C/015/015 Incoming

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Green River District
Price Field Office
125 South 600 West
Price, UT 84501
www.blm.gov

RECEIVED
FEB 13 2017
DIV. OF OIL, GAS & MINING

In Reply Refer To:
3482 (UTG023) MWG
U-5287 (Coal Lease)
UTU-73335 (Moab 1 LMU)

CERTIFIED MAIL --RETURN RECEIPT REQUESTED
#7016 1370 0000 0863 2343

Mr. Dan Baker, President and CEO
Bronco Utah Operations LLC
P.O. Box 527
Consol Mine Road
Emery, Utah 84522

Re: Minor Modification to Resource Recovery and Protection Plan (R2P2), Timing Change and New Portal Access Area, Emery II Mine, Bronco Utah

Dear Mr. Baker:

The Bureau of Land Management (BLM) received on December 8, 2016, a request from Bronco Utah (Bronco) to modify the approved R2P2 for the Emery II Mine (formerly the Emery Mine under Consol Utah Operations). After further consultations and a meeting with Bronco, additional information was submitted dated January 8, 2017, and again on February 6, 2017. The request changes the timing of the commencement of mining and subsequent mining during the first five years of operation. The change also contemplates new portal access for the property. The Emery II Mine includes Federal coal leases U-5287, U-50044 and UTU 86038 and adjacent non-federal (fee) coal lands. All these affected coal lands with the exception of Federal Coal Lease UTU 86038 are inside the "Moab 1" Logical Mining Unit (LMU) UTU-73335.

Proposed Plan: This mine has been idle for approximately six years. The mine was purchased by Bronco Utah and the existing permits and federal coal leases were transferred from Consol to Bronco in 2016. The planned start-up by Bronco in 2016 did not occur due to various permitting issues taking longer than expected, however these

issues are expected to be cleared up in the next two to three months. Bronco's new Mining and Reclamation Plan (MRP) includes new surface facilities which consists of roads, conveyors, crushing sand screening plant, and a box cut which will be the location of the new portals. The proposed timing modification has coal production from two continuous miner sections beginning in late winter (approximately March/April) 2017 with the subsequent timing changes for the rest of the mine. Access to the fee coal will be via brand new portals consisting of three portals (intake, belt and return air) located in the aforementioned box cut in the vicinity of the Consol 2nd West Mains. In addition, Bronco has updated the mining plan for the first five years of mining, including the first roughly 2.5 years on fee coal tracts and eventually crossing over onto one of the federal coal leases (U-5287) in mid-year 3. The mining will continue across U-5287 and then back onto fee lands, all within the first five years of mining. None of the first five years of mining will be full extraction mining; it will all take place in one seam ("I" Seam), and all within LMU 73335. Mining is projected at the rate of 1.4 million tons per year.

Approval: This letter is Bronco's authorization from the BLM to modify the timing and access to the LMU. While Bronco currently has an approved R2P2, this modification shows the up-to-date timing of the first five years and also the new access (portal) location. A copy of the approved mine map with the timing change and access location is enclosed.

Maximum Economic Recovery (MER): This timing revision and new portal location does not affect the recovery of Federal coal at the mine. While BLM has no direct authority over mining of coal on privately owned lands, it is prudent to review in this case as the mining of fee coal at Bronco's Emery II mine could potentially affect the access to coal within federal coal lease U-5287. As such, the mining of this fee coal has been reviewed for that purpose and is found to be both effective and logical. However, as this plan only outlines the first five years of mining and includes only minimal initial development of federal lease U-5287, BLM will require a new submittal from Bronco as it approaches said federal coal lease with additional detailed information on mining plans, reserves and coal quality as it relates to U-5287. We suggest submitting this information well in advance of crossing the lease boundary.

Recoverable Coal Reserve Base: As mentioned previously, Bronco Utah currently holds an approved R2P2, which includes a reserve summary (recoverable) for LMU 73335. Within 60 days of your receipt of this letter Bronco will be required to update the previously approved recoverable reserve base for LMU 73335. Please provide the Price Field office your updated assessment for the recoverable reserve base (broken down by lease) of Bronco Utah's federal, state, and fee coal holdings in Emery County.

National Environmental Policy Act (NEPA): No new surface disturbance is predicted with this R2P2 change, and therefore this action is Categorically Excluded from NEPA analysis as explained in the Department manual [45 DM Part 516-11.5 (F) (8)]: Approval of minor modifications to, or minor variances from activities described in an approved underground or surface mine plan for leasable minerals (e.g., change in mining sequence or timing). It should be noted however, that Bronco Utah will be developing its

new portal access (new surface facilities) only after review and approval by the Utah Division of Oil, Gas, and Mining and the Office of Surface Mining Reclamation and Enforcement under the State of Utah's permanent program regulations (R 645) pertaining to the federal Surface Mining Control and Reclamation Act of 1977.

The BLM has determined that this modification to the R2P2 complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, and the lease terms and conditions. The modification is approved as depicted on the enclosed mine map.

If you have any questions, please contact Steven Rigby (435-636-3604) of my staff.

Sincerely

Ahmed Mohsen
Acting Field Manager

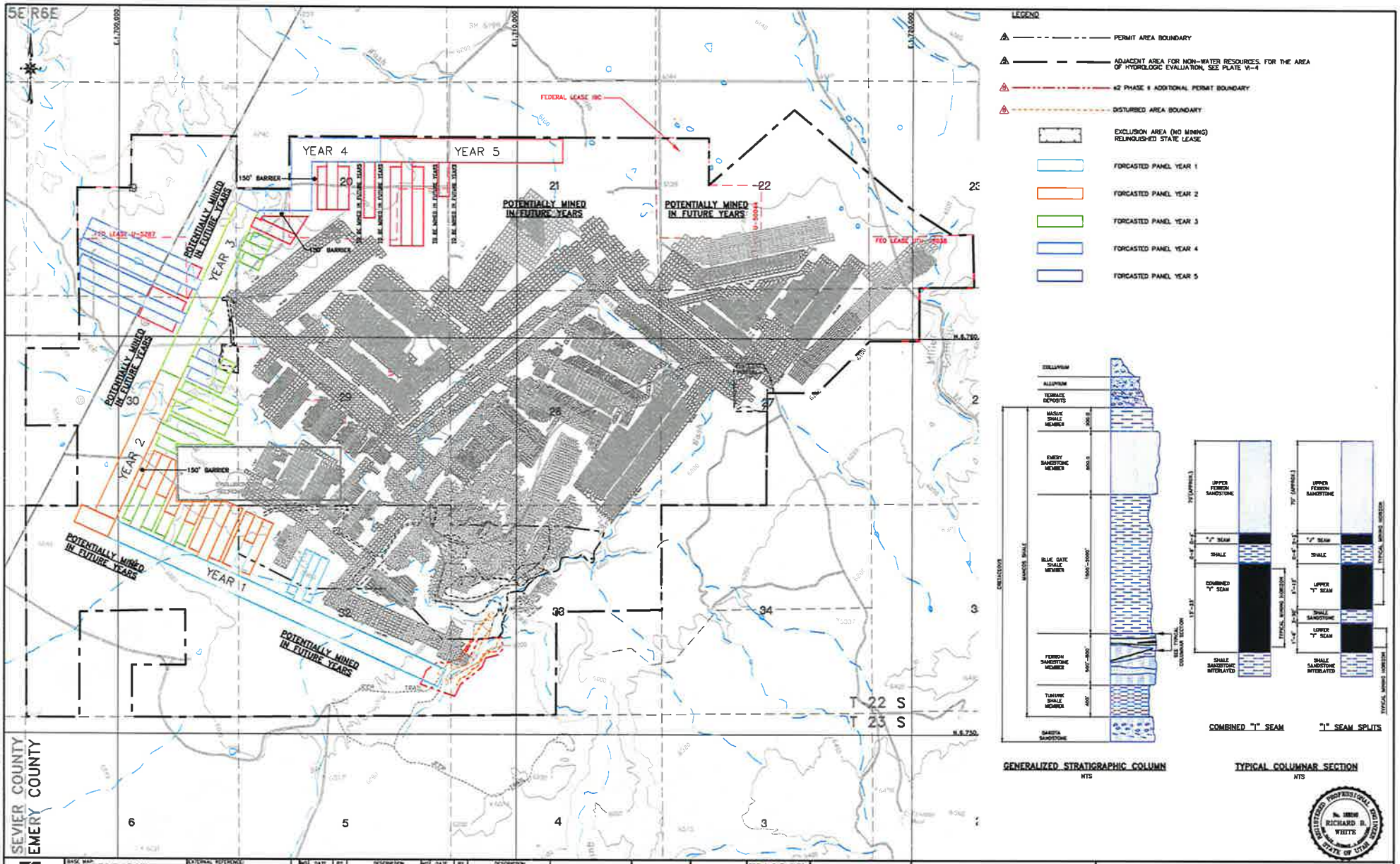
Enclosure: Approved Mine Map

cc: Green River District (w/encl.)
170 South 500 East
Vernal, Utah 84078

Utah State Office (w/encl.)
440 West 200 South, Suite 500
Salt Lake City, Utah 84101-1345

Utah Division of Oil, Gas, and Mining (w/encl.)
1594 West North Temple, Suite 1210, Box 145801
Salt Lake City, UT 84114-5801

Mine Safety and Health Administration (w/encl.)
P. O. Box 25367
Denver, Colorado 80225-0376



EarthFax

NO.	DATE	BY	DESCRIPTION	NO.	DATE	BY	DESCRIPTION

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SCALE: 1" = 1000'
CONTOUR INTERVAL = 40'

DRAWN BY: SWF | CHECKED BY: JAG | ORIGINAL DATE: 01/17 | RE-DRAWN DATE:
APPROVED BY: JAG | DWG DATA: G:\UC1665\11\BLM

EMERY MINE
EMERY COUNTY, UTAH
PERMIT NO.
ACT015/015

BRONCO UTAH OPERATIONS, LLC
P.O. BOX 527
PRICE, UT 84522

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FORCASTED MINE PLAN