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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Price Field Office
125 South 600 West
Price, Utah 84501

3482
U-50722
SL-051279-063188
U-07064-027821
UTU-69635
(UT-070)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
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APR - 7 2000

Incoming Copy ACT/007/039 ACT/007/018

Mr. Reid Olsen
Vice President and General Manager
Canyon Fuel Company, LLC
Soldier/Dugout Canyon Mines
P. O. Box 1029
Wellington, Utah 84542

Re: Resource Recovery and Protection Plan (R2P2) Soldier Canyon Mine and Dugout Canyon Mine, Canyon Fuel Company, LLC (CFC), October, 1999

Dear Mr. Olsen:

The Bureau of Land Management (BLM) received CFC's revised R2P2 for the Soldier Canyon and Dugout Canyon Mines. 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 Soldier Canyon and Dugout Canyon Mines. 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.

Our determination of the subject R2P2 is as follows:

- The reserves as detailed in the R2P2 are noted as CFC mine plan recoverable reserves and not the official designated recoverable coal reserves. BLM guidelines state that recoverable coal reserves contained within a Federal lease is based upon those recoverable coal reserves which diligence is based. These are those recoverable coal reserves determined to exist on the date the lease becomes subject to diligence. Recoverable coal reserves are not reduced by production after the lease is subject to diligence. The official compilation of the recoverable reserve base within the Federal leases of the Soldier Canyon and Dugout Canyon Mines are those BLM has designated as the recoverable coal reserve base tied to diligence. The disposition of the recoverable coal reserve base will be addressed on a lease-specific basis if CFC wishes to amend the recoverable coal reserve base tonnage. BLM's official recoverable reserve base is as follows:

Lease	Tons
SL-051279	5,567,782
U-50722	3,206,247
UTU-69635	12,723,000
U-07064	32,295,000

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- The actual sequencing and initial date of commencement of mining operations on the U-07064 has changed.

Based upon the above-stated requirements, BLM determination is conditioned with the following stipulation:

Stipulation : CFC shall submit the following information (as requested above):

- An updated mine plan that details mining sequencing and any other changes will be submitted prior to commencement of operations on the Federal lease.

BLM has determined that the information contained in the R2P2 for the Soldier Canyon Mine and Dugout Mine, with stipulation, does comply with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480 and the lease terms and stipulations. Thus, approval for the Soldier Canyon Mine and Dugout Mine's R2P2 is granted.

If you have any questions, please contact George Tetreault at the Price Field Office at (435) 636-3604.

Sincerely,

Richard L. Manus

Richard L. Manus
Field Manager

cc: UT-921, SD, Utah
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