid Minerals

Enclosure:

Approved Mine Layout and Timing Map

**cc: UT-070, 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**

Horizon R2P2.modJM-SA-7-14-08