

0007

TRACKING FORM

I. KEY FEATURES OF PERMITTEE'S AMENDMENT APPLICATION

Permittee Pacific Corp	Mine Name Trail Mountain	Amendment # ACT/015/009-96A	Date Received / By Whom 4-18-96 JH via Fax
Proposal: Facilitate Mining in Accordance with approved Resource Recovery & Protection Plan (R2PP); third, fourth, & fifth east development fourth & fifth east Longwall panels.			

II. AMENDMENT CLASSIFICATION

<input type="checkbox"/> Major Amendment	Public Notice Required	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input checked="" type="checkbox"/> Minor Amendment	Outside of Permit Area	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	Outside of Disturbed Area	<input checked="" type="checkbox"/> Yes ^a	<input type="checkbox"/> No

III. SUMMARY OF DOGM PROCESSING DATES

Reviews Completed		FOLLOWUP REQUIREMENTS	
Approved Effective		MRP "After Const" Documents	<input type="checkbox"/> Yes <input type="checkbox"/> No
Disapproved		TA	<input type="checkbox"/> Yes <input type="checkbox"/> No
Mailed		CHIA	<input type="checkbox"/> Yes <input type="checkbox"/> No
Filed MRP <input type="checkbox"/> SLO		Responds Within 15 days of Receipt? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain below.	

IV. COORDINATED REVIEWS

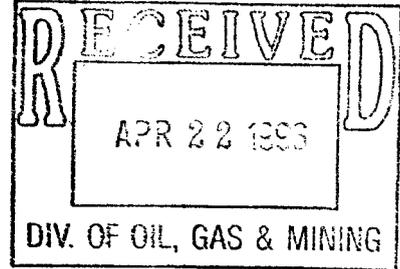
EXTERNAL AGENCIES (Nine Specific) (Adverse Comments, if Any, Include in Item V)			DOGM REVIEWS/DISCIPLINES		
	COPY SENT	CONTACTED PHONE #/IT			
OSM <i>Mailed</i>	<input checked="" type="checkbox"/> Y <input checked="" type="checkbox"/> N	<input type="checkbox"/> C <input checked="" type="checkbox"/> N/A	Generalists Reviewed <i>WDM</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
BLM <i>Hand Carried 4/19/96</i>	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	<input checked="" type="checkbox"/> C <input type="checkbox"/> N/A	J.H. INTERDISCIPLINARY APPROACH		
US Forest Service <i>Hand Carried 4/19/96</i>	<input type="checkbox"/> Y <input type="checkbox"/> N	<input checked="" type="checkbox"/> C <input type="checkbox"/> N/A	- Administrative	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
US Fish & Wildlife <i>Phone Mail 4/19/96</i>	<input type="checkbox"/> Y <input type="checkbox"/> N	<input checked="" type="checkbox"/> C <input type="checkbox"/> N/A	- Biology <i>S.W.</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
US National Parks	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	<input type="checkbox"/> C <input checked="" type="checkbox"/> N/A	- Engineering <i>J.K.</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
UT Environmental Quality <i>Letter Sent 4/19/96</i>	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> C <input checked="" type="checkbox"/> N/A	- Geology	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
UT Wildlife Resources <i>Letter Sent 4/19/96</i>	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> C <input checked="" type="checkbox"/> N/A	- Hydrology	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
UT State History	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	<input type="checkbox"/> C <input checked="" type="checkbox"/> N/A	- Soils	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
UT Water Rights <i>Letter Sent</i>	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> C <input checked="" type="checkbox"/> N/A	- Permitting	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
UT SITLA	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	<input type="checkbox"/> C <input checked="" type="checkbox"/> N/A	- Other	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
Other	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	<input type="checkbox"/> C <input checked="" type="checkbox"/> N/A			

V. FOOTNOTES/ADDITIONAL EXPLANATION AS NECESSARY

a/ While the area involved in this amendment lies outside of the posted disturbed area, it concerns mining adjacent to an escarpment; however, all are within the approved permit area.
b/ Review assignments per J.H./E mail

This letter was sent to State Agencies listed under the cc: without enclosures.

April 19, 1996



FIELD(FIRST) FIELD(LAST), FIELD(TITLE)
FIELD(WHERE)
FIELD(COMPANY)
FIELD(STREET)
FIELD(CITY), FIELD(STATE) FIELD(ZIP)

RE: Facilitate Mining in Accordance with Approved Resource Recovery and Protection Plan (R2P2); Third, Fourth, and Fifth East Development, Fourth and Fifth East Longwall Panels, PacifiCorp, Trail Mountain Mine, ACT/015/009-96A, Folder #2, Emery County, Utah

Dear FIELD(INITIAL). FIELD(LAST):

The Division of Oil, Gas, & Mining on April 19, 1996, received a permit amendment from PacifiCorp. The amendment concerns facilitating prior approved first mining in accordance with the recent approved resource recovery and protection plan (R2P2) on the third, fourth, and fifth east panel setups at the Trail Mountain Mine amendment number ACT/015/009-96A.

You will note that the permittee, in the letter, has observed an active pair of peregrine falcons in the escarpment area adjacent to the aforementioned first mining area. They have notified federal and state agencies, some personnel from the agencies have also participated in the field observations.

The Division anticipates acting on this permit amendment on April 26, 1996. Please provide your comments by this date to Mr. Joe Helfrich, DOGM, Salt Lake City.

If you have any questions or need additional information, please contact Mr. Helfrich. A copy of the amendment application is on file for your review and comment at the DOGM Price Office and the DOGM Salt Lake Office. This is in line with the recent processing decision by Mr. Carter.

Page 2
Trail Mountain - 96A
April 19, 1996

There is a high sense of urgency on this amendment. We are hopeful that your review and comment can be completed by the requested date.

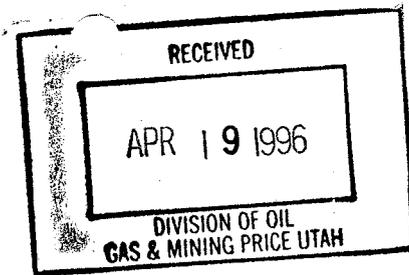
Sincerely,

Wm. J. Malencik
Reclamation Specialist

sd

Enclosures

cc: J. Helfrich, DOGM, SLC w/enc
P. Grubaugh-Littig, DOGM, SLC
m. Page, Water Rights, Price
D. Ariotti, DEQ, Price
B. Bates, DWR, Price



Amendment Act 015(009-96A

April 19, 1996

Utah Coal Regulatory Program
Division of Oil, Gas and Mining
Price Field Office
451 East 400 North
P.O. Box 156
Price, Utah 84501

Attention: Mr. Bill Malencik

*Copy Joe = Aaron
Folder #2*

RE: AMENDMENT TO FACILITATE MINING IN ACCORDANCE WITH APPROVED RESOURCE RECOVERY AND PROTECTION PLAN (R2P2); THIRD, FOURTH AND FIFTH EAST DEVELOPMENT, FOURTH AND FIFTH EAST LONGWALL PANELS; PACIFICORP, TRAIL MOUNTAIN MINE, ACT/015/009, EMERY COUNTY, UTAH

PacifiCorp, by and through its wholly owned subsidiary, Energy West Mining Company ("Energy West") as mine operator, requests that an amendment be granted to facilitate mining in Third, Fourth and Fifth East development sections and Fourth and Fifth East longwall panels, at the Trail Mountain Mine, in accordance with the R2P2 approved by the Bureau of Land Management (BLM).

The R2P2, approved by BLM on March 15, 1996 (attachment for Appendix 3-3L), depicted on Plates 3-2 and 3-3, includes extending the Third, Fourth and Fifth East development sections approximately 700 feet East beyond the location previously proposed (see Plate 3-2, DO-95A, certified 11/8/95). The area into which the development is to be extended is within the Trail Mountain Mine Permit Area. Development mining (first mining) in this area is consistent with previous mine plan approvals (see following discussion) and the current Trail Mountain Mine Permit and the approved Mining and Reclamation Plan (MRP). Therefore, a Permit Amendment seems appropriate to address this situation.

The accompanying revised MRP text pages (3-19, 3-21 & 3-21.1) and plates (3-2, 3-2A & 3-3) reflect changes which make the MRP consistent with the entire approved R2P2. However, the amendment is requested for only the portion of the R2P2 associated with extension of the Third, Fourth and Fifth East development sections and Fourth and Fifth East longwall panels (see Plate 3-2A).

Huntington Office:
(801) 687-9821
Fax (801) 687-2695
Purchasing Fax (801) 687-9092

Dear Creek Mine:
(801) 381-2317
Fax (801) 381-2285

Cottonwood Mine:
(801) 748-2319
Fax (801) 748-2380

Development mining must occur well in advance of longwall extraction. Longwall extraction in the Fourth East panel is scheduled to begin in mid-June; therefore, Third East and Fourth East development mining must be completed by mid-May. Extraction in the Fifth East panel will not occur until mid-October; however, Fourth East development is related to both the Fourth and Fifth East longwall panels. Therefore, Fourth East development must be driven to the extent necessary to facilitate the Fifth East longwall panel. Approximately 37,700 tons of additional coal will be recovered from the extension of the development entries as identified in the approved R2P2. As previously stated, development mining is first mining; therefore, no subsidence will occur as a result of the development mining. The subject area is within the Trail Mountain Mine Permit Area and is included in the existing subsidence monitoring and control program. Additionally, mining in this portion of the Trail Mountain Mine was addressed in 1991. See attached BLM letter to the Division dated April 12, 1991, regarding Beaver Creek Coal Company's mine plan, first mining and escarpment protection. Mining in this area was again addressed in 1995 (BLM letter to PacifiCorp dated June 21, 1995). The subject area is identified as "parcel I" in the 1995 letter. This letter reads, in-part, ... "these areas/reserves"... "were scheduled for mining by the previous lessee/operator. Therefore, with the status of these reserves unchanged, they cannot be deleted from the recoverable reserve base. Accordingly, these reserves/areas are required to be mined."

The 1996 BLM approval of the Trail Mountain Mine R2P2 includes proposed longwall extraction (second mining) in the Fourth and Fifth East panels, east of the eastern boundary of Section 1, T18S, R6E. As the above referenced 1991 letter indicates, lease terms specify protection of cliffs from mine-induced subsidence failure; additionally, DOGM Special Condition 4 of the Trail Mountain Mine Permit limits mining in this vicinity to "first mining only". Therefore, the 1996 BLM approved R2P2 prompted an Environmental Assessment (EA) by the Forest Service. The EA process is expected to be completed, no sooner than, mid-June. Longwall extraction will not occur in this area until after the Environmental Assessment process is completed; however, development for future longwall extraction must be completed by mid-May. Approximately 393,000 tons of additional coal will be recovered from the extension of Fourth and Fifth East longwall panels as identified in the 1996 approved R2P2. All coal recovery in this area will occur within the current Trail Mountain Mine Permit Area. Following completion of the EA process, the Trail Mountain Mine MRP will be revised to include all applicable information. The proposed underground right-of-way access identified in the R2P2 and the EA will be addressed by application to the Division through the appropriate processes (IBC, etc.) as the need is identified.

The recent discovery of an active Peregrine falcon territory in the vicinity of the proposed extension of the Fourth and Fifth East panels has resulted in great uncertainty regarding mining in this area. Therefore, longwall extraction and the associated development mining, as identified in the approved R2P2, may not

necessarily occur as currently proposed. However, Division approval to facilitate development mining according to the schedule discussed above is still needed.

Forms DOGM-C1 and C-2 are transmitted herewith.

Your immediate attention regarding this request is greatly appreciated. If you have questions regarding this matter, please call me at (801) 687-4722. I am available to meet with you at your convenience, if it would be beneficial to your review of this request.

Sincerely,



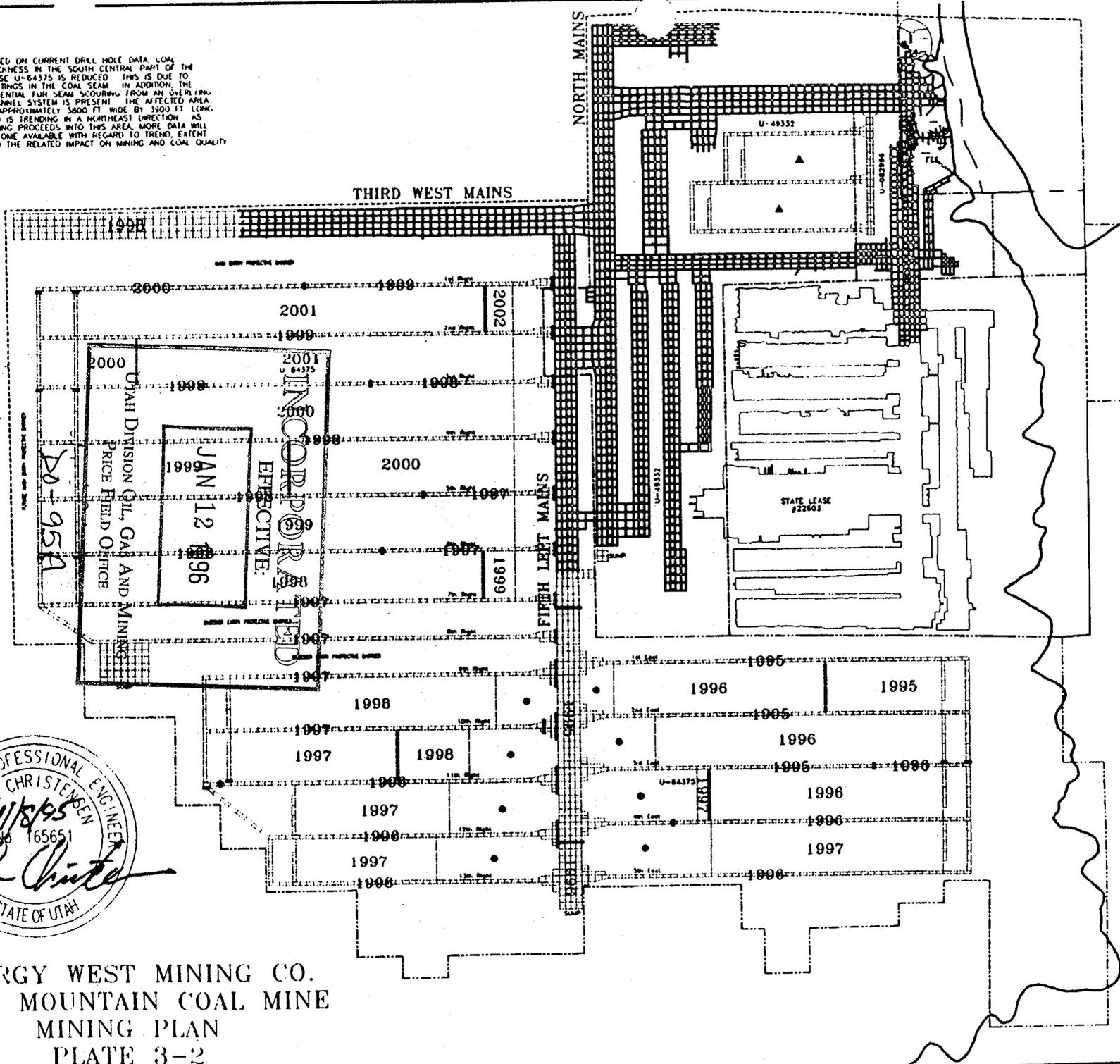
Val Payne

Sr. Environmental Engineer

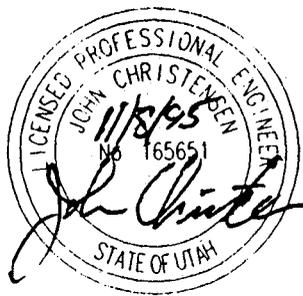
cc: P. Grubaugh-Littig

● BASED ON CURRENT DRILL HOLE DATA, COAL THICKNESS IN THE SOUTH CENTRAL PART OF THE LEASE U-84375 IS REDUCED. THIS IS DUE TO PARTINGS IN THE COAL SEAM. IN ADDITION, THE POTENTIAL FOR SEAM SCOURING FROM AN OVERLAPPING CHANNEL SYSTEM IS PRESENT. THE AFFECTED AREA IS APPROXIMATELY 3000 FT WIDE BY 3500 FT LONG, AND IS TRENDING IN A NORTHEAST DIRECTION AS MINING PROCEEDS INTO THIS AREA. MORE DATA WILL BECOME AVAILABLE WITH REGARD TO TREND, EXTENT AND THE RELATED IMPACT ON MINING AND COAL QUALITY.

▲ LONG RANGE LONGWALL PANEL PROJECTIONS. DEVELOPMENT/EXTRACTION TIMING TO BE DETERMINED



N
SCALE: 1" = 2000'



ENERGY WEST MINING CO.
TRAIL MOUNTAIN COAL MINE
MINING PLAN
PLATE 3-2

3482
U-082036
U-64375
(U-055c)

Moab District
P.O. Box 970
Moab, Utah 84532

APR 12 1991

Ms. Pamela Grubaugh-Littig
Division of Oil, Gas and Mining
355 West North Temple Street
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Ms. Grubaugh-Littig:

On August 13, 1990, the Bureau of Land Management (BLM) received a copy of the permit application package (PAP) from your office entitled "Federal Lease Tract Addition, Beaver Creek Coal Company, Trail Mountain No. 9 Mine, ACT/015/009". This PAP requires our response in two areas. Since a portion of the lands applied for are located on BLM surface, a response as to the completeness of post mining land uses and protection of non-mineral resources is required. In a letter to your office dated October 28, 1990, we stated that the PAP is complete in regard to these items. The other area requiring our review is the resource recovery and protection plan (R2P2). Our review is discussed below.

Beaver Creek Coal Company (BCCC) plans to add Federal lease U-64375 to their permit area at the Trail Mountain No. 9 Mine. The mine plan calls for extending the current mine workings south and west into the new lease. All access to this lease will be from existing mine works and no new surface facilities will be constructed. The R2P2 details the planned underground mine workings and extraction (room and pillar) methods for this new lease as required by the mineral leasing laws.

Although complete pillar extraction is contemplated, previous experience at the mine under similar circumstances has not met with success. These circumstances involve mining at depths of around 2000 feet and a massive sandstone strata above the immediate roof that is not conducive to caving. For this reason, the BLM expects to approve several changes until the optimal recovery is obtained.

Lease terms specify protection of cliffs from mine-induced subsidence failure. In reviewing the plan, one planned room and pillar panel falls under the area of influence of potential escarpment failure due to subsidence caused by mining activities. To avoid potential escarpment failure, the last panel on the eastern boundary of T18S, R6E, section 7, will be limited to first mining only in order to leave pillars of sufficient size to prevent caving of the strata (see attached map). With this addition, the plan is adequate and technically complete.

We have determined that the R2P2 is in compliance with the Mineral Leasing Act of 1920, as amended, the regulatory provisions of 43 CFR 3480, Federal lease terms and conditions, and the requirement for achievement of maximum economic recovery of Federal coal. Therefore, we recommend approval of the R2P2 for the new lease.

If you have any questions, please contact Stephen Falk or Gary Johnson in our Price Coal Office at (801) 637-4584.

Sincerely yours,

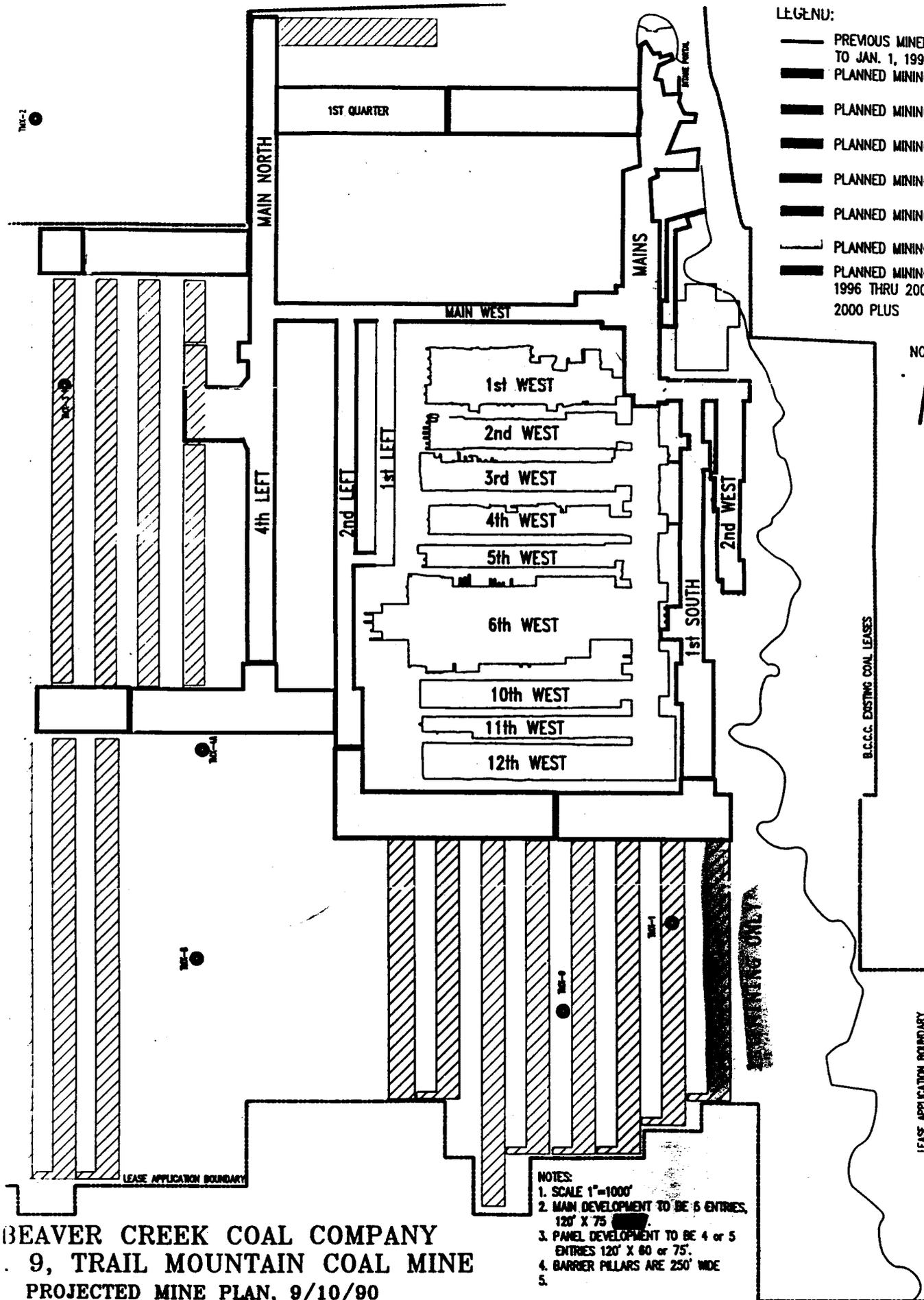
/s/ Gary Johnson

For Assistant District Manager
Mineral Resources

Enclosure:
Projected Mine Map

cc: SD, Utah (U-921), w/enclosure
DM, Moab (U-065), w/enclosure
Beaver Creek Coal Company, w/enclosure
Manti-LaSal National Forest, Price, w/enclosure

SFalk:svo:4/12/91
Wang 2067D





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
Price River Resource Area
900 North 700 East
Price, Utah 84501

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Certified No. P 425 155 729

3482
U-64375
U-49332
U-082996
(UT-086)

Mr. J. R. Key
Director, Technical Services
PacifiCorp
One Utah Center
201 South Main, Suite 2000
Salt Lake City, Utah 84140-0020

~~JUN~~ 21 1995

Re: Trail Mountain Mine Resource Recovery and Protection Plan (R2P2), Minor Modification Request

Dear Mr. Key:

On December 7, 1994, the Bureau of Land Management (BLM) received PacifiCorp's minor modification request dated December 5, 1994, to completely revise the approved R2P2 for the Trail Mountain Mine. In the interim period, December 7th to the present, a number of meetings were held in regard to the December 5th request, during which time BLM cited general deficiencies, disclosed our concerns with the request and reached an interim agreement with PacifiCorp giving partial approval to allow the day-to-day operation to continue uninterrupted with regard to the newly requested mining sequence. The affected reserves are located on Federal coal leases U-64375, U-082996 and U-49332 in the Hiawatha Seam.

The approved R2P2 for PacifiCorp's Trail Mountain Mine indicates successful extraction of all recoverable reserves based on the room-and-pillar mining method. The chosen method of extraction (room-and-pillar) is a limiting variable, but a significant factor in establishing the recoverable reserve base estimates. Accordingly, this defines diligent development, commercial quantity, continued operation production and ultimately ensures maximum economic recovery (MER) based on the room-and-pillar mining method (Enclosure 1). PacifiCorp's December 5th request proposes to change the primary method of mining from room-and-pillar to the longwall mining method (Enclosure 2). PacifiCorp contends, to best facilitate the longwall mining method at the Trail Mountain Mine a change in the mine layout (2-entry gateroad system, panel reorientation, main entry development system, pillar design ((barrier pillar and yieldable pillars)) roof control, mine ventilation, etc.), as illustrated on Enclosure 2 is required.

The BLM concurs in part with PacifiCorp's proposed plan. However, the BLM has concern with several aspects of the plan which are cited as follows:

- 1) The irregularity of the lease boundary on the southern half of Federal lease U-64375 and the location/orientation of the Castlegate escarpment on the southeast side of that lease create areas/reserves which appear not to be favorable for longwall mining. These areas delineated on Enclosure 2 as parcels I, II, and III, are absent of any projected mining activity, implying coal recovery from these areas will not occur. However, these areas/reserves have been designated for mining in the recoverable reserve base determination (Enclosure 3 & 4) and/or the approved

R2P2 and were scheduled for mining by the previous lessee/operator. Therefore, with the status of these reserves remaining unchanged, they cannot be deleted from the recoverable reserve base. Accordingly, these reserves/areas are required to be mined. To further clarify BLM's position in conformance with Federal regulation at 43 CFR 3482.2(b)(2) - Action on plans (changes in plans by authorized officer) which states in part, "The authorized officer, pursuant to MLA, may require an approved R2P2 to be revised ... to adjust to changed conditions, to correct oversights, or to reflect changes in legal requirements."

Hence, PacifiCorp must submit to the BLM for approval, a mine plan that encompasses the recovery of these reserves in the areas of question.

2) In regard to the barrier pillar (dubbed as future main entry protective barrier) between the west boundary of Federal lease U-64375 and longwall bleeder system entries from the north boundary of lease U-64375 to the proposed 8th Right gateroad entries, mining is required to advance to within 50 feet of the lease boundary. The BLM requests the mining of this area in conformance with regulation at 43 CFR Subpart 3484 - Performance Standards, 3484.1 (c)(6)(ii) - Barrier pillars left for support, which states in part:

If the coal in adjoining premises ... , the operator/lessee on the written order of the authorized officer, shall mine out and remove all available Federal recoverable coal reserves in such a barrier if it can be mined without undue hardship to the operator/lessee ...

PacifiCorp cannot preserve future access to adjacent Federal coal reserves when no assurance has been given or can be given by the BLM to PacifiCorp on the acquisition of this potential Federal coal lease. The acquisition of this lease will be determined by the outfall of the competitive lease bid process.

Also, in accordance with Federal regulation 3484.1 (c)(6)(ii), as stated above, mining is required to advance to the lease boundary on the west side of lease U-64375, from the proposed 8th Right gateroads to its southern boundary, and eastward to where the boundary of the lease traverses the Castlegate escarpment.

PacifiCorp must submit to the BLM for approval, a mine plan that encompasses the recovery of these reserves in the area of question or submit empirical data to BLM which provides valid justification for not mining as requested by the BLM with regard to the lease boundary of Federal lease U-64375 and in accordance with Federal regulation.

3) In addition, the barrier pillars dubbed as main entry protective barrier and bleeder entry protective barrier that are between the north boundary of Federal lease U-64375 and 1st Right, and on each side of 8th Right respectively, appear to be oversized according to BLM's analysis.

Also, with reference to the barrier pillars on each side of 8th Right, considerable reserves remain in place to facilitate the mining of two separate blocks of longwall panels. Our analysis shows that more reserves can be recovered if these two blocks of panels were mined as one logical block of panels. This would negate the need for the barrier pillars and bleeders at this location.

Due to the absence of past historical longwall mining practice at the Trail Mountain Mine (gate road design and panel orientation, yield pillar design and barrier pillar design, etc.) and without knowing the many parameters (compressive strength of coal, cleat density of coal, consideration given to long-term stability and a definition of long-term vs short-term, etc.) used to design/dictate the mine layout, BLM has some difficulty in evaluating/verifying whether

or not the proposed plan is logical and efficient, thus preventing an accurate MER determination by the BLM.

Therefore, to resolve this concern, BLM requests empirical data which PacifiCorp used to design the layout of these two blocks of longwall panels and a statement of rationale which led to their conclusion with regard to their protective barrier design and mine layout.

- 4) Finally, considerable concern yet remains with the areas that are designated as having a high ash content and are not projected for mining based on that premise. In order for BLM to verify the poor coal quality condition that precludes mining and to make an accurate MER determination, PacifiCorp must submit, as requested on November 23, 1994, the manufacturer's design specification on the coal preparation plant adjacent to Hunter Power Plant.

It is imperative that PacifiCorp understand that before approval can be granted for the newly proposed R2P2, a determination which ensures MER must be fulfilled. BLM's determination, in this case, can not be limited by: the reserves that PacifiCorp is willing to extract only by longwall mining; reserves deemed unminable based on alleged adverse safety conditions; or the reserves which PacifiCorp chooses to mine based on their assessment of the in place coal quality (regarding ash content). PacifiCorp has the capability to economically and safely mine the reserves unfavorable for longwall mining by room-and-pillar mining methods and have the added advantage of coal beneficiation processes (prep plant). These aspects are all considered in an MER determination. PacifiCorp must provide valid justification, as requested above, that can be verified by BLM, supporting their argument for not mining the reserves in question.

The BLM does recognize the importance of a timely approval to assure uninterrupted coal production at PacifiCorp's Trail Mountain Mine. However, the BLM is mandated to review revisions to the approved R2P2 in conformance with 43 CFR Part 3400 Coal Management. Considering the tentative startup of the 2nd East longwall panel (September 1995), the BLM requires the requested information to be submitted to our office within thirty (30) calendar days of the receipt of this letter.

The BLM has determined the proposed request does not comply with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and stipulations, and will not achieve maximum economic recovery of the Federal coal. Therefore, at this time, approval has been denied.

If you have any questions, please contact Barry Grosely in the Price River Resource Area at (801) 637-4584.

Sincerely,

MARK E. BAILEY

Area Manager

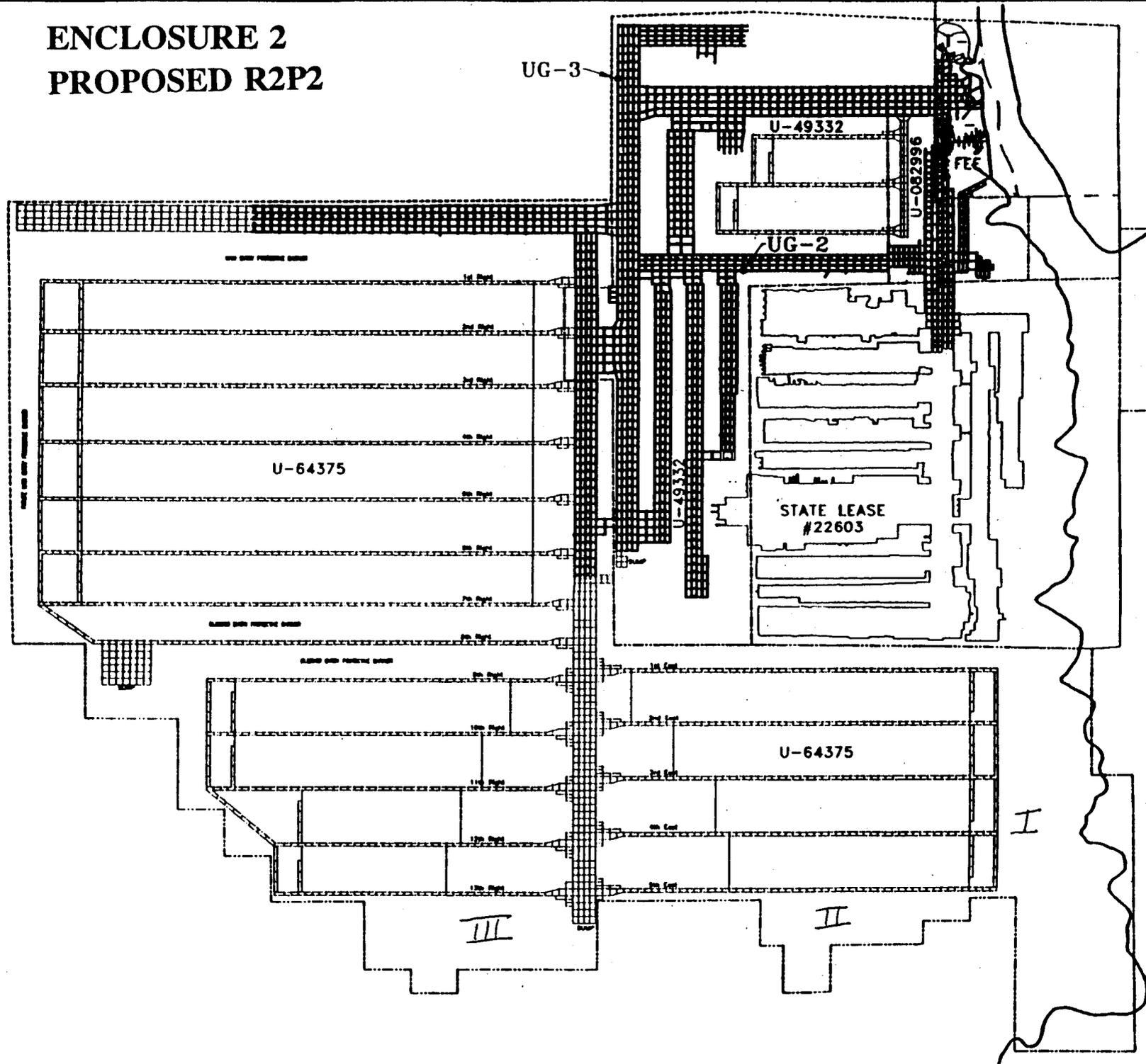
4 Enclosures

1. Approved R2P2, Hiawatha Seam (1pg)
2. Proposed R2P2, Hiawatha Seam (1pg)
3. Recoverable Coal Reserve Map (1pg)
4. Isopach Map Hiawatha Seam

cc: UT-065, DM, Moab (w/enclosure)
UT-921, SD, Utah (w/enclosure)
Morgan Moon
Manager, Technical Services
Energy West Mining Company
15 North Main
Huntington, Utah 84528 (w/enclosures)

Steve E. Kochevar, PE
Mining Planning Administrator
PacifiCorp
One Utah Center
201 South Main, Suite 2000
Salt Lake City, Utah 84140-0020 (w/enclosures)

ENCLOSURE 2 PROPOSED R2P2



APPLICATION FOR PERMIT CHANGE

Title of Change:

AMENDMENT TO FACILITATE MINING IN ACCORDANCE WITH APPROVED R2P2

Permit Number: ACT1 015 1009

Mine: TRAIL MOUNTAIN

Permittee: PACIFI CORP

Description, include reason for change and timing required to implement:

BLM APPROVAL OF R2P2.

- Yes No 1. Change in the size of the Permit Area? _____ acres increase decrease.
- Yes No 2. Change in the size of the Disturbed Area? _____ acres increase decrease.
- Yes No 3. Will permit change include operations outside the Cumulative Hydrologic Impact Area?
- Yes No 4. Will permit change include operations in hydrologic basins other than currently approved?
- Yes No 5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does permit change require or include public notice publication?
- Yes No 7. Permit change as a result of a Violation? Violation #
- Yes No 8. Permit change as a result of a Division Order? D.O.#
- Yes No 9. Permit change as a result of other laws or regulations? Explain: BLM R2P2 APPROVAL
- Yes No 10. Does permit change require or include ownership, control, right-of-entry, or compliance information?
- Yes No 11. Does the permit change affect the surface landowner or change the post mining land use?
- Yes No 12. Does permit change require or include collection and reporting of any baseline information?
- Yes No 13. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 14. Does permit change require or include soil removal, storage or placement?
- Yes No 15. Does permit change require or include vegetation monitoring, removal or revegetation activities?
- Yes No 16. Does permit change require or include construction, modification, or removal of surface facilities?
- Yes No 17. Does permit change require or include water monitoring, sediment or drainage control measures?
- Yes No 18. Does permit change require or include certified designs, maps, or calculations?
- Yes No 19. Does permit change require or include underground design or mine sequence and timing?
- Yes No 20. Does permit change require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided or revised for any change in the reclamation plan?
- Yes No 22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling?
- Yes No 23. Is this permit change coal exploration activity inside outside of the permit area?

Attach ⁷ complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Val E Payne
Signed - Name - Position - Date
VAL E PAYNE SR. ENV. ENG. APRIL 18, 1996

Received by Oil, Gas & Mining

Subscribed and sworn to before me this 18th day of April, 1996.
Lori Ann Anderson
Notary Public

My Commission Expires: December 22, 1997
STATE OF Utah
COUNTY OF Emery



NOTARY PUBLIC
Lori Ann Anderson
15 North Main St.
Cannonville, Utah 84503
Commission Expires
December 22, 1997

ASSIGNED PERMIT CHANGE NUMBER



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
Price River Resource Area
900 North 700 East
Price, Utah 84501

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Certified No. P 425 155 729

3482
U-64375
U-49332
U-082996
(UT-066)

Mr. J. R. Key
Director, Technical Services
PacifiCorp
One Utah Center
201 South Main, Suite 2000
Salt Lake City, Utah 84140-0020

JUN 21 1995

Re: Trail Mountain Mine Resource Recovery and Protection Plan (R2P2), Minor Modification Request

Dear Mr. Key:

On December 7, 1994, the Bureau of Land Management (BLM) received PacifiCorp's minor modification request dated December 5, 1994, to completely revise the approved R2P2 for the Trail Mountain Mine. In the interim period, December 7th to the present, a number of meetings were held in regard to the December 5th request, during which time BLM cited general deficiencies, disclosed our concerns with the request and reached an interim agreement with PacifiCorp giving partial approval to allow the day-to-day operation to continue uninterrupted with regard to the newly requested mining sequence. The affected reserves are located on Federal coal leases U-64375, U-082996 and U-49332 in the Hiawatha Seam.

The approved R2P2 for PacifiCorp's Trail Mountain Mine indicates successful extraction of all recoverable reserves based on the room-and-pillar mining method. The chosen method of extraction (room-and-pillar) is a limiting variable, but a significant factor in establishing the recoverable reserve base estimates. Accordingly, this defines diligent development, commercial quantity, continued operation production and ultimately ensures maximum economic recovery (MER) based on the room-and-pillar mining method (Enclosure 1). PacifiCorp's December 5th request proposes to change the primary method of mining from room-and-pillar to the longwall mining method (Enclosure 2). PacifiCorp contends, to best facilitate the longwall mining method at the Trail Mountain Mine a change in the mine layout (2-entry gateroad system, panel reorientation, main entry development system, pillar design ((barrier pillar and yieldable pillars)) roof control, mine ventilation, etc.), as illustrated on Enclosure 2 is required.

The BLM concurs in part with PacifiCorp's proposed plan. However, the BLM has concern with several aspects of the plan which are cited as follows:

- 1) The irregularity of the lease boundary on the southern half of Federal lease U-64375 and the location/orientation of the Castlegate escarpment on the southeast side of that lease create areas/reserves which appear not to be favorable for longwall mining. These areas delineated on Enclosure 2 as parcels I, II, and III, are absent of any projected mining activity, implying coal recovery from these areas will not occur. However, these areas/reserves have been designated for mining in the recoverable reserve base determination (Enclosure 3 & 4) and/or the approved

R2P2 and were scheduled for mining by the previous lessee/operator. Therefore, with the status of these reserves remaining unchanged, they cannot be deleted from the recoverable reserve base. Accordingly, these reserves/areas are required to be mined. To further clarify BLM's position in conformance with Federal regulation at 43 CFR 3482.2(b)(2) - Action on plans (changes in plans by authorized officer) which states in part, "The authorized officer, pursuant to MLA, may require an approved R2P2 to be revised ... to adjust to changed conditions, to correct oversights, or to reflect changes in legal requirements."

Hence, PacifiCorp must submit to the BLM for approval, a mine plan that encompasses the recovery of these reserves in the areas of question.

2) In regard to the barrier pillar (dubbed as future main entry protective barrier) between the west boundary of Federal lease U-64375 and longwall bleeder system entries from the north boundary of lease U-64375 to the proposed 8th Right gateroad entries, mining is required to advance to within 50 feet of the lease boundary. The BLM requests the mining of this area in conformance with regulation at 43 CFR Subpart 3484 - Performance Standards, 3484.1 (c)(6)(ii) - Barrier pillars left for support, which states in part:

If the coal in adjoining premises ... , the operator/lessee on the written order of the authorized officer, shall mine out and remove all available Federal recoverable coal reserves in such a barrier if it can be mined without undue hardship to the operator/lessee ...

PacifiCorp cannot preserve future access to adjacent Federal coal reserves when no assurance has been given or can be given by the BLM to PacifiCorp on the acquisition of this potential Federal coal lease. The acquisition of this lease will be determined by the outfall of the competitive lease bid process.

Also, in accordance with Federal regulation 3484.1 (c)(6)(ii), as stated above, mining is required to advance to the lease boundary on the west side of lease U-64375, from the proposed 8th Right gateroads to its southern boundary, and eastward to where the boundary of the lease traverses the Castlegate escarpment.

PacifiCorp must submit to the BLM for approval, a mine plan that encompasses the recovery of these reserves in the area of question or submit empirical data to BLM which provides valid justification for not mining as requested by the BLM with regard to the lease boundary of Federal lease U-64375 and in accordance with Federal regulation.

3) In addition, the barrier pillars dubbed as main entry protective barrier and bleeder entry protective barrier that are between the north boundary of Federal lease U-64375 and 1st Right, and on each side of 8th Right respectively, appear to be oversized according to BLM's analysis.

Also, with reference to the barrier pillars on each side of 8th Right, considerable reserves remain in place to facilitate the mining of two separate blocks of longwall panels. Our analysis shows that more reserves can be recovered if these two blocks of panels were mined as one logical block of panels. This would negate the need for the barrier pillars and bleeders at this location.

Due to the absence of past historical longwall mining practice at the Trail Mountain Mine (gate road design and panel orientation, yield pillar design and barrier pillar design, etc.) and without knowing the many parameters (compressive strength of coal, cleat density of coal, consideration given to long-term stability and a definition of long-term vs short-term, etc.) used to design/dictate the mine layout, BLM has some difficulty in evaluating/verifying whether

or not the proposed plan is logical and efficient, thus preventing an accurate MER determination by the BLM.

Therefore, to resolve this concern, BLM requests empirical data which PacifiCorp used to design the layout of these two blocks of longwall panels and a statement of rationale which led to their conclusion with regard to their protective barrier design and mine layout.

4) Finally, considerable concern yet remains with the areas that are designated as having a high ash content and are not projected for mining based on that premise. In order for BLM to verify the poor coal quality condition that precludes mining and to make an accurate MER determination, PacifiCorp must submit, as requested on November 23, 1994, the manufacturer's design specification on the coal preparation plant adjacent to Hunter Power Plant.

It is imperative that PacifiCorp understand that before approval can be granted for the newly proposed R2P2, a determination which ensures MER must be fulfilled. BLM's determination, in this case, can not be limited by: the reserves that PacifiCorp is willing to extract only by longwall mining; reserves deemed unminable based on alleged adverse safety conditions; or the reserves which PacifiCorp chooses to mine based on their assessment of the in place coal quality (regarding ash content). PacifiCorp has the capability to economically and safely mine the reserves unfavorable for longwall mining by room-and-pillar mining methods and have the added advantage of coal beneficiation processes (prep plant). These aspects are all considered in an MER determination. PacifiCorp must provide valid justification, as requested above, that can be verified by BLM, supporting their argument for not mining the reserves in question.

The BLM does recognize the importance of a timely approval to assure uninterrupted coal production at PacifiCorp's Trail Mountain Mine. However, the BLM is mandated to review revisions to the approved R2P2 in conformance with 43 CFR Part 3400 Coal Management. Considering the tentative startup of the 2nd East longwall panel (September 1995), the BLM requires the requested information to be submitted to our office within thirty (30) calendar days of the receipt of this letter.

The BLM has determined the proposed request does not comply with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and stipulations, and will not achieve maximum economic recovery of the Federal coal. Therefore, at this time, approval has been denied.

If you have any questions, please contact Barry Grosely in the Price River Resource Area at (801) 637-4584.

Sincerely,

MARK E. BAILEY

Area Manager

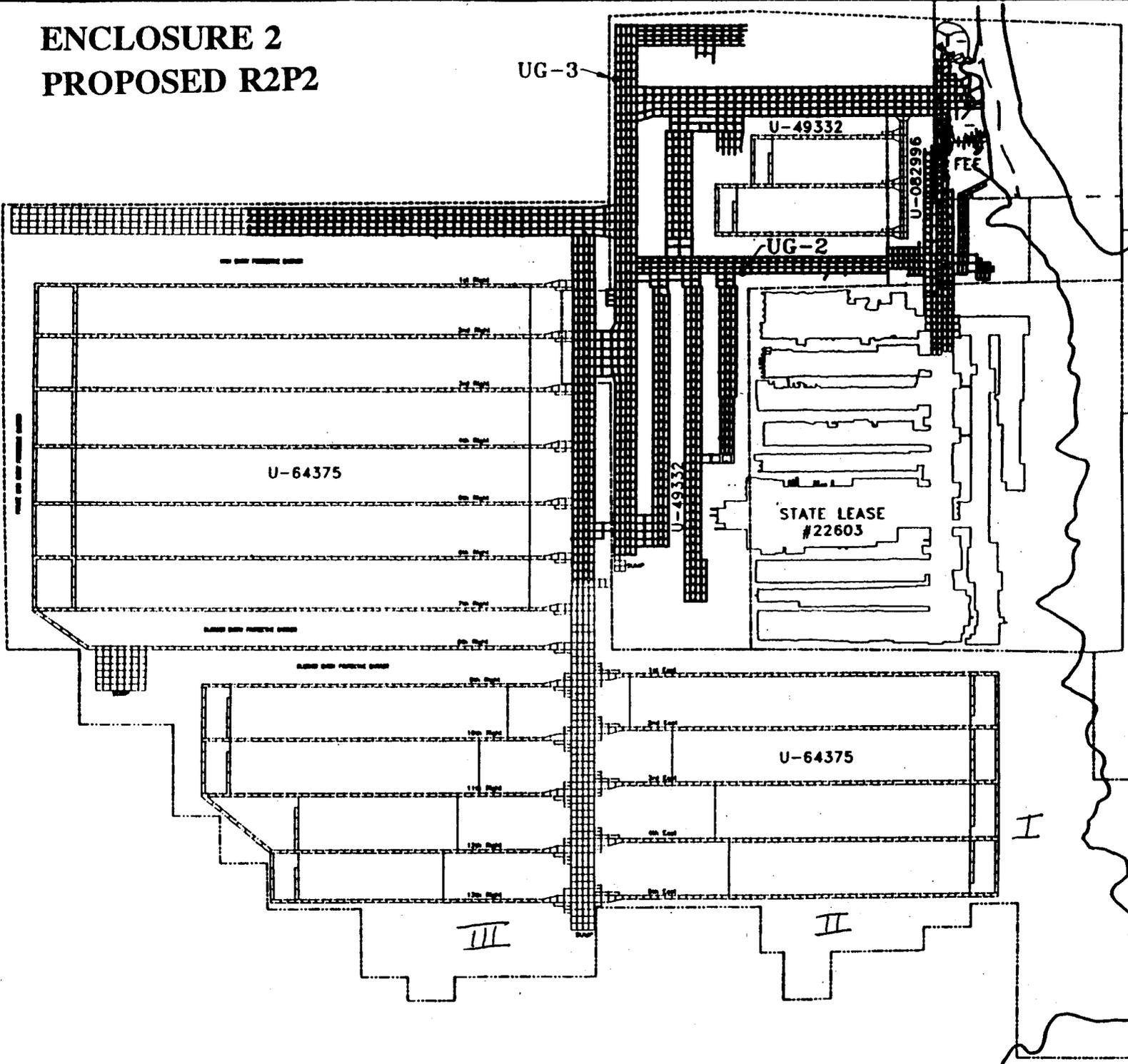
4 Enclosures

1. Approved R2P2, Hiawatha Seam (1pg)
2. Proposed R2P2, Hiawatha Seam (1pg)
3. Recoverable Coal Reserve Map (1pg)
4. Isopach Map Hiawatha Seam

cc: UT-065, DM, Moab (w/enclosure)
UT-921, SD, Utah (w/enclosure)
Morgan Moon
Manager, Technical Services
Energy West Mining Company
15 North Main
Huntington, Utah 84528 (w/enclosures)

Steve E. Kochevar, PE
Mining Planning Administrator
PacifiCorp
One Utah Center
201 South Main, Suite 2000
Salt Lake City, Utah 84140-0020 (w/enclosures)

**ENCLOSURE 2
PROPOSED R2P2**



SCALE: 1"=2000'

APPLICATION FOR PERMIT CHANGE

Title of Change:

AMENDMENT TO FACILITATE MINING IN ACCORDANCE WITH APPROVED R2P2

Permit Number: *ACT10151009*

Mine: *TRAIL MOUNTAIN*

Permittee: *PACIFI CORP*

Description, include reason for change and timing required to implement:

BLM APPROVAL OF R2P2.

- | | | |
|---|--|--|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Change in the size of the Permit Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Change in the size of the Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. Will permit change include operations outside the Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 4. Will permit change include operations in hydrologic basins other than currently approved? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 6. Does permit change require or include public notice publication? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 7. Permit change as a result of a Violation? Violation # _____ |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 8. Permit change as a result of a Division Order? D.O.# _____ |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 9. Permit change as a result of other laws or regulations? Explain: <i>BLM R2P2 APPROVAL</i> |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 10. Does permit change require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 11. Does the permit change affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 12. Does permit change require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 13. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 14. Does permit change require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 15. Does permit change require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 16. Does permit change require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 17. Does permit change require or include water monitoring, sediment or drainage control measures? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 18. Does permit change require or include certified designs, maps, or calculations? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 19. Does permit change require or include underground design or mine sequence and timing? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 20. Does permit change require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 21. Have reclamation costs for bonding been provided or revised for any change in the reclamation plan? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 23. Is this permit change coal exploration activity <input type="checkbox"/> inside <input type="checkbox"/> outside of the permit area? |

Attach ⁷ complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Val E Payne
 Signed - Name - Position - Date
Val E Payne SR. ENV. ENG. APRIL 18, 1996

Received by Oil, Gas & Mining

Subscribed and sworn to before me this 18th day of April, 1996.
Lori Ann Anderson
 Notary Public

My Commission Expires: December 22, 1997
 Attest: STATE OF Utah
 COUNTY OF Emery



NOTARY PUBLIC
 Lori Ann Anderson
 15 North Main St.
 P.O. Box 645
 Carbonville, Utah 84503
 Commission Expires
 December 22, 1997

ASSIGNED PERMIT CHANGE NUMBER

3.3.2.3 PROPERTY BOUNDARIES

Property boundaries are designated in accordance with both State and Federal mining regulations.

3.3.2.4 OUTCROP PROTECTION

Outcrop protection is provided by leaving a minimum barrier of 200' between mine workings and the coal outcrop. One exception to the above is the eastern most entry of the 3-entry system driven north and northeast to the ventilation portal. The eastern entry is located within the 200' barrier for a distance of approximately 240' and at no time comes closer than 160' from the outcrop. The 3-entries were necessary to meet MSHA regulations and provide adequate ventilation. The location of this variance is in the side canyon approximately 1700' south of the forth portal, and is shown on Figure A-3-7-2, Appendix 3-7. Outcrop protection is further addressed in the geotechnical chapter of this permit.

3.3.3 CONSERVATION OF COAL RESOURCES

3.3.3.1 PROJECTED MAXIMUM RECOVERY

Maximum amount of coal recoverable from the Trail Mountain property is approximately ~~20,167,382~~ 26,267,858 tons. Table 3-1 shows the breakdown of coal recovery. Plate 3-3 shows the areas of coal recovery.

3.3.3.2 JUSTIFICATION OF NON-RECOVERY

It is estimated that resource recovery rate of 80% or better can be obtained within the proposed longwall panels. Overall minable reserve recovery for the Trail Mountain Mine is estimated at 60%.

TABLE 3-1

RECOVERABLE RESERVES

<u>LEASE AREA</u>	<u>IN-PLACE TONS</u>	<u>RECOVERABLE TONS</u>
FEDERAL LEASE U-49332	4,666,670 4,361,837	973,002
FEDERAL LEASE U-082996	276,954	93,618
FEDERAL LEASE U-64375	44,874,379 45,404,832	20,167,382 25,201,238
STATE LEASE ML-22603	1,035,160	0
TOTAL RECOVERABLE TONS	ASSIGNED TO TRAIL MOUNTAIN	21,234,002 26,267,858
THIRD, FOURTH AND FIFTH EAST DEVELOPMENT ONLY		37,699
FOURTH AND FIFTH EAST LONGWALL PANELS ONLY		393,148

ESTIMATE OF COAL RESERVES
TRAIL MOUNTAIN MINE
(12/22/95)

BLM TRACT DELINEATION SUMMARY

<u>RESERVE DESCRIPTION</u>	<u>LEASE U-64375</u>
. IN-PLACE RESERVES; BLM TRACT DELINEATION (1990)	49,000,000t
. MINEABLE RESERVES; BLM TRACT DELINEATION (1990)	34,800,000t
. RECOVERABLE RESERVES; BLM TRACT DELINEATION (1990)	12,200,000t

ENERGY WEST RESERVE ESTIMATE SUMMARY

<u>RESERVE DESCRIPTION</u>	<u>LEASE U-64375</u>
. IN-PLACE RESERVES; ENERGY WEST EST. - PRIOR TO 1990	45,404,832t
. MINEABLE RESERVES; ENERGY WEST EST. - PRIOR TO 1990	39,794,850t
. ESTIMATED "ARCO/ MTN. COAL" RECOVERY (1990-1992)	495,813t
. ESTIMATED "ENERGY WEST" RECOVERY (NOV./94 - NOV./95)	1,079,199t
. PROJECTED "ENERGY WEST" RECOVERY (DEC./95 - 2002)	23,626,226t
. TOTAL EST. RECOVERY FEDERAL LEASE U-64375	25,201,238t

<u>OTHER FEDERAL LEASES</u>	<u>U-49332</u>	<u>U-082996</u>	<u>ML-22603</u>	<u>TOTALS</u>
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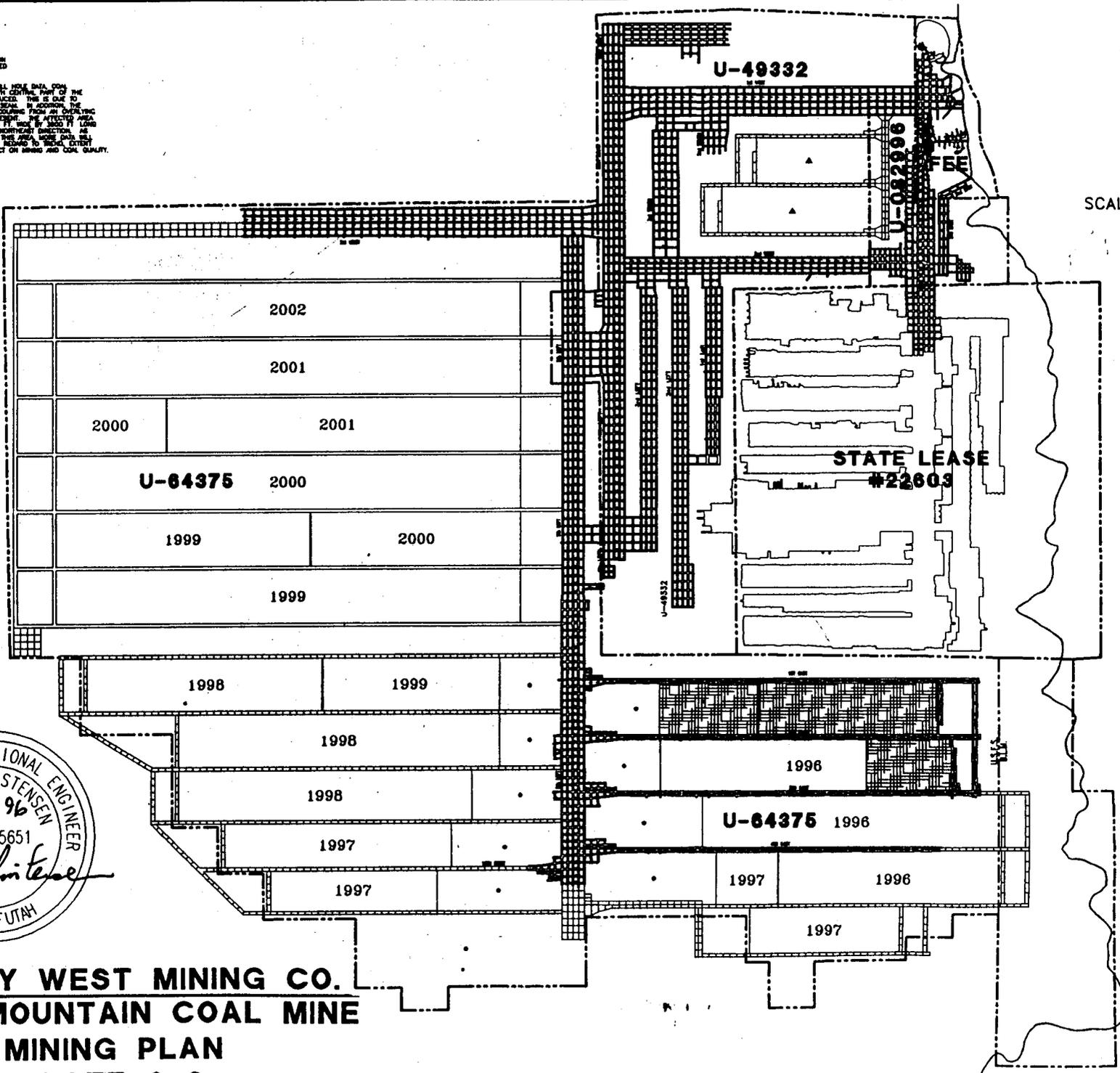
<u>RESERVE DESCRIPTION</u>	<u>U-49332</u>	<u>U-082996</u>	<u>ML-22603</u>	<u>TOTALS</u>
. IN-PLACE RESERVES (EST. 1995)	4,361,837t	276,954t	1,035,160t	
. MINEABLE RESERVES (EST. 1995)	4,310,698t	276,954t	0t	
. EST. REC.RESERVES (EST. 1995)	973,002t	93,618t	0t	
. TOTAL EST. RECOVERY FEDERAL LEASES U-49332, U-082996, ML-22603	-----	-----	-----	1,066,620t

▲ LOW BRIDGE LEADHILL
 PANEL PRODUCTION
 DEVELOPMENT/EXTRACTION
 THINGS TO BE DETERMINED

● BASED ON CURRENT DRILL HOLE DATA, COAL
 THICKNESS IN THE SOUTH CENTRAL PART OF THE
 LEASE U-64375 IS REDUCED. THIS IS DUE TO
 PARTIALS IN THE COAL SEAM. CONDITIONS
 FAVORABLE FOR SOME RECOVERING FROM AN UNUSUAL
 CHANNEL STATE IS OBSERVED. THE AFFECTED AREA
 IS APPROXIMATELY 100' BY 100'. LEASE
 AND IS REDUCED IN A NORTHEAST DIRECTION AS
 MINING PROCEEDS WITH THIS AREA. MORE DATA
 BEING AVAILABLE WILL RELATE TO SEAM, EXTENT
 AND THE RELATED IMPACT ON MINING AND COAL QUALITY.



SCALE: 1" = 2000'

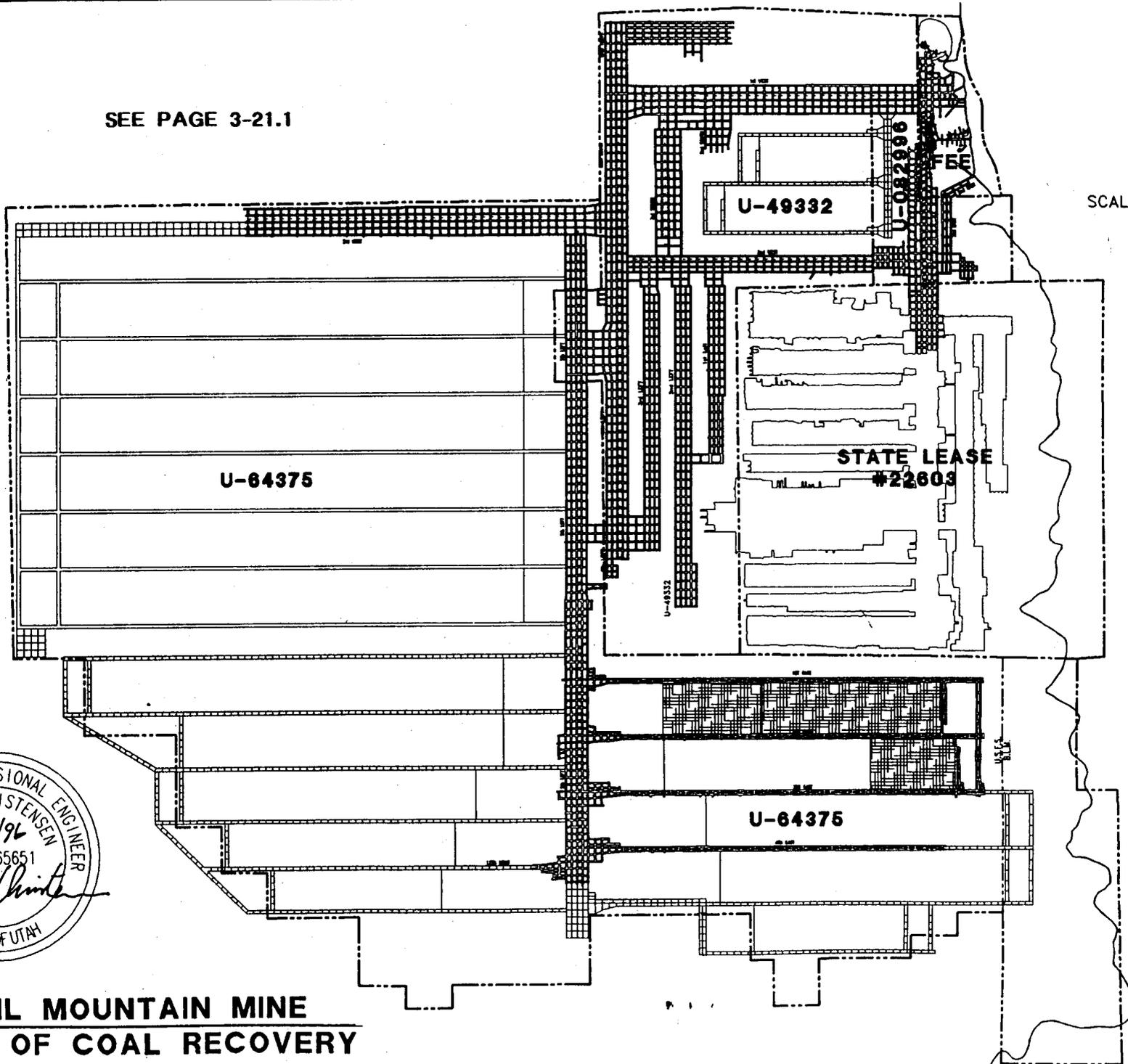


ENERGY WEST MINING CO.
TRAIL MOUNTAIN COAL MINE
MINING PLAN
PLATE 3-2

SEE PAGE 3-21.1



SCALE: 1" = 2000'



TRAIL MOUNTAIN MINE
AREAS OF COAL RECOVERY
PLATE 3-3



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
Price River/San Rafael Resource Areas
125 South 600 West
P. O. Box 7004
Price, Utah 84501

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Certified No. Z 382 123 785

3482
U-64375
U-49332
U-082996
(UT-066)

J. Brett Harvey, President
Interwest Mining Company
201 South Main, Suite 2300
Salt Lake City, Utah 84140

MAR 15 1996

Re: Trail Mountain Mine Resource Recovery and Protection Plan (R2P2), Minor Modification Request;
Response to PacifiCorp's Alternative Mine Plan for Trail Mountain Mine

Dear Mr. Harvey:

On January 9, 1996, the Bureau of Land Management (BLM) received PacifiCorp's "Alternative Mine Plan for the Trail Mountain Mine"/Trail Mountain R2P2, dated December 22, 1995. The Alternative Mine Plan was supplemented by an addendum which was originally dated and submitted to the BLM February 1, 1996, and was resubmitted with certain corrections on February 5, 1996. On March 4, 1996, a Settlement Agreement regarding the Trail Mountain R2P2 was achieved. Therefore, in accordance with the March 4 Settlement Agreement, the BLM has determined the proposed resource recovery and protection plan for the Trail Mountain Mine does comply with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and conditions, and the stipulations, and will achieve maximum economic recovery of the Federal coal. Hence, approval of the Trail Mountain Resource Recovery and Protection Plan is granted.

The BLM extends a sincere thanks and appreciation to PacifiCorp for their efforts and professional cooperation in resolving this matter. If you have any questions, please contact Barry Grosely in the Price River Resource Area at (801) 636-3606.

Sincerely,

MARK E. BAKER

Area Manager

cc: UT-921, SD, Utah
UT-065, DM, Moab
J.R. Key
Director, Technical Services
Interwest Mining Company
201 South Main, Suite 2000
Salt Lake City, Utah 84140-0020
Carl Pollastro
Manager, Technical Services
Energy West Mining Company
15 North Main
Huntington, Utah 84528

APPENDIX 3-3L

SETTLEMENT AGREEMENT

PacifiCorp, by an officer of its authorized agent, Energy West Mining Company, together with its counsel of record, Stoel Rives LLP; and the Bureau of Land Management, acting through its authorized officer, together with Bruce Babbitt, Secretary of the United States Department of the Interior, and all other defendants, acting by and through their counsel of record, the United States Attorney, hereby stipulate to settlement of all issues in the matter now pending in United States District Court for the District of Utah captioned PacifiCorp v. Bruce Babbitt, Secretary of the United States Department of the Interior, et al., Civil No. 2:95CV 0923G, on the following terms:

1. The Bureau of Land Management ("BLM"), acting through its Authorized Officer, will, by written decision, approve, the "Alternative Mine Plan for the Trail Mountain Mine" as submitted by Interwest Mining Company, a subsidiary of PacifiCorp, dated December 22, 1995, as supplemented by an addendum which was originally dated and submitted to the BLM February 1, 1996 and was resubmitted with certain corrections on February 5, 1996. These documents collectively are hereinafter referred to as the "Trail Mountain R2P2." Because the Trail Mountain R2P2 is confidential, it is not attached hereto. PacifiCorp and the defendants each represent to the other that they have in their possession a full and complete copy of the Trail Mountain R2P2 referred to in this Settlement Agreement.
2. The conduct of operations pursuant to the Trail Mountain R2P2 will be subject to all lease terms and regulations governing the conduct of mining operations pursuant to an approved R2P2.
3. In order to accomplish the mining as planned in the Trail Mountain R2P2 in the proposed 4th East and 5th East longwall panels, it will be necessary to conduct full extraction mining operations under a portion of the Castlegate escarpment. Authority to conduct such longwall extraction operations under the escarpment is contingent upon approval by governmental agencies other than the BLM. Therefore, PacifiCorp and the BLM agree that they will each make a good faith effort to obtain all approvals necessary to conduct the planned operations following the sequence and timing set forth in the Trail Mountain R2P2. In the event such approvals are not obtained prior to the time scheduled operations would otherwise occur under the Trail Mountain R2P2, then bleeder and set up entries in the 4th East and 5th East longwall panels shall be established by PacifiCorp at the locations shown in the proposed R2P2 that is the subject matter of the above-captioned litigation. In the event such approvals are not obtained in time to conduct the longwall operation, no royalty will be assessed on coal under and east of the escarpment in the remainder of Area I, as designated on Enclosure "1" to the BLM's letter to PacifiCorp dated September 25, 1995. The line of demarcation will be the angle of draw that would preclude potential adverse impacts to the escarpment.

4. In order to accomplish the mining as planned in the Trail Mountain R2P2 in the proposed 6th East longwall panel, it will be necessary for PacifiCorp to obtain from the appropriate governmental agencies a Special Use Permit or other authorization for the development of underground rights-of-way outside the present federal coal lease boundaries. Authority to conduct such operations is contingent upon compliance with environmental laws and may also require the approval of governmental agencies other than the BLM. Therefore, PacifiCorp and the BLM stipulate that they will each make a good faith effort to obtain all approvals necessary to conduct the planned operations in the development and extraction of the 6th East longwall panel as set forth in the Trail Mountain R2P2. In the event compliance with the environmental laws and the obtaining of the necessary approvals does not occur prior to the time scheduled operations would otherwise occur under the Trail Mountain R2P2 in the 6th East longwall panel, PacifiCorp shall not be obligated to conduct the development and extraction operations shown in the Trail Mountain R2P2 with respect to the 6th East longwall panel. In the event such approvals are not obtained in time to conduct the planned operations, no royalty will be assessed upon reserves remaining unmined in the 6th East longwall panel or in the remainder of Area II, as designated on Enclosure "1" to the BLM's letter to PacifiCorp dated September 25, 1995.

5. In order to accomplish the mining as planned and in the sequence approved in the Trail Mountain R2P2 in the proposed 12th Right, 11th Right, 10th Right, 9th Right and 8th Right longwall panels, it will be necessary for PacifiCorp to obtain from the appropriate governmental agencies a Special Use Permit or other authorization for the development of underground rights-of-way outside the present federal coal lease boundaries. Authority to conduct such operations is contingent upon compliance with environmental laws as well as the approval by governmental agencies other than the BLM. Therefore, PacifiCorp and the BLM stipulate that they will each make a good faith effort to obtain all approvals necessary to conduct the planned operations in the development and extraction of the 12th Right, 11th Right, 10th Right, 9th Right and 8th Right longwall panels as set forth in the Trail Mountain R2P2. In the event compliance with the environmental laws and the obtaining of the necessary approvals does not occur prior to the time scheduled operations would otherwise occur under the Trail Mountain R2P2 in the 12th Right, 11th Right, 10th Right, 9th Right and 8th Right longwall panels, then the bleeder entries will be established within the boundary of Federal Lease U-64375, ~~maintaining a 50 ft. (minimum) solid coal external property boundary barrier,~~ approximately at the locations shown for the set up entries in the Trail Mountain R2P2. New set up entries for the referenced longwall panels shall be established by PacifiCorp with a barrier pillar design as referred to in the February 5, 1996 addendum. This action and subsequent layout would result in the establishment of a "step" bleeder system along the west end of the longwall panels in this area. The parties acknowledge that this design of a "step" bleeder system could result in the possible loss of some reserves. The parties are willing to share the risk of such a reserve loss to achieve maximum economic

DB
SMK

recovery. In the event such approvals are not obtained in time to conduct the planned operations, no royalty will be assessed upon reserves remaining unmined in the area of the 12th Right, 11th Right, 10th Right, 9th Right and 8th Right longwall panels.

6. Upon execution of this Settlement Agreement, counsel for PacifiCorp and defendants will promptly execute a Stipulation of Dismissal Without Prejudice substantially in the form attached hereto as Exhibit "A." Following issuance of the Order of Dismissal, counsel for PacifiCorp will withdraw its appeal of this matter now pending before the Interior Board of Land Appeals and all issues with respect to the subject matter of this litigation shall be deemed resolved between the parties.

7. This Agreement is a settlement and compromise of disputed claims and shall have no precedential effect with regard to any of the issues resolved by it.

DATED this 4th day of March, 1996.

PacifiCorp, by Energy West Mining
Company, its ~~Managing~~ Agent

By: *Don Beck*
Its: Vice President

Bureau of Land Management

By: *Davidson M. Kace*
Its: *Deputy State Director,
Natural Resources*

Stoel Rives LLP,
counsel for PacifiCorp

John S. Kirkham
John S. Kirkham

United States Department of the Interior,
and all other Defendants

Bruce Hill
Bruce Hill, Special Assistant
U.S. Attorney