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INCOMING 00070039
Task 2580

From: John Blake
To: esass@archcoal.com
Date: 9/5/2006 3:31:00 PM
Subject: Approval of Degas Well Site G-14A

Mr. Erwin Sass
General Mine Manager
Dugout Canyon Mine, Utah

I received your request for permission to drill Degas well # G-14A into the coal seams in the northern part of SITLA coal lease ML 48435. I understand that the drill hole is intended to gather geological information necessary for expansion of the Dugout Canyon Mine. The coal lease is in good standing with Canyon Fuel Company, LLC as the lessee of record and SITLA hereby consents to the proposed drill hole.

SITLA consent notwithstanding, you must also obtain surface-use consent from the surface owner of the lands and meet all legal requirements of the Division of Oil, Gas & Mining relative to obtaining a coal exploration permit before proceeding with the proposed drilling operations. Please contact DOGM in regard to the latter.

I look forward to receiving a copy of the geophysical log, geologists' core log and any analytical data upon completion of the drilling project. Thank you for your cooperation in this matter.

John T. Blake
Trust land Specialist
Utah School and Institutional Trust Lands Administration
September 5, 2006

CC: jeff mckenzie; Pete Hess; Steve_Rigby@blm.gov; Tom Faddies