



# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

Jon M. Huntsman, Jr.  
Governor

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Director

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September 29, 2005

Vicky S. Miller  
Canyon Fuel Company, LLC  
P.O. Box 1029  
Wellington, UT 84542

RE: ML 48435-Coal – SITLA Dugout Tract Coal Reserves  
Conditional Approval of Plan of Operations/R2P2

Dear Ms. Miller:

I received your letter dated April 18, 2005, giving notice of proposed mining under trust lands coal lease ML 48435, and have completed a review of the plan of operations (R2P2) submitted by Canyon Fuel Company, LLC for the SITLA Dugout tract coal reserves.

BLM also reviewed the plan of operations in a consulting capacity for SITLA and recommends that approval be granted on condition that two concerns are addressed. The two concerns are: 1) disposition of coal in the southeast quadrant of Mineral lease ML 48435; and, 2) concurrence in the calculation of coal reserves for the tract. I am enclosing a copy of the letter that I received from BLM so that you may properly address these issues.

Accordingly, please provide the Trust Lands Administration with a continuous-miner plan for extracting coal within the southeast quadrant of the leasehold, or submit detailed justification of why this coal may not be recovered. Also please provide details of your calculations of the recoverable reserves base within the leasehold, including recoverable coal tonnages computed for each mining panel within the leasehold.

Approval of the plan of operations (R2P2) submitted for the SITLA Dugout coal tract is hereby granted, conditioned upon Lessee satisfactorily addressing the two concerns that are described above within the next 60 days. Thank you for your cooperation in this matter.

Sincerely

John T. Blake  
Mineral Resources Specialist

CC: Tom Faddies  
Pam Grubaugh-Littig  
Jim Kohler

*Utah!*

*Inclosing  
a/007/0039  
Copy Wayne H.  
Pete*