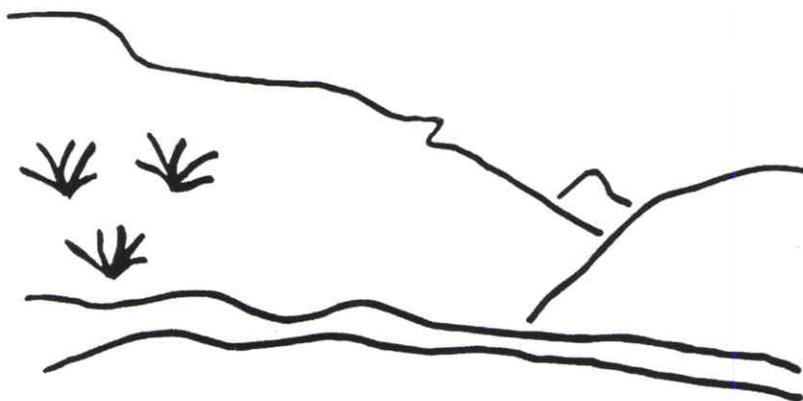


State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Deer Creek Mine
Mill Fork Exploration for 2005
C/015/0018
Task ID #2177
Minor Exploration Analysis and Findings
June 24, 2005

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Refer to Record No. 0048 Date 06-27-2005

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For additional information

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INTRODUCTION

EXPLORATION TECHNICAL ANALYSIS

INTRODUCTION

PacifiCorp originally submitted an exploration plan in March 2005 to drill a total of six exploration holes within the Mill Fork Coal Lease ML-48258 in 2005. However, development mining in the Mill Fork Lease intercepted a complex series of rock splits that required revision of the exploration plan to assist in the interpretation of the geology. PacifiCorp now proposes to reduce the total number of exploration holes from six to four. The plan is formatted to follow the applicable portions of Coal Exploration Rules R645-200 through R645-203.

The helicopter supported drilling is planned for July 15 to August 15, 2005. The Permittee anticipates completing all drilling and reclamation activities associated with this project within 60 days following the date of implementation.

The permittee has received permission from State Trust Lands to conduct exploration drilling on ML 48258 (Mill Fork Lease). State Trust Lands Administration has a \$50,000 bond from the permittee to ensure reclamation of the drill site. This information is from an email written on May 17, 2005 by John Blake representing State Trust Lands Administration to Pam Grubaugh-Littig Division of Oil, Gas and Mining.

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INTRODUCTION

SUMMARY OF PERMIT CONDITIONS

SUMMARY OF PERMIT CONDITIONS

As determined in the analysis and findings of this Technical Analysis, approval of the plan is subject to the following condition:

R645-202-232, Prior to conducting this minor exploration, the applicant must receive a Special Use Permit and Road Use Permit from the Manti La Sal National Forest.

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SUMMARY OF PERMIT CONDITIONS

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:

PacifiCorp has proposed to conduct minor exploration by drilling four holes (2005- one thru four) within the SILTA Mill Fork Coal Lease ML-48258 in the year 2005.

The permittee has committed to comply with the requirements of R645-200 through R645-203.

This minor coal exploration will be conducted on Utah State Coal Lease ML-48258 and the United States Forest Service administrates the surface land; therefore, 43 CFR Part 3480-3487 does not apply.

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 but not necessarily adequate until a review of each regulation is made within this document.

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, the 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 has been submitted in the Notice of Intent on Page 2.

COAL EXPLORATION

R645-100-400, R645-200-100, R645-200-200, and R645-201-100; Energy West Mining 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.

The permittee will transport drilling equipment, materials, and personnel by helicopter from the staging area. The drill sites will be relatively level (20 percent slope or less). There will be no removal of vegetation such as grasses and trees, but dead-fall and some taller shrubs (mahogany) or aspen trees will be removed for safety reasons.

The drill site will not be greater than 40 feet by 40 feet area. Brattice or other similar material will be placed on the ground beneath the drill rig. Minor digging, using hand tools, may be necessary to level the drill rig using wood block or other materials.

A maximum of twenty pounds of coal will be removed per drill hole with a total of about 160 pounds from all the drill holes. This will be achieved by drilling a three-inch diameter hole. Upon completion, the drill hole will be sealed with cement from the bottom of the hole to ground level.

The exploration is projected to start July 15, 2005 and end by August 15, 2005.

Findings:

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

The permittee 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

COMPLIANCE DUTIES

Regulatory Reference: 30 CFR 772.13; R645-202.

OPERATIONAL STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-100.

Analysis:

R645-202-200; Energy West Mining will not substantially disturb the land surface and will remove less than 250 tons of coal.

PacifiCorp has committed to comply with all coal exploration requirements of the State Program, and any conditions on approval of the exploration plan.

The permittee has received permission from State Trust Lands to conduct exploration drilling on ML 48258 (Mill Fork Lease). State Trust Lands Administration has a \$50,000 bond from the permittee to ensure reclamation of the drill site. This information is from an email written on May 17, 2005 by John Blake representing State Trust Lands Administration to Pam Grubaugh-Littig Division of Oil, Gas and Mining.

Biology

Plants

The vegetation community types include cottonwood/aspen/fir/dogwood and spruce/fir coniferous interspersed with mixed communities. Previous reports for the area show that there are no TES plant species (Vol. 12).

Animals

The area is designated as critical winter range for elk, and high priority summer range for deer and elk. The Permittee will initiate the 2005 drill project on July 15, which is after deer and elk exclusionary wintering and calving periods - December 1 through April 15 and May 15 through July 5, respectively.

The Permittee conducts annual raptor over-flight surveys. All nests observed from previous surveys are outside the 0.5-mile buffer zone to the 2005 drill hole site. Nests 80 and 81

COMPLIANCE DUTIES

are within the 0.5-mile buffer zone for the Mill Fork staging area. The flight path from the Mill Fork to the Joes Valley staging areas is within the 0.5-mile buffer zone for nests 78, 79, 963, 80, and 81. The Permittee will initiate the 2005 drill project on July 15, which is after raptor exclusionary period - February 1 through July 1. All non-essential flights will be at 1000'.

Previously, the USFS stipulated that the Permittee must implement the special monitoring program if raptor nests are listed as active during the spring over-flight survey. The USFS issued this stipulation because the Permittee requested to initiate the project during the raptor exclusionary period. (See TA_EXP_1743.PDF for details of the program).

The Mexican spotted owl exclusionary period is March 1 through August 31. Previous reports show that the elevation for the 2005 project sites are above this species preferred nesting habitat of below 8,000' (Vol. 12).

The drill-hole operations will require 0.74 acre-feet of water (Refer to p. 13 in 2005 Plan). The USFWS requires mitigation for endangered fish species of the Colorado River when the amount of water consumption exceeds 100 acre-feet.

Roads

PacifiCorp will use only existing roads for this project; no new roads will be constructed. The applicant of the Notice of Intent will be using US Forest Service roads for staging areas of heavy equipment. The US Forest Service will be notified 48 hours in advance of heavy equipment traveling on the road.

The applicant will be using U.S. Forest Development Roads #245, #017, and #040. Prior to drilling, Energy West will obtain a permit for the use of these roads.

This information is addressed on Page 8 in the Letter of Intent.

Topsoil

The method of drilling used by PacifiCorp will disturb a small amount of topsoil. The leveling of the drill rig and associated equipment may require a small amount of excavation. Brattice cloth is to be used to cover the ground to protect the topsoil and surface vegetation. I have inspected prior drill sites, using this method vegetation quickly recover. I could not find any considerable impact to the area. The disturbed area will be reseeded with the approved seed mix in the Letter of Intent.

COMPLIANCE DUTIES

Diversions of Overland Flows and Streams

Exploration will be by helicopter-assisted drilling. Pads, pits, and roads will not be built. The drills used are diesel powered rotary drill rigs mounted on 6-ft by 8-ft skids. Maximum area for the drill sites will be approximately 40-ft by 40-ft. There may be some minimal disruption of overland flow in the immediate vicinity of the drilling operations caused by removal of deadfall and brush and minor digging with hand tools to allow effective leveling of the drilling equipment. The drill sites are relatively level, with slopes of 20 percent or less; therefore, minimal site preparation will be necessary. (Section R645-201-225; Drill Hole Access and Pad Construction *and* Drill Methods & Procedures).

There will be no diversion of streams or disturbance of stream courses. The Permittee will obtain water for drilling from drainages in the vicinity of the proposed drill holes. Water for the drill holes will be pumped and gravity-fed directly from drainages located near the drill holes or from Indian Creek. Pumps will be gasoline or diesel powered. Water will be stored in tanks at each drill site (Section R645-202-234; Diversions of Overland Flows).

If there are diversions of overland flows, they will be in compliance with R645-301-742.3 (Section R645-202-234; Diversions of Overland Flows).

Hydrologic Balance

A Temporary Exchange Application for water rights will be filed and approved with the State of Utah, Division of Water Rights prior to commencement of operations. The Permittee will obtain water for drilling from drainages in the vicinity of the proposed drill holes. Water for the drill holes will be pumped and gravity fed directly from the unnamed drainages located near the drill holes or from a pump located near Indian Creek. Gasoline or diesel-powered water pumps stationed near the creek or canal and will pump water to tanks located at each drill site. No disturbance is to be made to the stream course.

The amount of water required for the project is estimated at 40,000 gallons per hole; therefore, the maximum total quantity of water to be used is estimated at approximately 160,000 gallons or 0.49 acre-feet (Section R645-202-234; Diversions of Overland Flows).

Ground water is not anticipated. If present, ground water will be reported to DOGM and other appropriate agencies. The exploration holes are not intended to be water-monitoring wells; however, if ground water is found, a determination will be made regarding the possible transfer and modification of the drill hole to a monitoring well (R645-202-243; Reclamation of Boreholes).

COMPLIANCE DUTIES

Acid- or toxic forming materials

During drilling, water and drilling fluids will be recirculated to the extent possible. Any returned cuttings and other materials will be captured in a container at the drill site. All cuttings will be transported by helicopter to the staging area, and from there will be transported to the Deer Creek or Cottonwood Waste Rock sites for disposal.

Fuel and lubricant containers will be stored on trucks at the staging areas, or at the drill sites, and will be placed on brattice or other acceptable ground cover, located away from surface drainages and surrounded by brattice, earth berm, or another acceptable containment structure. Brattice or other similar material will be placed on the ground beneath the drill rig (Section R645-201-225; Fire Suppression Equipment and Drill Methods & Procedures).

Drilling will utilize water and, as necessary, a biodegradable polymer drilling "mud" such as MINEX 1330. MSDS are available upon request (Section R645-201-225; Drill Methods & Procedures).

Spilled fluids will be contained by brattice ground cover and silt fence, and berms will be built if necessary. Materials affected by spills will be removed from the site and disposed at an approved location. If contaminated soil is removed, the site will be recontoured and seeded with the appropriate seed mix (Section R645-201-225; Practices to Protect from Adverse Impacts and to Reclaim the Area).

Findings:

The permittee has met the minimum requirements for minor exploration.

RECLAMATION STANDARDS

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

Analysis:

Approximate original contour

The drill site areas will be basically flat with no major excavation occurring. Minor shoveling may be needed for leveling the drill rig. The area will be at approximate original contour.

COMPLIANCE DUTIES

This information is on Page 13 in the Letter of Intent.

Revegetation

The Permittee expects minor surface disturbances from the drilling activities. The size of the work pads for the holes are 40' x 40'. The Permittee will remove deadfall from the sites in preparation for the drill-hole pads. Preparation will not include removing vegetation unless removal is necessary for staff safety. The reclamation project includes removing debris and contaminated soil, recontouring, broadcast seeding, and replacing deadfall. The seed mix includes native grass and forb species.

Boreholes

Ground water is not anticipated. However, if ground water is present it will be reported to (SITLA, USFS, and DOGM) and a determination will be made regarding the modification of the drill hole to a monitoring well.

Upon completion, each drill hole will be completely sealed with cement/bentonite from the bottom of the hole to ground level. Enough cement will be mixed and pumped into the hole to completely seal the coal horizon. The remainder of the hole will be filled completely with bentonite slurry to within five feet of the surface. A cement surface plug will fill the top five feet. A brass monument marker will be placed in the top of the cement surface plug with the hole number and year.

This information is in Letter of Intent.

Facilities and Equipment

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 drill holes will be removed when sealing is completed.

This information is in Letter of Intent.

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COMPLIANCE DUTIES

PUBLIC AVAILABILITY OF INFORMATION

PUBLIC AVAILABILITY OF INFORMATION

Regulatory Reference: 30 CFR 772.15; R645-203.

Analysis:

The Division will have a copy of the Notice of Intent to Conduct Minor Coal Exploration at the Division of Oil, Gas and Mining office.

Findings:

The Division will have a copy of the Notice of Intent to Conduct Minor Coal Exploration at the Division of Oil, Gas and Mining office.