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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>

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

NOV 17 2008

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

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

Dear Mr. Pappas:

The Bureau of Land Management (BLM) received on October 15, 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 northeast main access and direction of the 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 June 13, 2008 and September 5, 2008.

Proposed Plan: Hidden Splendor plans to forgo the use of 2nd West and 3rd North Mains as a main northwest access route. New north mains will be established off the K-North mains to access future coal lands to the north. Production panels similar to the current R2P2 will branch off to the left (west) of these new north mains. These north mains could be used as potential future access to possible unleased reserves to the northwest. Also, a new applied-for lease modification to the north can be accessed from these new mains.

Mine panels are now proposed in north-south and east-west mining directions. Reasoning behind this change was to counter the adverse ground conditions that have been experienced with the current mining orientation.

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. The inflow of water into 3rd North has been an additional concern. New access mains to the north can be established away from the old works in the upper seam and roof control procedures can be better established on this new development. The rest of the overall mine plan has been adjusted accordingly with the new orientation. A copy of the approved mine map is enclosed.

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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 6.4 million tons. Hidden Splendor still proposes to mine the potential coal reserves in by the end of 2nd West and 3rd North from other west development entries to the north. The general layout of the mine slightly modifies the recoverable reserve tonnage, so the estimated recoverable coal base for Federal coal lease U-74804 is 5.6 million tons.

National Environmental Policy Act (NEPA): No new surface disturbance is predicted with this action, and therefore this action is Categorical 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 Steve Rigby at the Price Field Office at (435) 636-3604 or Stan Perkes of my staff at (801) 539-4036.

Sincerely,

/s/J D McKenzie

Jeff McKenzie
Acting Chief, Solid Minerals

Enclosure:

Approved Mine 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

HorizonR2P2SP-SA-11-14-08

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