

**From:** Wayne Hedberg  
**To:** Chuck Semborski  
**Date:** 3/7/2006 5:03:31 PM  
**Subject:** BLM Coal Exploration License - Mill Fork SITLA Lease, Deer Creek Mine

Dear Mr. Semborski:

This email is sent as followup to our phone conversation on March 6, 2006 regarding our regulatory position for the above referenced BLM coal exploration license proposal. After evaluating this proposal under the pertinent State and Federal mining regulations, and following a consultation with representatives of the Office of Surface Mining, we have determined that the proposed action will not require a permit from the Division of Oil, Gas & Mining.

The proposal involves a westward extension of the underground development entries (14th, 15th & 16th West), from the western boundary of the Mill Fork SITLA Lease Tract (ML-48258) into unleased federal coal located outside of the approved mine permit area. New setups, bleeders and 2 horizontal drill holes are proposed to explore and determine the precise location of the Joe's Valley Fault. This work will be authorized and performed under an approved BLM Exploration License. Coal extracted by the exploration activities will be segregated and stockpiled at the Hunter and/or Huntington Power Plants within current coal storage areas as authorized under the exploration license. This coal cannot be sold or burned under the exploration license provisions. PacifiCorp will file LBA extension application(s) for the Mill Fork West Tract with the BLM to allow further coal recovery efforts. The Division will become actively involved in the permitting of these future LBA lease tract extensions as modifications to the approved mine plan for the Deer Creek Mine.

Thank you for keeping us informed of PacifiCorp's ongoing mining activities at the Deer Creek Mine. If you have any questions or need further clarification, please contact us at your earliest convenience.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Coal Regulatory Program  
(801) 538-5286

**CC:** Mark Mesch; Mary Ann Wright; Pam Grubaugh-Littig; Susan White