



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, Utah 84501
<http://www.blm.gov/utah/price/>



Mr. Mike Stephenson
Ark Land Company
c/o Canyon Fuel Co., LLC
Skyline Mines
HC35, Box 380
Helper, UT 84526

JAN 28 2004

3482
(UT-070)

Dear Mr. Stephenson:

Our decision is to grant the conversion of two exploration holes to water monitoring wells on an approved exploration plan (submitted 11/05/03) on Federal coal leases UTU-07064 to Ark Land Company Dugout Mine to access and drill seven coal exploration holes (A, B, C, D, E, F, G). Three out of seven were completed A, F & G. A & F are to be monitoring wells that are subject to the following conditions:

- 1) The enclosed Bureau of Land Management (BLM) drilling stipulations will be followed.
- 2) Your current bonding is sufficient for this exploration plan.

If you have any questions regarding this matter, please contact Don Stephens of our staff at 435-636-3608.

Sincerely,

PATRICK J. GUBBINS

Patrick Gubbins
Field Manager

Enclosure

BLM Stipulations (4 pp)

cc: UT-92313, J. Kohler, Utah State Office (w/Enclosures)
UT-92413, R. Lopez, Utah State Office (w/o Enclosures)
Pamela Grubaugh-Littig (UDOGM) (w/Enclosures)
Division of Oil, Gas and Mining
1594 West North Temple Street
P. O. Box 145801
Salt Lake City, Utah 84114-5801

SBurger:ks:1/28/04
MikeStephensen.ltr

*Gregg
1/27/04
Copy Gregg, PFO*

JAN 30 2004

Stipulations:

1. No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of six inches deep, the soil shall be deemed too wet to adequately support construction equipment and travel on roads must be halted.
2. Ark Land Company shall maintain the roads on the Federal coal lands in a safe, usable condition, as directed by the Authorized Officer. A regular maintenance program shall include, but is not limited to blading.
3. Any damage to existing roads or road improvements (e.g. cattle guards) shall be repaired if damaged. If dust from the roads reaches excessive levels, a program of wetting the roads shall be implemented. This shall be determined by the Authorized Officer.
4. Ark Land Company shall secure the approval of the District Engineer for the Division of Water Rights for any appropriation of water.
5. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by Ark Land Company, or person working on their behalf, on public land shall be immediately reported to the Authorized Officer. Ark Land Company shall suspend all operations in the area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. Ark Land Company will be responsible for the cost of evaluation, and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with Ark Land Company.
6. Ark Land Company is responsible to see that all personnel contracted or otherwise doing work on the exploration program are aware of these approval requirements and abide by all regulations governing this program. Any changes to the approved exploration plan must receive approval from the Authorized Officer prior to implementation.
7. When artesian flows or horizons with possible development potential are encountered, the Authorized Officer shall be notified immediately so that a determination may be made concerning their development potential. When possible, water samples shall be collected by the operator for analysis by the BLM. A written report is required upon completion of exploration as noted by Stipulation 16 H.
8. The Authorized Officer representing the BLM shall be notified 24 hours prior to setting surface and/or intermediate casing and plugging of wells, so that the BLM may arrange to be present. Each string shall be cemented in the annulus to the surface. The cement slurry mixture used to plug and seal the drill holes shall be mixed in compliance with standard cement mixing tables (e.g. Halliburton). Any variance from this procedure must be approved in advance by the Authorized Officer. In addition, periodic drilling updates

on the weekends will be required if the drilling is nearing the cementing phases, so that representatives of the BLM will be made aware of progress.

9. If adverse down-hole conditions prevent a completed drill hole from being properly plugged after attempting all standard industry plugging procedures, the Authorized Officer shall be contacted immediately to make a determination as to a final plugging procedure.
10. For activities which disturb 5 acres or more, a Storm Water Pollution Prevention Plan shall be submitted to the Utah Department of Environmental Quality.
11. The Best Management Practices set forth in the Utah Nonpoint Source Management Plan for Hydrologic Modifications, Appendix B., and page 3 shall be implemented during construction.
12. In the event construction can't be completed prior to winter closures, measures to prevent erosion from upcoming snow melt shall be taken as follows:
 - A. Loose earth and debris must be removed from drainage, and flood plains
 - B. Earth and debris shall not be stockpiled on drainage banks.
 - C. Road drainage shall be checked to ensure that there are none with uncontrolled outlets.
 - D. Be sure all ditch drainages have an outlet to prevent ponding.
 - E. If necessary, build temporary sediment ponds to capture runoff from unreclaimed areas.
 - F. Re-route ditches as needed to avoid channeling water through loosened soil.
13. All drilling pits shall be lined to retain drilling fluids, unless sufficient evidence on site specific soil (percolation) and water quality tests are performed to determine a site specific waiver of this stipulation, as determined by the Authorized Officer.
14. All construction debris and drilling refuse will be completely removed from the site and disposed of at an appropriate approved land fill.
15. The hole location is to be marked by placing an approved marker made of galvanized steel, brass, aluminum or similar noncorrosive metal in the concrete plug. Such markers are to show hole number, year drilled, lessee/licensee name, and as feasible, the section, township, and range in which the hole is located. The top of the concrete plug, if located in a cultivated field must be set below normal plow depth (10 to 12 inches). In noncultivated areas, all marker caps should not protrude above the ground level. All drill holes shall be surveyed in to assure proper location. An exact survey of each drill hole location will be submitted to the Authorized Officer.
16. Upon completion of exploration activities, two copies of each report as required by 43 CFR 3485.1 shall be submitted to the Authorized Officer. The reports at a minimum must contain the following:

- A. Location(s) and serial number(s) of lands under Federal lease or license on which exploration was completed.
 - B. A description of the completed exploration operations that includes the number of holes drilled, total depth of each hole, and completion date of each hole.
 - C. A map showing the locations of all holes drilled, other excavations, and the coal outcrop lines as appropriate. The scale of the map shall not be less than 1 inch equals 1 mile.
 - D. Analysis of coal samples and other pertinent tests obtained from exploration operations.
 - E. Copies of all in-hole mechanical or geophysical stratigraphic surveys or logs, such as electric logs, gamma ray-neutron logs, sonic logs, or any other logs. The records shall include a lithologic log of all strata penetrated and conditions encountered such as water, gas, or any unusual conditions.
 - F. Status of reclamation of the disturbed areas.
 - G. Any other information requested by the Authorized Officer.
 - H. Hydrologic reports using the attached form.
17. When dry, mud pits must be reclaimed by selectively backfilling excavated materials, top soil last, such that the disturbed area is replaced to approximate original contour.
18. Ark Land Company shall comply with all State and Federal regulations governing the disposal of hazardous waste. Fuel oil and other petroleum products shall be disposed of at approved waste disposal sites.

REPORT OF WATER OBSERVED

Company: _____ Lease/License Number: _____
Address: _____ Drill Hole Number: _____
_____ Date Completed: _____
_____ Total Depth: _____

Company Contact: _____
Phone Number: _____

Drilling Contractor: _____
Address: _____

Company Contact: _____
Phone Number: _____

Location of Hole: T. __ S., R. __ E., Section __: __ 1/4 __ 1/4 __ 1/4
Hole Elevation: _____ Hole Diameter: _____
Drilling Method: _____
Static Water Level: _____

Aquifer No. 1

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: ____
_____ Water Sample Provided to BLM? _____

Aquifer No. 2

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: ____
_____ Water Sample Provided to BLM? _____

Aquifer No. 3

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: ____
_____ Water Sample Provided to BLM? _____

-----* Refer to Stipulation Number 16H