



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY PLEASE REFER TO:
3482, SL-070645, U-024317, (UT-923)

DEC 08 2003

Certified Mail--Return Receipt Requested
Certificate No.

Mr. Carl Pollastro
Director of Technical Services and Project Development
Interwest Mining Company
One Utah Center, Suite 2000
Salt Lake City, Utah 84140-0200

*Incoming
C/O 12/01/03
Edna Daron, Wayne
PRO (Karl)*

Re: Minor Modification of Resource Recovery and Protection Plan (R2P2), 7th Right Longwall, Hiawatha Seam, Deer Creek Mine.

Dear Mr. Pollastro:

The Bureau of Land Management (BLM) has received on August 25, 2003, a request from Interwest Mining Company to change the approved R2P2 by shortening the 7th Right Longwall panel at the subject mine. The area in question is located in the North Rilda Ridge area, Hiawatha Coal Seam on Federal coal lease U-024317.

Interwest proposes to mine the 7th Right longwall setup room entries from crosscut 49 in 7th Right gate entries to crosscut 57 in the 6th Right gate entries. The previously approved setup entries were approved at the projected crosscut 61 in 7th Right. The longwall panel would be shortened by about 1200 feet. Interwest reported that the development entries in 7th Right have encountered a fluvial channel system that has scoured the coal in the Hiawatha Seam down to 6 feet in thickness. Projected longwall face profiles were submitted showing longwall mining through this area could result in coal quality approaching 24% ash, well above acceptable power plant ash limits.

The BLM has inspected the area and has verified Interwest's reported coal heights and the extent of the scour area (inspected on 12 Aug 2003, please see attached Inspection Reports GSH081203 and JDM081203). The channel scour was evident from crosscut 49 to crosscut 54 in the 7th Right entries. The width of the scour indicates that it would extend into the panel for some distance and any attempt to mine the longwall through this scour would result in the shear mining 1+ foot of rock for a number of shield widths into the panel. Further, there is insufficient panel length in by the scour to consider longwall mining the full

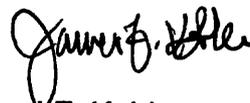
DEC 11 2003

panel length with an in-panel longwall move. BLM agrees that the 7th Right set up room needs to be started at crosscut 49 to avoid the scour. Approximately 260,000 tons of coal that was originally thought to be in the recoverable reserve base of lease U-024317, should be deleted.

This approval of a minor modification to an existing R2P2 is Categorically Excluded from National Environmental Policy Act (NEPA) analysis in that no new surface disturbance will occur from this action as stated in Overview of BLM's NEPA Process, February 1997, Appendix 2, page 2-7 (F)(7).

The modification of the R2P2 complies with the Mineral Leasing Act of 1920, as amended, the regulations at 3480, and the lease terms and conditions and will achieve maximum economic recovery of the federal coal. The modification to the R2P2, mining the set up room for the 7th Right longwall panel at crosscut 49, is approved (confirming the prior verbal approval). A copy of the approved mine map is enclosed. If you have any questions, please contact Stephen Falk at the Price Field Office (435) 636-3605 or Jeff McKenzie of my staff at (801) 539-4038.

Sincerely,



J.F. Kohler
Chief, Solid Minerals

Enclosure

Inspection Reports for 12 Aug 2003
Approved Mine Map

cc: UT-070, Price, Utah (w/encl.)
Utah Division of Oil Gas and Mining (w/encl.)
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
Energy West Mining Company (w/encl.)
P. O. Box 310
Huntington, Utah 84528

Inspection Report

Inspection Number: GSH081203

Inspection Type: Special

Fiscal Year: 2003

Mine Name: Deer Creek

Period Type: Quarterly

Inspector: Gregg Hudson

Period End Date:

Operator: PacifiCorp/Energy West

Active Faces:

Operator Rep: '

Accompanied By: Jeff McKenzie

Location:

Finalize Date:

Mine Status: Jeff McKenzie and I arrived at the mine at approximately 7:45 a.m. We met with Larry LaFrentz and Ken Fleck prior to going underground to get updated on current mining activities, and to look at the geologic characteristics that are driving the request for stopping at crosscut 49 (faxed in on 08/11/03). Larry provided a color map which detailed coal thicknesses and mine heights. A lot of focus was placed on the quality of the product as a result of mining roof and floor materials. Ash contents were into the 30% range, and that the product could not be delivered as such. There were some quality issues from a small area due to oxidized coal, but it was said that outside of some mining problems getting through the material, it would not be the main reason for wanting to cut this panel short. There were some projections drawn of the unnamed geologic feature (possibly a channel or want, etc...) that was being mined into, but no clear boundary to the east could be projected. The feature trends NW to SE at crosscut 49 where coal thickness quickly drops from 8.1 feet to 6 foot, and gets thinner from there.

We were underground at 8:30 a.m., Ken Fleck took us in, and walked us through the geology. Coal thicknesses reflected on the map were confirmed, with the bed thickness getting as thin as 4.9 feet in Room 1 at 54. In Room 1, approaching crosscut 55, the bed thins to 5 feet (or less; could not get up to face due to lack of roof bolts) with sandstone (tan) at both the top and the floor of the bed.

I noticed a considerable amount of water in this area, unlike other areas of the mine I had inspected in May of this year. Ken said they are puzzled by it as well. The major oxidized seam identified at 53 is saturated (50% or more). This zone even shrunk, pulling away from the roof, leaving a void. Jeff took several pictures of the bed thicknesses, and this void feature (will have these filed).

We also took a look at the development activities of the Mill Fork tract. They are at crosscut 21, and already there are concerns with sandstone roof, and where, or if, it will face up. The sandstone appears to be diving down

We came back up at 11:50 a.m.

Prior to leaving the mine, we had further discussions with Larry about ways to continue forward with the rooms, possibly Room 1, to at least see if they could find the eastern extent of the unnamed feature. They were not willing to commit to such, in the event we concur with their request. By pulling up at 49, with no further development activity moving east in 7th right, about 207,000 tons of coal will be left in place. There was discussion that 8th right could be stopped at crosscut 32 (in line with 49 on 7th right) given the unknown characteristics of the unnamed feature. We did not entertain this concept at this time.

Details of the mining operation for the 7th and 8th right panels were also addressed, Jeff has more details (Jeff, please update here, and embellish anywhere you deem necessary above).

We left the mine at 1:00 p.m.

Leases

Lease Number	Lessee	Assignee	Status
Fee			Active Mine Works
SL-050862-024	J.B. Johnson	UP&L	Producing
SL-051221	Rulon W. Jeppson	UP&L	Producing

SL-064607-0646	Clara Miller	UP&L	Producing
SL-064900D	Cyprus Wilberg	UP&L	Producing
SL-070645-U-02	Clara Miller	UP&L	Unknown
State ML-22509	Malcom McKinnon	UP&L	Producing
U-014275	John Helco	UP&L	Unknown
U-024317	Huntington Corporation	UP&L	Active Mine Works
U-024319	Huntington Corporation	UP&L	Producing
U-040151D	Cooperative Security Corp.	UP&L	Producing
U-044025D	Cooperative Security Corp.	UP&L	Producing
U-06039	Ferdinand Hintze	UP&L	Active Mine Works
U-083066D	Cooperative Security Corp.	UP&L	Producing
U-084923D	Malcolm N. Mckinnon Marital T	UP&L	Producing
U-084924D	Malcolm N. Mckinnon Marital T	UP&L	Producing
U-1358D	Castle Valley Mining	UP&L	Producing
U-2810	PacifiCorp/Energy West		Producing
U-47977	West Appa Coal Company	UP&L	Producing
U-47979	UP&L	UP&L	Producing
U-7653	Carroll County Coal Company	UP&L	Producing

Section - Seam

Mining Type:

Status:

Lease No.:

Coal Owner:

Surface Owner:

Pillar Dimensions:

Face Width:

Section Notes:

Entry/ Shield:
Estimated Extract %:

	Measurement	Location
Height:		
Width:		
Thickness:		

Face Location:
Roof Conditions:
Floor Conditions:
Coal Type Desc.:
Geologic Conditions:
Entry/Shield Notes:

Close Out Discussion:

Inspection Report

Inspection Number: JDM081203

Inspection Type: Special

Fiscal Year: 2003

Mine Name: Deer Creek

Period Type: Quarterly

Inspector: Jeff McKenzie

Period End Date:

Operator: PacifiCorp/Energy West

Active Faces:

Operator Rep: '

Accompanied By: Gregg Hudson

Location:

Finalize Date: 9/3/2003

Mine Status:

7 Right in North Rilda

Visit was made to confirm reported conitions in 7 Right of North Rilda:

- low coal
- oxidized coal

The conditions were confirmed with areas of coal less than 6 feet
Gregg Hunt checked each data point shown on the map. Please refer to his field notes.

Some areas had sandstone top and floor (generaly cannot be mechanically cut).

The area of 49-50 xc was examined specifically to see if the start room could be moved inby to xc 50. However, the coal thinned within 20feet of entry from 8 feet to 6 feet minus (from inby xc rib to outby xc rib).

The requested move of the start room for 8th Right from 43 xc to about 31-32xc was discussed, but the mine personel were informed the start up room remains at 43 xc unless in-mine drilling etc shows it needs to be moved. Also, if it is moved outby, the coal inby will need to recovered by contionuous miner unless shown to be uneconomic.

Please note: The south side rib of #2 entry in 7th Right had less than 6 feet (5 feet in places) with sandstone top and floor -- so recovery of coal inby the new start room was not discussed as a requirement. Also, the mine has recently shown continuous miner coal is not economic for PacifiCorp to recover (inby area of 2 Right in North Rilda).

Mill Fork Drivage

We also visited the Mill Fork mainline drivage which was at xc 21. The conditions were about the same as the last visit with interbedded shales and coals which could be cut but resulting in high ash. However, there were evidences of the cutable mining horizon thinning due to sandstaone starting to appear in the roof.

(Please note: the "Sections" portion of this reporting system is not working properly, so it was not used.)

Leases

Lease Number	Lessee	Assignee	Status
Fee			Active Mine Works
SL-050862-024	J.B. Johnson	UP&L	Producing
SL-051221	Rulon W. Jeppson	UP&L	Producing

SL-064607-0646	Clara Miller	UP&L	Producing
SL-064900D	Cyprus Wilberg	UP&L	Producing
SL-070645-U-02	Clara Miller	UP&L	Unknown
State ML-22509	Malcom McKinnon	UP&L	Producing
U-014275	John Helco	UP&L	Unknown
U-024317	Huntington Corporation	UP&L	Active Mine Works
U-024319	Huntington Corporation	UP&L	Producing
U-040151D	Cooperative Security Corp.	UP&L	Producing
U-044025D	Cooperative Security Corp.	UP&L	Producing
U-06039	Ferdinand Hintze	UP&L	Active Mine Works
U-083066D	Cooperative Security Corp.	UP&L	Producing
U-084923D	Malcolm N. Mckinnon Marital T	UP&L	Producing
U-084924D	Malcolm N. Mckinnon Marital T	UP&L	Producing
U-1358D	Castle Valley Mining	UP&L	Producing
U-2810	PacifiCorp/Energy West		Producing
U-47977	West Appa Coal Company	UP&L	Producing
U-47979	UP&L	UP&L	Producing
U-7653	Carroll County Coal Company	UP&L	Producing

Section - Seam

Mining Type:

Status:

Lease No.:

Coal Owner:

Surface Owner:

Pillar Dimensions:

Face Width:

Section Notes:

Entry/ Shield:
Estimated Extract %:

	Measurement	Location
Height:		
Width:		
Thickness:		

Face Location:
Roof Conditions:
Floor Conditions:
Coal Type Desc.:
Geologic Conditions:
Entry/Shield Notes:

Close Out Discussion:

Inspection Addenda

Entry Date: 11/24/2003

Comments: Please note: Report prepared as a "Special" report rather than a section by section I & E report.

EM-154



B-866
HIA 8.25

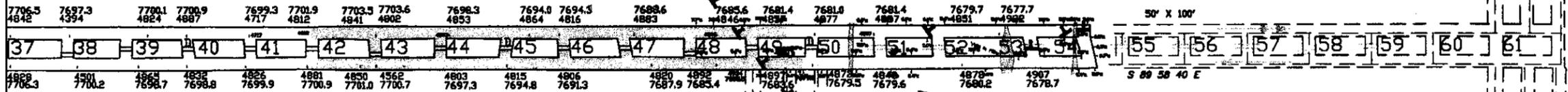
8th Right Panel

MINING PLAN APPROVED BY
BUREAU OF LAND MANAGEMENT
Recommended By: *[Signature]*
Mining Engineer (Date) 5-Dec-2003
Approved By: *[Signature]*
Manager (Date) 12/9/2003

8th Right Panel
Approved Setup Face

<6' Average Coal Height

7TH RIGHT



Certified by:
Kenneth S. Fleck
Professional Geologist
5224883-2250

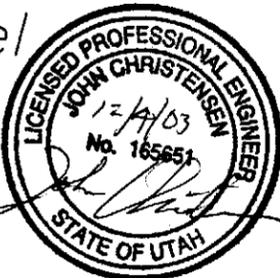
7th Right Panel

B-858
HIA 8.1

7th Right Panel
Approved Setup Face

<6' Average Coal Height

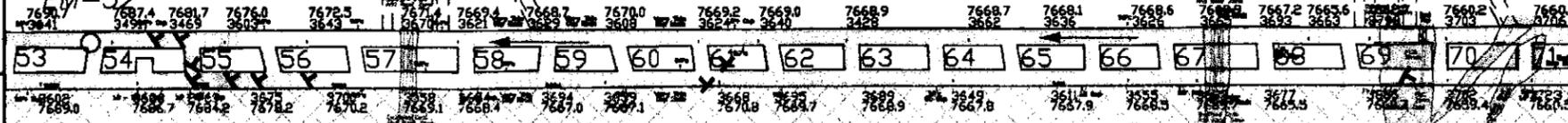
- TT Roof Sandstones
- Roof Mudstones
- Roof Siltstones
- Mudstone Cap Rock under Sandstone
- Channel or Scour Margin with Dip Direction
- Roof Fall
- Kettle Bottom



CAD FILE NAME/DISK#: 7thSetupFace.dwg

ENERGY WEST
MINING COMPANY
HUNTINGTON, UTAH 84528

EM-52 6TH RIGHT



DEER CREEK MINE
7th Right Longwall - Approved
and Proposed Setup Locations

DRAWN BY:	K.S. Fleck	1	
SCALE:	1" = 200'	DRAWING #:	
DATE:	August 21, 2003	SHEET 1 OF 1	REV. _____