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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070047
#4141
OK

June 28, 2012

Gregory Hunt
Wasatch Natural Resources LLC
299 South Main Street, Suite 1300
Salt Lake City, Utah 84111

Subject: Minor Coal Exploration, Wasatch Natural Resources LLC, C/007/0047, Task ID #4141

Dear Mr. Hunt:

The above-referenced Minor Exploration Letter of Intent has been reviewed as of June 28, 2012. Please have a copy of the Letter of Intent at the exploration site upon inspection.

The Applicant should not construct road to drill pad #2 and drill pad #12 until a cultural survey has been conducted with no cultural findings.

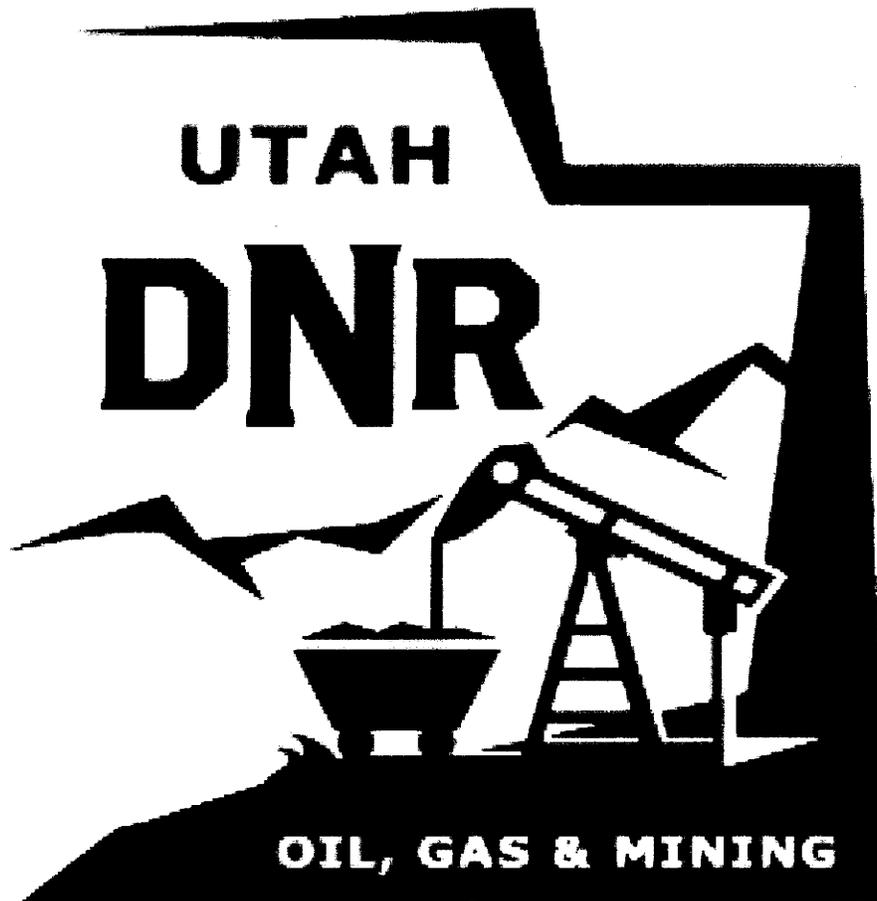
If you have any questions, please feel free to call me at (801) 538-5325 or Stephen J. Demczak at (435) 613-3732.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/SJD/sqs
cc: Price Field Office
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State of Utah



Coal Regulatory Program

Wasatch Natural Resource Coal Exploration
EXP/007/0047
Minor Exploration Analysis and Findings
June 28, 2012

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EXPLORATION TECHNICAL ANALYSIS

INTRODUCTION

Wasatch Natural Resource submitted a Notice of Intent to conduct Minor Coal Exploration near the town of Scofield, Utah. It is in Township 12, 13 South, Range 7 East. All drilling will be conducted in Carbon County, Utah. The applicant is proposing to drill twelve holes into the coal seam in 2012. All drilling will occur on fee land.

The twelve drilling sites will use conventional truck-mounted drilling. The drilling will be wet drilling and a mud pits will be used.

The applicant will remove less than 250 tons of coal.

The Applicant will be disturbing 4.354 acres which is not considered by the Division a major disturbance.

The Applicant plans to start drilling as soon as this application is reviewed by the Division. Reclamation will occur once all drilling is completed.

SUMMARY OF PERMIT CONDITIONS

As determined in the analysis and findings of this Technical Analysis, approval of the plan is subject to the following Permit Conditions. The applicant is subject to compliance with the following Permit Conditions and has committed to comply with the requirements of these conditions as referenced in the approved Permit.

Accordingly, the permittee has committed to comply with the requirements of the following Permit Conditions, as specified, and in accordance with the requirements of:

COAL EXPLORATION

COAL EXPLORATION

Regulatory Reference: R645-200.

SCOPE AND RESPONSIBILITIES

Regulatory Reference: 30 CFR 772.1; 30 CFR 772.10; 30 CFR 772.11; R645-100-400; R645-200-100; R645-200-200; R645-201-100.

Analysis:

Wasatch Natural Resource has submitted information to address the requirements of the state program and to meet requirements of R645-200 through R645-203. The applicant has classified this action as a Notice of Intention to Conduct Minor Coal Exploration and to comply with the State Program. The applicant has specified that certain material not be available to the public.

Findings:

The information given is to address the requirement of State program and R645-200 through R645-203. The information that was submitted is complete.

REQUIREMENTS FOR NOTICE OF INTENTION TO CONDUCT MINOR COAL EXPLORATION

Regulatory Reference: 30 CFR 772.10; 30 CFR 772.11; R645-100-412; R645-201-200.

Analysis:

R645-201-221; this coal rule requires the applicant to give name, address, and telephone number of the applicant's representatives, who will be present at and responsible for conducting the exploration operations. This information was within the Notice of Intent.

R645-100-400, R645-200-100, R645-200-200, and R645-201-100; Wasatch Natural Resource has given a Notice of Intention to Conduct Minor Coal Exploration with a narrative and map describing the exploration area and indicating where the exploration will occur.

All twelve drilling sites will use conventional truck-mounted drilling. Water and or mud will be used. Drilling will start in July of 2012.

The Applicant will transport all drilling equipment, materials, and personnel by rubber tire equipment. The access to the drill site will be by using existing and new roads. The

SUMMARY OF PERMIT CONDITIONS

applicant will construct a mud pit at each site as back up to the portable mud tanks.

The twelve drill site will be approximately creating 4.354 acres of disturbance in total. The drilling is located in relatively level areas with a grade of 4 percent.

The exploration will take place near the town of Scofield, Utah. The applicant will remove less than 250 tons of coal. The drill holes will be approximately a 2 - 6 inch hole. Upon completion, the drill hole will be sealed with cement bentonite or cement/bentonite slurry to full dept of drill hole. A brass tag will be placed at the top of the of the drill hole stating the operator's name, drill of hole number, and legal description.

The applicant plans to start drilling the July 2012. It is planned that the project will take nine weeks to complete.

Findings:

The Applicant has given all of the necessary information as requirements of R645-201-221 such as name, address, and telephone number.

The Applicant has submitted the necessary information to comply with regulations R645-100-400, R645-200-100, R645-200-200, and R645-201-100 in the analysis.

COMPLIANCE DUTIES

Regulatory Reference: 30 CFR 772.13; R645-202.

Analysis:

Wasatch Natural Resource will disturb the natural land surface while conducting conventional drilling. There will be no stripping of topsoil. The drill site pad size will be approximately 100 ft. X 75 ft. The drill sites will be located in an area requiring some leveling. Drilling equipment and material will be brought in by rubber tire equipment to the sites.

The applicant has committed in the Notice of Intent to clean-up spills and to scarify and seed all disturbed areas. The disturbance will be brought back to approximate original contour.

Findings:

The information submitted complies with the requirements of R645-202-100.

COAL EXPLORATION

OPERATIONAL STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

Biology

Threatened, endangered, and sensitive plant and animal survey information has been developed during Carbon Resources Mine permit application and approved by the Division on June 30, 2011. There are eight raptor sites in the exploration area. WNR will conduct an occupancy inventory of nest within ¼ mile of drill sites. If nest are occupied (have eggs) WNR will consult with UDOGM before commencing operations on that specific site.

Cultural Resources

The applicant has conducted a cultural resource survey for the area on and near the drill hole sites. The cultural resource survey is in Appendix C of the Notice of Intent. Abajo Archaeology of Bluff, Utah conducted a survey for proposed exploration drilling for 2012.

The applicant will have to conduct a cultural survey for re-location of road to hole #2 and new location of hole #12.

No Cultural Resource Areas will be affected by conducting Minor exploration.

Roads

R645-202-232; Wasatch Natural Resource will use existing roads and construct another 6,106 feet of additional roads. The Applicant will reclaim roads after drilling is completed.

Topsoil

Topsoil will be selectively removed at the drill locations and newly constructed roads, stored and redistributed.

Diversions of Overland flows and streams

The applicant states that there will be no diversion of overland flows.

Hydrologic Balance

The applicant states that the drill hole will be sealed using bentonite slurry.

The applicant states that if there is significant water these drill holes will be turned in to water monitoring wells.

Acid- or toxic forming materials

The applicant has committed to dispose of excess cutting properly. All acid and toxic materials should be buried by four feet of cover. The Applicant depositing of acid and toxic materials off site will need to use an approved land fill dealing with acid and toxic materials.

Findings:

The information provided does meet the minimum regulatory requirements of this section. However, the Applicant should not construct road to drill hole #2 and drill pad #12 until the cultural resource survey is completed with no cultural findings.

RECLAMATION STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

Approximate original contour

A Wasatch Natural Resource will scrape off the vegetation and remove the topsoil from the drill sites. The total disturbed area, including road construction and drill pads, are 4.354 acres. The applicant will reclaim to AOC.

Revegetation

The Division has found that using the extreme surface roughening methods described in The Practical Guide to Reclamation in Utah (www.dogm.utah.gov) work better for controlling erosion and establishing vegetation than crimping mulch. Surface mulch can be incorporated during the roughening process.

All organic material grubbed from the drill pad will be salvaged to use as a surface mulch during reclamation operations. It is recommended that only materials native to the site be used as mulch. Noxious weed-free straw or hay will introduce additional non-noxious weeds.

Boreholes

The main drill hole diameter will be 2-6 inches diameter. The average drilling dept will be 1,500 feet.

COAL EXPLORATION

Upon completion of the drilling, the hole will be plugged with bentonite to its full depth. A brass tag will be placed at the top of the drill hole stating the applicant's name, drill hole number, and legal description.

Facilities and Equipment

R645-202-244 through R645-202-244.300: All drilling equipment and materials will be removed from the drill area once drilling is completed. Sealing will start thereafter, and all equipment and material for sealing the drill hole will be removed, when sealing is completed.

No facilities are to be built during this exploration program.

Findings:

The information provided meets the minimum regulatory requirements of this section.

PUBLIC AVAILABILITY OF INFORMATION

Regulatory Reference: 30 CFR 772.15; R645-203.

Analysis:

Wasatch Natural Resource has requested that the Division not make any drilling information available for public inspection relative to coal seam thickness or quality.

Findings:

The applicant has met the minimum requirements of this section in the Notice of Intent.