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# 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/>

3482  
(UT-070)

Mr. Mike Stevenson  
Ark Land Company  
c/o Canyon Fuel Co. LLC  
Dugout Mine  
HC35, Box 380  
Helper, Utah 84526

JUL 21 2004

*Incising*  
*007/0039*  
*WAX PFO*

Dear Mr. Stevenson:

Our decision is to grant an exploration plan (submitted on February 4, 2004) on Federal coal lease U-07064 to Ark Land Company Dugout Mine to access and drill two coal exploration holes (DUG 0204 and DUG 0304) subject to the following conditions:

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

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

Sincerely,

**FRED O'FERRALL**

**FOR** Patrick Gubbins  
Field Manager

Enclosure  
BLM Stipulations (5 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

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JUL 26 2004

DIV. OF OIL, GAS & MINING

Stipulations:

1. Disturbance shall be on previously disturbed sites or existing roads.
2. Reseeding shall occur during the first available growing season.
3. The proposed action shall commence after June 15 to avoid impacting raptor nesting, deer and elk fawning and calving.
4. The Best Management Practices set forth in the Utah Non-point Source Management Plan for Hydrologic Modifications, Appendix B., page 3 shall be implemented during construction. BMP's, such as silt fences and berms shall be constructed to minimize potential sediment loading into Pace Canyon Creek.
5. Implementation of the Spill Plan shall be followed to prevent surface and groundwater impacts.
  - a. The drill rig will be inspected for oil leaks before being brought into the project area. Any leaks will be repaired and the equipment thoroughly cleaned.
  - b. An impermeable layer (tarp or other liner) will be placed under the rig and any pooled material will be soaked up with absorbent pads, placed in plastic bags, and removed from the site.
  - c. Contaminated soil will be isolated and removed from the site.
  - d. Any contaminated soil will be hauled to a certified waste disposal site.
  - e. If removal of contaminated soil occurs, the area of removal will be reclaimed and reseeded as per other permitted drill site locations.
6. Drill holes shall be cemented and flush with surface.
7. 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. 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.
8. All construction debris and drilling refuse will be completely removed from the site and disposed of at an appropriate approved land fill.
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. 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.

11. 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.
12. 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.
13. Any damage to existing roads or road improvements (e.g. cattleguards) 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.
14. Ark Land Company shall secure the approval of the District Engineer for the Division of Water Rights for any appropriation of water.
15. Ark Land Company shall participate in a cooperative habitat enhancement project being developed by BLM and Utah Division of Wildlife Resources (UDWR). The project shall be designed to improve vegetative structure and species composition of over mature decadent stands of sagebrush and to restore and protect critical wet meadow habitats. PMC's participation or contribution toward implementation of the project shall be based on their current obligation for mitigation as outlined in the environmental assessment for the project. Actual commitment of funds and or resources by Ark Land Company shall be determined in cooperation with BLM, UDWR, and Ark Land Company officials.
16. 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.
17. 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.
18. 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 27 H.

19. 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. Haliburton). 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.
20. 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.
21. 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.
22. 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.
23. 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.

1. Be sure all ditch drainages have an outlet to prevent ponding.
2. If necessary, build temporary sediment ponds to capture runoff from unreclaimed areas.
3. Re-route ditches as needed to avoid channeling water through loosened soil.

# 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 22