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Incoming
c/007/0041

From: John Blake
To: Dave Shaver
CC: Daron Haddock; Tom Faddies
Date: 10/15/2008 8:42 AM
Subject: Re: West Ridge Mine, GVH installation, ML 49287

Q

Dear Mr. Shaver,

The Trust Lands Administration received fee simple title to the lands described below in your E-mail through the 1998 Utah Schools and Federal Land Exchange Act, P.L. 105-335. Andalex Resources, Inc. and Intermountain Power Agency obtained coal lease ML 49287 covering the subject lands on April 1, 2004. West Ridge Resources is the operator of the leasehold estate.

Section 8.1 of the lease agreement provides that the Lessee may use the surface estate to the extent reasonably necessary for the economic operation of the leasehold. Your request to construct a GVH and stockpile area as described below in your E-mail appear to meet that criteria and are hereby granted approval to proceed by the Lessor. This approval applies only to the specific operations described below in Sections 3 and 10, T14S, R13E, SLB&M. Any other permits, access, rights of way or operations upon or across any other lands as may be necessary to achieve such operations shall be the sole responsibility of the Lessee.

I note that the lands within ML 49287 are not presently under lease for oil and gas. Andalex Resources, Inc. is hereby given approval from the Trust Lands Administration to vent non-economic quantities of methane gas from the leasehold estate pursuant to the proposed operations in an environmentally sound and safe manner. In the event that venting of the methane gas becomes economical then Andalex Resources, Inc. must obtain oil & gas rights and pay royalties the Trust Lands Administration upon such gas production. Non-economical venting of the gases, however, does not require the payment of royalties.

Thank you for your notification.

John T. Blake
Trust Lands Administration.

>>> "Shaver, Dave" <dshaver@coalsource.com> 10/14/2008 5:37 PM >>>
Dear Mr. Blake

As you are aware, West Ridge Resources is pursuing plans to permit and construct a gob gas vent hole (GVH) installation in the Right Fork of Bear Canyon over the worked out longwall cave area of the West Ridge Mine. This installation is required by MSHA as a safety concern for the underground workforce, due to the high rate of methane liberation from the longwall panel. Toward this end we are presently engaged in an emergency permitting submittal with DOGM for this installation. The purpose of this email is to obtain SITLA concurrence for our proposal. The GVH installation is to be located on SITLA coal lease ML 49287 in NW1/4NE1/4SW1/4SE1/4 of Section 3, T14S, R13E. It will occupy an area of about 0.25 acres in a narrow strip immediately adjacent to the Bear Canyon Road. Associated with the installation will be a topsoil storage area, also located on ML 49287, in NW1/4SE1/4NW1/4NW1/4 of Section 10, T14S, R13E. It will occupy an area of about 0.1 acres. It also will be located immediately adjacent to the Bear Canyon Road. As you know, the Bear Canyon Road is an existing public road. Attached is a map showing the location of the proposed facilities. Please note that the affected surface area is owned by SITLA. We request your concurrence with this proposal in terms of lease surface activities, and in terms of mine-related facilities located within 100' of a public road. Please note that the methane gas will be vented to atmosphere, and we make no claims to associated gas rights. Our only purpose is to liberate the methane from the underground works for safety sake, as mandated by MSHA. Also be advised that the GVH installation, and topsoil storage, will be permitted, constructed, operated, bonded and reclaimed under a SMCRA

permit amendment to be approved and issued by DOGM. Please call me if you have questions or comments. Your expedient review of this request is appreciated.

Dave Shaver
Project Engineer, Agent
West Ridge Resources, Inc.
435-888-4017