

FEDERAL

PERMIT
C/015/0018

January 19, 2007

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, suite 1210
Salt Lake City, Utah 84114-1210
(801) 538-5340

This permit, C/015/0018, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

PacifiCorp
1407 West North Temple
Salt Lake City, Utah 84116
(801) 220-4618

for the Deer Creek Mine. A Surety Bond is filed with the Division in the amount of \$4,113,000, payable to the State of Utah, Division of Oil, Gas and Mining and the United States Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM). The Division must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act and the R645 regulations.
- Sec. 2 PERMIT AREA** - The permittee is authorized to conduct coal mining and reclamation operations, on the following lands as described in the approved application, situated in the state of Utah, Emery County:

Township 16 South, Range 6 East, SLB&M Emery County, Utah

Section 1: SE¼.
Section 10: E½E½SE¼; W1/2E1/2SE1/4, SE1/4NE1/4, S1/2NE1/4NE1/4
Section 11: All.
Section 12: All.
Section 13: All.
Section 14: All.
Section 15: E½E½; E1/2W1/2E1/2.
Section 22: Lots 1, 2, 3, 4, 5, 6, 7, E½NE¼, SW¼NE¼, N½SE¼.
Section 23: N½, N½S½.
Section 24: N½.
Section 25: E½ SE¼ SE¼, S½ SE¼ NE¼ SE¼.

File in:

Confidential

Shelf

Expandable

Refer to Record No. 0007 Date 01/25/2007

In C/0150018

For additional info

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Township 16 South, Range 7 East, SLB&M Emery County, Utah

Section 6: Lots 5, 6, 7, 8, S $\frac{1}{2}$ SE $\frac{1}{4}$.
 Section 7: All.
 Section 8: NW $\frac{1}{4}$ NW $\frac{1}{4}$.
 Section 18: Lots 1, 2, NE $\frac{1}{4}$.
 Section 19: Lots 2-3, W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$.
 Section 20: E $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$.
 Section 21: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$.
 Section 22: SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$.
 Section 27: SW $\frac{1}{4}$.
 Section 28: W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$.
 Section 29: All.
 Section 30: E $\frac{1}{2}$, Lot 4.
 Section 33: All.
 Section 34: W $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$ W, NW $\frac{1}{4}$ W $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ W $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$.

Township 17 South, Range 6 East, SLB&M Emery County, Utah

Section 1: Lots 1, 2, 3, SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$.
 Section 12: E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$.
 Section 13: E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$.
 Section 24: E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$.
 Section 25: N $\frac{1}{2}$ NE $\frac{1}{4}$,
 Beginning at the SE corner of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 25, T17S, R6E, SLB&M; Thence, north 160 rods, west 116 rods to the center line of the Cottonwood Creek; thence southerly along centerline of said creek to a point 84 rods west of the beginning; thence, east 84 rods to the beginning.

Township 17 South, Range 7 East, SLB&M Emery County, Utah

Section 2: Lot 12, W $\frac{1}{2}$ SW $\frac{1}{4}$, [SE $\frac{1}{4}$ (SULA #284)].
 Section 3: W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$.
 Section 4: All.
 Section 5: All.
 Section 6: All.
 Section 7: All.
 Section 8: All.
 Section 9: All.
 Section 10: All.
 Section 11: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, Portions of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ west of the Deer Creek fault, W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$, Portions of the E $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$ west of the Deer Creek fault.
 Section 14: Portions of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ west of the Deer Creek fault, Portions of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ west of the Deer Creek fault,

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Section 15: N¹/₂, SW¹/₄.
 Section 16: All.
 Section 17: All.
 Section 18: All.
 Section 19: All.
 Section 20: All.
 Section 21: All.
 Section 22: W¹/₂, W¹/₂ SE¹/₄, W¹/₂ E¹/₂ SE¹/₄, Portions of the E¹/₂ SE¹/₄ SE¹/₄ west of the Deer Creek fault, Portions of the SE¹/₄ NE¹/₄ SE¹/₄ west of the Deer Creek fault.
 Section 27: N¹/₂ NW¹/₄, NW¹/₄ NE¹/₄, W¹/₂ E¹/₂ NE¹/₄, Portions of the E¹/₂ E¹/₂ NE¹/₄ west of the Deer Creek fault.
 Section 28: N¹/₂ N¹/₂.
 Section 29: N¹/₂ N¹/₂.
 Section 30: Lots 1, 5, 6, N¹/₂ NE¹/₄, SW¹/₄ NE¹/₄, NW¹/₄ SE¹/₄.

Beltline Corridor

Beginning at a point S 0° 22' E, 142.4 feet from the SW corner of NW¹/₄ of Section 1, T17S, R7E, SLB&M; thence, N 49° 53' 23" E, 2395.4 feet; thence, S 40° 10' 42" E, 101.94 feet; thence, S 49° 52' 03" W, 2481.12 feet; thence, N 0° 22' W, 276.25 feet to the point of beginning.

Waste Rock Site

Beginning 10 feet South of the NE corner of Section 6, T17S, R8E, SLB&M; thence, S 89° 52' 00" W, 1272.000 feet; thence S 0° 08' 00" E, 600.000 feet; thence, S 83° 28' 43" E, 302.035 feet; thence, S 72° 54' 35" E, 314.083 feet; thence, S 63° 06' 41" E, 224.508 feet; thence, S 48° 18' 17" E, 268.404 feet; thence, S 20° 06' 29" W, 1066.848 feet; thence, S 39° 24' 03" W, 855.358 feet; thence, S 41° 10' 40" E, 100 feet; thence N 43° 39' 42" E, 1635.000 feet; thence, N 31° 02' 18" E, 412.959 feet; thence N 22° 58' 45" E, 1310.908 feet; thence, N 89° 40' 41", 740.000 feet; to the point of beginning.

The permittee is authorized to conduct coal mining and reclamation operations on the foregoing described property subject to the conditions of all applicable conditions, laws and regulations.

- Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM** - This permit expires on February 7, 2011.

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- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13 {e} and R645-303-300.
- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- (a) have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
 - (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by the private person.
- Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct coal mining and reclamation operations only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.
- Sec. 8 ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:
- (a) Any accelerated or additional monitoring necessary to determine the nature and extent of noncompliance and the results of the noncompliance;
 - (b) immediate implementation of measures necessary to comply; and
 - (c) warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.
- Sec. 9 DISPOSAL OF POLLUTANTS** - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.
- Sec. 10 CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:
- (a) in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and

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- (b) utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 11 **EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
- Sec. 12 **RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13 **AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14 **COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 15 **PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit area in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 **CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.
- Sec. 17 **APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.
- Sec. 18 **SPECIAL CONDITIONS** - There are special conditions associated with this permitting action as described in attachment A.

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The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them.

These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: John R. Byg
Date: 1/19/2007

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

**Authorized Representative of
the Permittee**

Date: _____

Attachment A

SPECIAL CONDITIONS

1. If during entry development, sustained quantities of groundwater are encountered which are greater than 5 gpm from a single source in an individual entry, and which continue after operational activities progress beyond the area of groundwater production, PacifiCorp must monitor these flows for quality and quantity under the approved baseline parameters. PacifiCorp will notify the Division within 24 hours prior to initiation of monitoring.
2. PacifiCorp will submit water quality data for the Deer Creek Mine in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>.
3. PacifiCorp will not mine federal lease UTU-84285 (Mill Fork West) until the mining plan approval is signed the Assistant Secretary of Land and Minerals.

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**State of Utah****Department of
Natural Resources**MICHAEL R. STYLER
*Executive Director***Division of
Oil, Gas & Mining**JOHN R. BAZA
*Division Director*JON M. HUNTSMAN, JR.
*Governor*GARY R. HERBERT
Lieutenant Governor

January 19, 2007

Doug Johnson, Manager of Environmental Affairs
Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528Subject: State Permit and Decision Document for the Mill Fork West Federal Lease
UTU-84285, PacifiCorp, Deer Creek Mine, C/015/0018, Task #2656,
Outgoing File

Dear Mr. Johnson:

Enclosed please find the Decision Document and Permit for the Mill Fork West Federal Lease. This permitting action involves the addition of federal lease UTU-84285 for 213.57 acres to the permit area. Please have the authorized officer for PacifiCorp sign both permits and return one to the Division.

This Decision Document has been forwarded to the Office of Surface Mining (OSM). The Division will forward the permit to OSM when you return it to the Division. Mining may not proceed into this area until the Assistant Secretary of Lands and Minerals in the Department of Interior has signed the mining plan approval.

If you have any questions, please call me, or Pamela Grubaugh-Littig.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza".
John R. Baza
Directoran
Enclosurescc: Ranvir Singh, OSM-WRCC (w/attachments)
Emery County Planning (certified) (w/o)
Marc Stilson, Water Right (w/o)
Alice Carlton, Forest Service (w/o)
Jim Kohler, Bureau of Land Management (w/o)
Dave Ariotti, DEQ (w/o)

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State Decision Document

**Mill Fork West Lease Addition
Incidental Boundary Change
Deer Creek Mine
C/015/0018**

January 19, 2007

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT AND
TECHNICAL ANALYSIS**

**PacifiCorp
Mill Fork West Lease Addition
Incidental Boundary Change
Deer Creek Mine
C/015/0018
Emery County, Utah**

January 19, 2007

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- * Permitting Chronology
- * Mining Plan Modification Information Sheet
- * Findings, dated January 19, 2007
- * Permit, issued January 19, 2007
- * Technical Analysis, dated January 19, 2007
- * Cumulative Hydrologic Impact Assessment, dated January 19, 2007
- * AVS Recommendation, January 9, 2007
- * Letters:
 - USFWS, Informal Phone Consultation, Division with USFWS on September 6, 2006
 - SHPO Concurrence, dated May 8, 2006
 - U. S. Forest Service Letter, dated August 1, 2006
 - BLM Coal Lease UTU 84285, effective November 1, 2006
 - BLM R2P2, dated September 22, 2006
 - OSM determination that this action does constitute a mining plan modification, dated July 11, 2006

ADMINISTRATIVE OVERVIEW

PacifiCorp
Mill Fork West Lease Addition
Incidental Boundary Change
Deer Creek Mine
C/015/0018
Emery County, Utah

January 19, 2007

PROPOSAL:

In 1997 the Permittee, PacifiCorp, received approval to expand its mining operations into the North Rilda Area in and adjacent to Rilda Canyon. In 1999, the Mill Fork Tract added 5,562.82 acres to the Deer Creek Mine permit. On June 1, 2006 PacifiCorp submitted an amendment to include the Mill Fork West Extension Tract LBA/Federal Lease UTU-84285 to the Deer Creek Mine permit boundary. This lease tract for 213.57 acres was issued by the Bureau of Land Management on November 1, 2006.

This proposal to add 213.57 acres is an incidental boundary change (9.6% additional acreage) and does not require publication. This proposal, however, is a mining plan modification as determined by the Office of Surface Mining and requires mining plan approval.

BACKGROUND:

The original permit for the Deer Creek Mine was issued February 7, 1986 for approximately 14,620 acres. The mining plan for Federal leases SL-064607-064621, SL-064900, SL-070645, U-1358, U-02292, U-084923, U-084924, U-083066, U-040151, U-044025, U-014275, U-024319, and U-47979 was approved on October 11, 1985 for the Deer Creek Mine. A Waste Rock Storage Facility was added September 1988. The permit was renewed on February 7, 1991.

The January 8, 1993 mining plan approval (IBC-1) added 120 acres of coal (80 acres in a portion of Lease No. U-47977 and 40 acres in a portion of Lease No. SL-050862). The July 22, 1993 mining plan approval (IBC-2) added 160 acres (80 acres in a portion of Lease U-47977 and 80 acres in a portion of Lease SL-050862).

PacifiCorp submitted an application for the Rilda Canyon Lease Extension, which included Leases U-7653, U-47977, U-06039, and SL-050862 on February 12, 1990 and resubmitted an application on February 8, 1994. This submittal was revised on June 27, 1994, as an incidental boundary change (IBC-3) to include development mining only in U-06039, U-47977, and SL-050862 (approximately 100,000 tons). Included in the revised application was

longwall mining the Second, Third and Fourth East panels and development mining in the Third North Mains and the Sixth East Gate. Longwall mining would proceed in areas that were previously approved as incidental boundary changes with mining plan approval dates of January 8, 1993 (IBC-1) and July 22, 1993 (IBC-2). Entry development mining in the Third North Mains and the Sixth East Gates entailed about 40 acres beyond the the approved permit boundary in Leases U-06039, U-47977 and SL-050862. IBC-3 was approved July 28, 1994.

The Rilda Canyon Lease Extension to mine in federal leases U-7653, U-47977, SL-050862, part of U-06039, and state lease ML-22509 was approved on December 13, 1994.

A modification to lease U-06039 (not requiring mining plan approval) to mine 42.97 acres (or approximately 100,000 tons) was submitted on May 26, 1995 and approved on June 13, 1995.

Construction of the original surface facilities (Left Fork Fan Portal) in Rilda Canyon was a significant revision to the Deer Creek Mine permit and was submitted on March 29, 1994. The approval to construct surface facilities in Rilda Canyon was granted on July 31, 1995, with nine conditions. All of the conditions were met on November 8, 1995.

PacifiCorp submitted an application for the North Rilda Area (which included Federal Leases U-24317, U-2810, U-06039, SL-051221 and fee coal), for a total of 1960 acres on February 4, 1997. This application was approved on July 15, 1997, which brought the total permitted area of the Deer Creek Mine to approximately 18,706 acres.

In order to access the Mill Fork lease, PacifiCorp acquired a lease modification to lease U-06039. This modification, consisting of 65.7 acres, was added to the Deer Creek permit on August 14, 2002 as an incidental boundary change.

PacifiCorp submitted an application for the Mill Fork Lease (State Lease ML-48258), to the Division of Oil, Gas and Mining on October 29, 2001. The coal tract as described in the lease contains 5,562.82 acres, more or less. This represented about 64 million tons of minable coal to be produced over the life of the mine in this area. Approval on March 5, 2003 for mining in the SITLA Mill Fork lease added 5, 562.82 acres to the Deer Creek Mine. This mining is conducted in the Blind Canyon and Hiawatha seams.

The North Rilda Canyon Facilities were approved in December 21, 2005 primarily for ventilation and to move materials into the mine closer to the active workings.

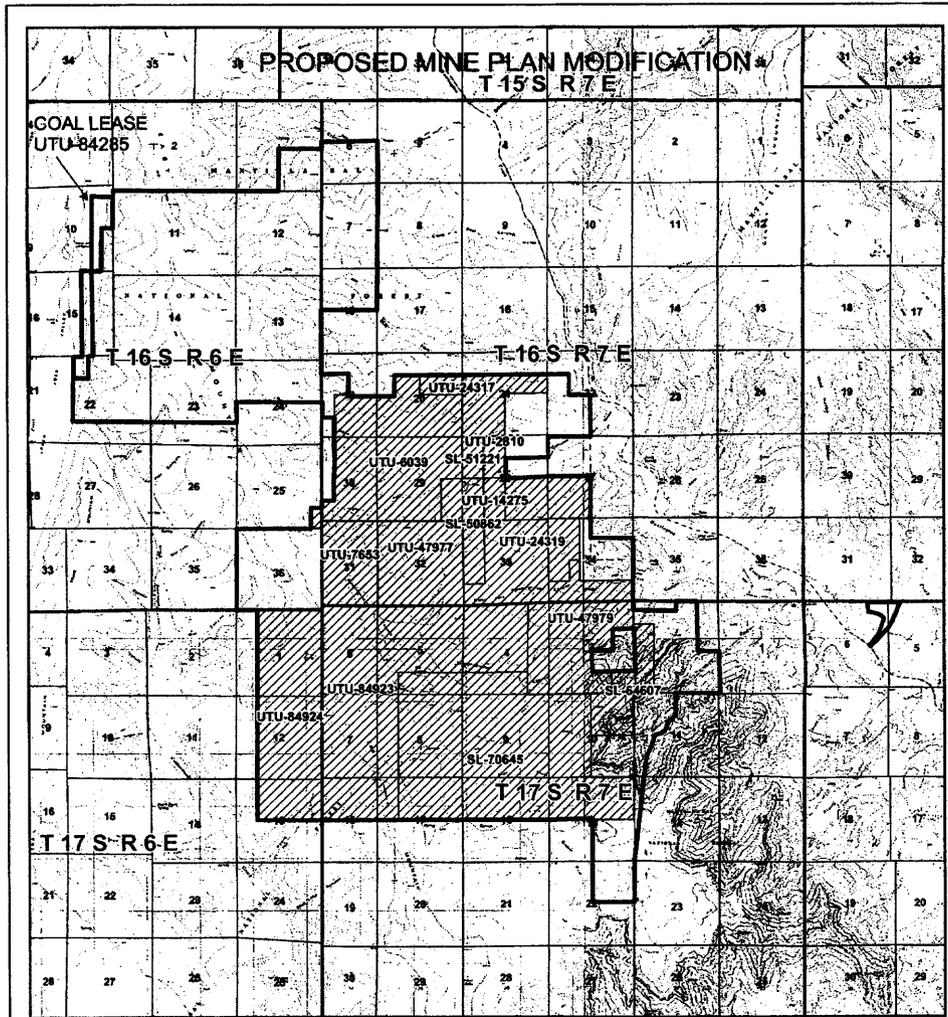
ANALYSIS:

The Division of Oil Gas and Mining has conducted an Administrative and Technical Analysis (TA) of the proposed mine Permit Application Package (PAP) for the proposed Mill Fork West Extension/Federal Lease IBC. All appropriate State and Federal agencies have been consulted regarding this proposal. The probable hydrologic consequences of the action have

been analyzed and a Cumulative Hydrologic Impact Assessment (CHIA) has been prepared. This proposal was an incidental boundary change and did not require public participation according to the Utah Coal Regulatory Program. The application meets the requirements of the Utah Coal Regulatory Program.

RECOMMENDATION:

This recommendation is based on the complete PAP, the TA conducted by the Division, the CHIA also prepared by the Division, and the administrative record. PacifiCorp has demonstrated that mining can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. The 510 (c) report on the Applicant Violator System was verified for this mine on January 9, 2007 and there are no violations.

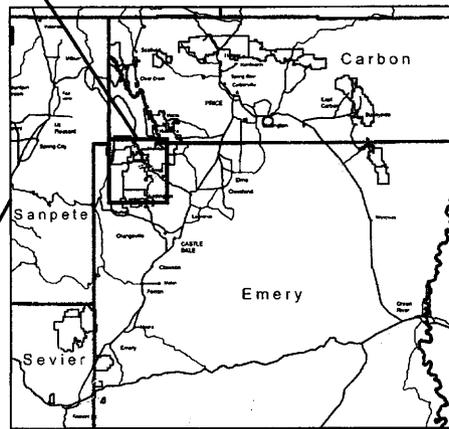
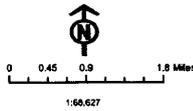


**Deer Creek Mine
and Waste Rock Site**
C0150018
Carbon County, Utah
January 2007

Township 16 South Range 6 & 7 East
Township 16 South Range 6 & 7 East

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- Permit Area
- Proposed Mine Plan Modification UTU-64285
- Federal Lease Areas



Locator Map

PERMITTING CHRONOLOGY

PacifiCorp
Mill Fork West Lease Addition
Incidental Boundary Change
Deer Creek Mine
C/015/0018
Emery County, Utah

January 19, 2007

May 8, 2006	SHPO clearance for the Mill Fork West lease addition (as part of the EA).
June 1, 2006	PacifiCorp submits an application for the Mill Fork West Lease Addition. This is determined to be an Incidental Boundary Change and does not require public notice
July 11, 2006	OSM determination that the addition of the Mill Fork West Lease addition will require mining plan modification.
September 6, 2006	Informal consultation with U.S. Fish and Wildlife Service and the Division.
September 22, 2006	BLM issues approval of a modification of the R2P2.
September 22, 2006	R2P2 Approved by BLM.
November 1, 2006	Federal Lease UTU – 84285 issued by BLM.
January 9, 2007	AVS check completed with issue recommendation.
January 19, 2007	Technical Analysis completed, all regulatory requirements have been met. CHIA completed.
January 19, 2007	Decision Document completed and Permit issued.

**MINING PLAN AND MINING PLAN MODIFICATION INFORMATION
BACKGROUND INFORMATION**

New Federal lease UTU-84285, 213.57 acres.

USGS 7.5 minute Quadrangle location map(s): **Rilda Canyon**

Year mine began production: **1969**

Current permit acreage: **1972.21 Current/19,935.78 with LBA**

Current surface disturbed acres: **98.05 Current/98.05 with LBA**

Total acres of Federal coal within the current permit: **12,980.95 Current/13,194.52 with LBA**

Total acres of Federal surface land within the current permit: **14,836.21 Current/15,049.78 with LBA**

Recoverable tons of Federal coal remaining in the current permit: **6.0 mm Current/6.3 mm with LBA**

Average annual production rate: **3.5 mm tpy**

Maximum production rate: **4.5 mm tpy**

Coal seam(s) mined: **Hiawatha, Blind Canyon**

Average annual employment: **360**

Life-of-Mine in current permit: **15 years**

Current Post mining land use: **Grazing, Wildlife Habitat, Recreation**

PROPOSED ACTION INFORMATION

Total change in permit acreage: **213.57**

Change in surface disturbed acres: **0**

Change in acres of Federal coal: **213.57**

Change in Federal surface land acres: **213.57**

Change in recoverable tons of Federal coal: **0.3 mm**

Change in average annual production: **0**

Coal seam(s) to be mined: **Hiawatha, Blind Canyon**

Change in annual employment: **0**

Change in Life-of-Mine: **0**

Reclamation bond amount: **No Change**

Change in post mining land use: **None**

FINDINGS

PacifiCorp
Mill Fork West Lease Addition
Incidental Boundary Change
Deer Creek Mine
C/015/0018
Emery County, Utah

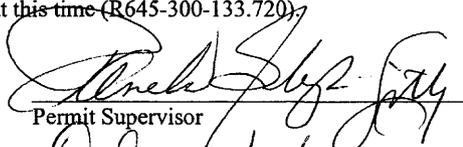
January 19, 2007

1. The permit application for the extraction of coal from the Mill Fork West Lease at the Deer Creek Mine is accurate and complete and all requirements of the Surface Mining Control and Reclamation Act, and the approved Utah State Program (the "Act") are in compliance. See Technical Analysis dated January 19, 2007 (R645-300-133.100)
2. The applicant does not propose any disturbance associated with this permitting action. See Technical Analysis dated January 19, 2007 (R645-300-133.710)
3. An assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities on the hydrologic balance in the general area has been conducted by the Division and no significant impacts were identified. See CHIA dated January 19, 2007. The Mining and Reclamation Plan (MRP) proposed under the revised application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site area (R645-300-133.400 and UCA 40-10-11 (2)(c)).
4. The proposed lands to be included within the permit area are:
 - a. Not included within an area designated unsuitable for underground coal mining operation (R645-300-133.220);
 - b. not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);
 - c. not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc), 761.11 {f} (public buildings, etc.) and 761.11 {g} (cemeteries);
 - d. not within 100 feet of a public road except at the location where the public road accesses the property(R645-300-133.220); and
 - e. not within 300 feet of any occupied dwelling (R645-300-133.220).
5. The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species Act of 1973. See Technical Analysis dated,

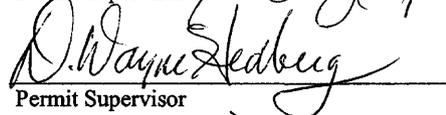
January 19, 2007 and memo dated December 12, 2006 for informal consultation with U.S. Fish and Wildlife Services dated September 6, 2006 (16 USC 1531 et seq.) (R645-300-133.500).

6. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). See Technical Analysis, dated January 19, 2007. See State Historic Preservation Office concurrence, dated May 8, 2006. (R645-300-133.600)
7. The applicant has the legal right to enter and conduct coal mining activities through coal lease issued by the BLM on November 1, 2006 (Federal Coal lease – UTU-84285) (645-300-133.300)
8. A 510 (c) report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; neither PacifiCorp nor any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act (A 510 (c) report was run on, January 9, 2007, see memo to file dated January 9, 2007). (R645-300-133.730)
9. Coal mining and reclamation operations to be performed under the permit will not be inconsistent with other operations anticipated to be performed in areas adjacent to the proposed permit area.
10. The applicant has posted a surety bond for the Deer Creek Mine in the amount of \$4,113,000 issued by Travelers Casualty and Surety Company of America (Surety Number 103908970) (R645-300-134).
11. No lands designated as prime farmlands or alluvial valley floors occur on the permit area. See Technical Analysis dated January 19, 2007 (R645-302-313.100 and R645-302-321.100).
12. The proposed postmining land-use is the same as the pre-mining land use (wildlife habitat) and has been approved by the Division and the surface land management agency, the Forest Service. No surface disturbances are associated with this lease extension to the permit area and no postmining land-use change has been proposed.
13. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program. This action does constitute a Federal Mine Plan Modification. See OSM determination letters dated July 11, 2006.
14. This permitting action was determined to be an incidental boundary change and does not require public participation. (R645-300-120)

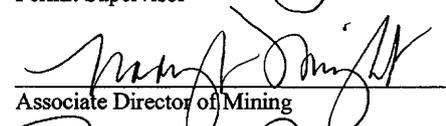
- 15. No existing structures will be used in conjunction with this application. These are new surface facilities being proposed at this time (R645-300-133.720)



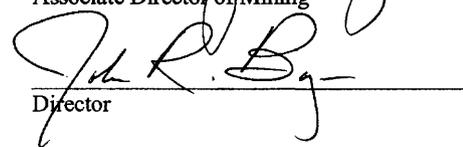
Permit Supervisor



Permit Supervisor



Associate Director of Mining



Director

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 9, 2007

To: Compliance File

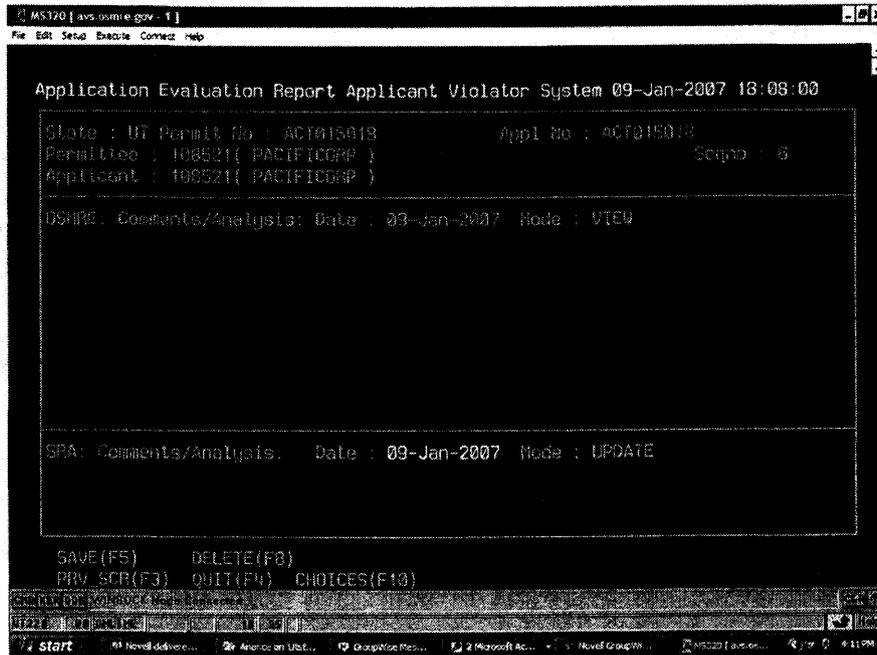
From: Pamela Grubaugh-Littig, Permit Supervisor *Part for PR*

Re: 510 (c) Recommendation for PacifiCorp, Deer Creek Mine, C/015/0018

As of this writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected for the Deer Creek Mine. There are no finalized civil penalties, which are outstanding and overdue in the name of PacifiCorp. PacifiCorp does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Attached is a recommendation from the OSM Applicant Violator System for the Deer Creek Mine that states there are no outstanding violations.

O:\015018.DER\FINAL\PERMIT\MillForkWest\AVSmemo1092007.doc



TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

December 12, 2006

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor *PGL*

FROM: Jerriann Ernstsens, Ph.D., Environmental Scientist, Biology. *JE*

RE: DOGM's Informal Phone Consultation with USFWS and Decision Memo for OSM for the Mill Fork West Extension LBA/Federal Lease, Energy West Mining Inc., PacifiCorp, Deer Creek Mine, C/015/0018, Task ID #2544, 2656

DOGM TECHNICAL ANALYSIS SUMMARY:

The Permittee submitted a plan on June 30, 2006 for an extension to access federal coal (lease number UTU-84285) that is west of the Mill Fork State Lease (ML-48258). The extension would increase their mine permit area by 213.57 acres. The plan does not include adding acreage to the disturbed area for operations. The proposed extension area would allow the Permittee to locate the "set-up rooms" farther to the west providing greater coal recovery, mostly, from the long-wall mining within the Mill Fork State Lease. The proposed area above the set-up rooms should not subside.

THREATENED, ENDANGERED, AND SENSITIVE ANIMAL/PLANT SPECIES

The MRP meets R645-301-322 because there is adequate discussion, supporting documentation, and maps on TES species that could occur within or adjacent to the permit area.

The MRP includes current TES lists and an overview of habitat and occurrence data for all the TE species in Emery County, the Manti-Lasal National Forest sensitive species, and other state listed sensitive species (Vol. 11, Sec. 300, App. C, and Tabs. 300-1 through 300-4; Vol. 12, Sec.300). Of the TE species listed for the area, the only TE species that may be present is the Mexican spotted owl (although recognized as highly unlikely).

Plants

The MRP states that no threatened or endangered plant (or animal) species inhabit the Mill Fork or Rilda Canyon areas. There are, however, sensitive species within the permit area. The MRP discusses the potential presence of Monti's milkvetch, Canyon sweetvetch, Peterson

Page 2
C/015/0018
Task ID #2656
December 12, 2006

TECHNICAL MEMO

catchfly, and Link trail columbine. A query to the Utah Natural Heritage program identified Carrington daisy, USFS sensitive species, occurring in the permit area. The MRP describes the potential of this species occurring primarily within the southern region of the mine permit area. USFS considers that subsidence will not impact this species. The Utah Natural Heritage program identified the Link Canyon columbine and Canyon sweetvetch, both USFS sensitive species, occurring adjacent to the permit area in Little Bear Canyon.

Mexican Spotted Owl

The Mill Fork permit area includes MSO habitat. The Willey 1997 and 2000 models illustrate that the habitat is on the far northeastern boundary of the permit area and is in the far southwestern corner of the permit area (T16S, R6E, S22). The MSO habitat is not within the predicted subsidence zone.

Fish

The Permittee addresses the Colorado River cutthroat trout and its habitat within or adjacent to the permit area. The mine's overall water budget is a contribution not depletion to the Colorado River basin and here is no significant change in water contribution. The 2004 fish surveys reported observations of cutthroat in Rilda Creek, but DWR considers that the observed fish were most likely Yellowstone cutthroat. Populations of this species, however, are known to exist in Crandall Creek.

DOGM INFORMAL, PHONE CONSULTATION WITH USFWS SUMMARY:

The Division initiated informal consultation with the USFWS (Diana Whittington) on September 6, 2006 for this application. Jerriann Ernstsen informed Diana that there was no surface disturbance and that the Permittee does not predict subsidence for the extension area. Jerriann mentioned that of the TE species listed for the area, the only TE species that may be present is the Mexican spotted owl (although recognized as highly unlikely). Jerriann mentioned that there are no known raptor nests for the area (#1475 is close, but not within). The project map (MFS1866D) shows that the area may include 5 relatively steep sites, however, the Division supports that these areas are talus slopes and not steep escarpment sites.

DOGM INFORMAL DECISION

The Division's determination is that the proposed Deer Creek expansion project is "No effect" to threatened or endangered species listed for the County because there would be no surface disturbance for facilities, there is no subsidence planned for the extension area, and there is no depletion of water from the Colorado River basin.

O:\015018.DER\FINAL\PERMIT\MillForkWest\Sec7DecMemo4OSM 2656JoeVall LBA.DOC

DETERMINATION OF SIGNIFICANCE AND EFFECT
 USDA-Forest Service - Intermountain Region
 (Ref FSM 2360)

R4-2300-4 (6/04)

To be completed by a cultural resource specialist and attached to the CR report and project EA. Type all entries.

Pacific Corp Mill Fork Federal Coal Lease Tract UTU-71307
 Extension, Emery County, Utah
 Project Title

ML-1189, U-06-FS-0588f
 Cultural Resource Report No.

A cultural resource investigation has been conducted for this project and cultural values have been identified. Based on the attached report, the Forest Service has made the following determinations:

CULTURAL SIGNIFICANCE

Class	No. of Sites	USFS Site Numbers
I - Eligible	0	
II - Unevaluated	0	
III - Not Eligible	0	

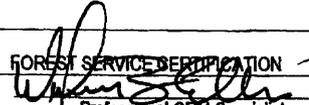
EFFECT - There will be no historic properties affected because:

- They are outside the project area.
- They are outside impact zones.
- Final project plans will avoid them.
- National Register characteristics will not be changed.
- Other (explain below).
 Check here if sites will be affected, and attach a detailed explanation.

COMMENTS AND COORDINATING REQUIREMENTS

The following actions are proposed to ensure the protection of known or suspected sites. None
 No sites in proposed project area.

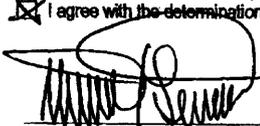
FOREST SERVICE CERTIFICATION

	05-01-06		05-01-06
Professional CRM Specialist	Date	Line Officer Approval	Date

* Required when significant sites may be affected and/or when non-routine action is recommended.

S.H.P.O. COMMENTS

I have reviewed the documented provided by the Forest Service.
 I agree with the determinations. I disagree, as explained below or in the attached letter.

 **Matthew T. Seddon, RPA**
 Deputy State Historic Preservation Officer
 Signature Title Date 5/8/06

INTERDISCIPLINARY TEAM ANALYSIS RECORD

Project Title: Mill Fork West Extension Tract Lease Application

NEPA Log Number:

File/Serial Number:

Project Leader:

FOR EAs: NP: not present; NI: resource/use present but not impacted; PI: potentially impacted
FOR DNAs only: NC: no change (anticipated resource impacts not changed from those analyzed in the NEPA document on which the DNA is based)

STAFF REVIEW OF PROPOSAL:

NP/NI/PI NC	Resource	Date Reviewed	Specialist/ Signature	Review Comments (required for all NIs and PIs. PIs require further analysis.)
CRITICAL ELEMENTS				
NI	Air Quality	5/13/06	Karl Boyer <i>Karl Boyer</i>	All proposed lease activities are related to underground mining. No ventilation shafts or portal facilities would be constructed. The only surface disturbance to take place would be subsidence. The lease is not in an air quality non-attainment area. Impacts would be negligible. Total mine emissions would be unchanged.
NP	Areas of Critical Environmental Concern	5/13/06	Karl Boyer <i>Karl Boyer</i>	The Mont E. Lewis Botanical Area is located approximately three miles north of the proposed lease tract. The area includes a wet meadow complex at the toe of Seeley Mountain, overlooking Scad Valley. This area would not be affected by the proposed lease tract.
NC	Cultural Resources	5/15/06	Bruce Ellis <i>Bruce Ellis</i>	The area had not been completely surveyed. The additional area was surveyed on April 27, 2006. No cultural resources were found. State Historic Preservation Office (SHPO) consultation is required. The project may not be implemented until SHPO concurrence is obtained.
NI	Environmental Justice	5/16/06	Ann King <i>Ann King</i>	This project would not have any disparate impacts on individual groups of peoples or communities. Implementation of this project would produce no adverse effects on minorities, low-income individuals, Native Americans or women. No civil liberties would be affected.
NP	Farmlands (Prime or Unique)	5/13/06	Karl Boyer <i>Karl Boyer</i>	There are no prime or unique farmlands in the area. The area is used for grazing allotments which would not be significantly impacted by underground mining.
NC	Floodplains	5/13/06	Karl Boyer <i>Karl Boyer</i>	Mining activities related to the lease would not involve development or occupancy of any floodplains. There are no floodplains within the proposed lease tract but there is a large floodplain nearby associated with the Indian Creek drainage. The tributaries to Indian Creek on the west slope of East Mountain are ephemeral. Mining related subsidence effects in the ephemeral streams contributing to Indian Creek would be mitigated by the depth of overburden (~1000 feet for the upper seam and ~1200 feet for the lower seam); however, if parallel faulting exists in a fault zone to the east of the main Joes Valley Fault, as indicated by the resistivity surveys, the effects of mining related tension cracks could be intensified by combining effects with the pre-existing natural faulting in the zone east of the main fault. This combined effect could disrupt some of the flow contributing to the floodplain associated with Indian Creek, resulting in a potential impact. Recently acquired in-mine drilling data have provided greater confidence regarding the location of the fault. This additional data and observance of Stipulation #19 of the Special Coal Lease Stipulations (22 degree angle of draw) reduces the likelihood of significant impacts occurring.

NP/NI/PI NC	Resource	Date Reviewed	Specialist/ Signature	Review Comments (required for all NIs and PIs. PIs require further analysis.)
NC	Invasive, Non-native Species	5/9/06	Matthew Meccariello <i>M. Meccariello</i>	There would be no surface access for the proposed lease tract and therefore only limited potential to transport invasive or non-native species into the proposed lease area due to mining. Significant impacts would not be expected.
NC	Native American Religious Concerns	5/15/2006	Bruce Ellis <i>Bruce Ellis</i>	The area had not been completely surveyed. The additional area was surveyed on April 27, 2006. No cultural resources were found. Tribal consultation is required. The project may not be implemented until tribal concurrence is obtained.
NC	Threatened, Endangered or Candidate Plant Species	5/15/2006	Terry Nelson <i>Terry Nelson</i>	A BE/BA has been completed for the proposed lease. No threatened, endangered or candidate plant species occur within the proposed lease area.
NC	Threatened, Endangered or Candidate Animal Species	5/15/2006	Terry Nelson Pam Jewkes <i>Terry Nelson</i>	A BE/BA has been completed for the proposed lease. The proposed lease would not affect any threatened, endangered or candidate animal species or their habitat.
NI	Wastes (hazardous or solid)	5/18/06	Date Harber <i>Date Harber</i>	All federal and state laws on hazardous and solid waste apply. If the standard lease stipulations are included with the proposed lease, impacts would be negligible.
NC	Water Quality (drinking/ground)	5/13/06	Karl Boyer <i>Karl Boyer</i>	No developed drinking water sources are found in the proposed lease tract. The closest groundwater development is a developed spring on the west side of Joes Valley, about 1 mile west of the proposed lease tract, which is used for the Indian Creek Campground. The North Emery Water Users Association also has a water development in Rilda Canyon; approximately five miles to the southeast. It is not likely that water encountered in the mine would be associated with surface and near surface groundwater. It is anticipated that groundwater encountered during mining would be through the interception of paleo-sandstone channels in the tops of the coal seams and seepage from the mine floor where the hydrostatic pressure is above the bottom of the lower coal seam.
NC	Wetlands/Riparian Zones	5/13/06	Karl Boyer <i>Karl Boyer</i>	There is a wetland just west of the proposed lease tract associated with the Indian Creek drainage. The tributaries to Indian Creek on the west slope of East Mountain are ephemeral. Mining related subsidence effects in the ephemeral streams contributing to the wetland would be mitigated by the depth of overburden (~1000 feet for the upper seam and ~1200 feet for the lower seam); however, if parallel faulting exists to the east of the main Joes Valley Fault, as indicated by the resistivity surveys, the effects of mining related tension cracks could be intensified by combining effects with the pre-existing natural faulting in the zone east of the main fault. This combined effect could disrupt some of the flow contributing to the wetland associated with Indian Creek. If subsidence was intensified due to the combined effects of mining related tension faulting and pre-existing fractures, the riparian areas around the springs and seeps could also be impacted by a disruption of their recharge areas and supply paths. These potential impacts are not anticipated to be significant due to recently acquired in mine drilling data that has provided greater confidence regarding the location of the fault. This additional data and observance of Stipulation #19 of the Special Coal Lease Stipulations (22 degree angle of draw) reduces the likelihood of significant impacts occurring.
NP	Wild and Scenic Rivers	5/14/06	Ann King <i>Ann King</i>	There are no wild and scenic rivers in the project area. The nearest designated rivers are approximately five miles away, Huntington Creek and the Lower Left Fork of Huntington Creek. Mining in the proposed lease tract would not affect these streams.
NP	Wilderness	05/10/06	Marlena Depietro <i>Marlena Depietro</i>	There are no existing Wilderness or designated National Recreation Areas in or around the proposed lease tract. The Forks of the Huntington National Recreation Trail is 5 miles to the north. The Fish Creek National Recreation Trail is located 22 miles to the north. The nearest wilderness area is the Mt. Nebo Wilderness located on the Uinta National Forest approximately 35 miles to the

NP/NI/PI NC	Resource	Date Reviewed	Specialist/ Signature	Review Comments (required for all NIs and PIs. PIs require further analysis.)
				northwest. The proposed lease tract is within the East Mountain IRA. No construction of roads or surface facilities is planned.
OTHER RESOURCES / CONCERNS*				
NC	Rangeland Health Standards and Guidelines	5/9/2006	Matthew Meccariello <i>Mat Meccariello</i>	Extending several longwall panels to the west may cause subsidence cracks, affecting seeps, springs and surface resources (over land flow) in the immediate and adjacent area. The rangeland impacts are not anticipated to be significant.
NC	Livestock Grazing	5/9/2006	Matthew Meccariello <i>Mat Meccariello</i>	Portions of two grazing allotments are found within this lease; Trail Mountain C&H and Crandall Ridge S&G allotments. Mining activities should have no effect on the control/management of livestock <i>as stated map to be used for location of sites</i> <i>troughs and flow paths.</i>
NC	Woodland / Forestry	5/15/06	Alan Lucas <i>Karl Boyer</i>	The surface area above the proposed mining activity consists of very steep to moderate west facing slopes with an elevation range of approximately 8800 - 9500 feet. Tree vegetation, both as to occurrence and species composition, varies widely, with soil depth, moisture, micro aspect, and elevation being the primary determining factors. Commercial species which may be found in the area include; ponderosa pine, white fir, alpine fir, Englemann spruce and aspen. Woodland type vegetation may include juniper, oak, and various shrub species. Currently no commercial or personal use forest product sales are planned for this area. The proposed mining activities and resultant subsidence should have no adverse effect on the general timber and woodland resource. In the immediate vicinity of significant tension cracks that have a surface expression, individual trees may be damaged by physical displacement or injury to root systems. Such situations are expected to be few in number and of minimal impact to the overall resource.
NC	Vegetation including Special Status Plant Species other than FWS candidate or listed species	5/15/2006	Terry Nelson <i>Bob Terry Nelson</i>	A BE/BA has been completed for the proposed lease tract. No special status plant species are likely to occur in or near the proposed extension tract lease area. The proposed lease would not impact any special status plant species or their habitat.
NI	Fish and Wildlife including Special Status Species other than FWS candidate or listed species, e.g., migratory birds	5/15/2006	Pam Jewkes Terry Nelson <i>Pam Jewkes</i>	A Wildlife Resources Report has been completed for the proposed lease tract. The proposed lease would not impact any special status fish or wildlife species or their habitat.
NC	Soils	5/3/06	Karl Boyer <i>Karl Boyer</i>	Soils in the lease tract are derived from the Price River and North-Horn formations. Other than subsidence related effects there would be no impacts to the soils. The possibility exists that tension cracking on steep slopes with water saturated soil could be a contributing factor in promoting soil slumping. Some minor loss of topsoil could occur in areas in close proximity to tension cracks on hillsides.
NC	Recreation	5/3/06	Bill Broadbear <i>Bill Broadbear</i>	Operations will not interfere with access to the area. Indian Creek Campground is less than 1/4 mile from the projected subsidence zone. Dispersed camping occurs along Spoon Creek Road. Rockfalls from the Castlegate Sandstone would have a remote potential to disrupt campers and recreationalists.
NC	Visual Resources	5/8/06	Brent Hanchett <i>Karl Boyer</i>	Potential escarpment failures within view of recreation trails are in areas of Modification and would be well within the context of the surrounding landscape character. Existing Visual quality Objectives would continue to be met.
NC	Geology / Mineral Resource / Energy Productions	5/3/06	Karl Boyer <i>Karl Boyer</i>	Tension cracking in the Castlegate Sandstone is likely in the subsidence zone of full extraction areas on the western slope of East Mountain. The greatest potential for subsidence related surface cracks would be along the Joes Valley Fault. If full extraction mining took place within the 22 degree angle-of-draw, it would be possible that subsidence would be focused along the surface expression of the fault. New mining and photographic data indicate the Joes Valley Fault is located further west than originally thought. Based upon these

NP/NI/PI NC	Resource	Date Reviewed	Specialist/ Signature	Review Comments (required for all NIs and PIs. PIs require further analysis.)
				new data the old resistivity data was reinterpreted so that a second geophysical anomaly was chosen to indicate the new position of the fault rather than the anomaly (farther to the east) that was used in the Mill Fork Tract mining plan submittal. If the anomaly originally chosen to represent the fault position represents parallel faulting within a fault zone, the subsidence (and associated impacts to surface resources) could possibly be more pronounced in this area as the effects of mining related tension faulting combined with the naturally occurring faults/fractures. These new data may allow extending several longwall panels to the west, enabling recovery of approximately two million tons of additional coal. There are no existing oil and gas leases in the proposed coal lease tract and no new oil and gas leases would be offered within the proposed coal lease tract until the tract is mined out and subsidence has been determined to be substantially complete.
NC	Paleontology	5/8/06	Dale Harber <i>Dale Harber</i>	The proposed mining would extend subsidence several hundred feet to the west, but should have negligible impacts on paleontological resources. Forest Service Standard Stipulation #1 (included in the lease) describes the required protection of paleontological resources.
NP	Lands / Access	5/3/06	Jeff Alexander <i>JA</i>	No new road construction is associated with this project. There are no existing roads in the proposed lease tract; therefore, damage to any existing roads would not occur.
NI	Fuels / Fire Management	5/3/06	Karl Boyer <i>Karl Boyer</i>	The proposed underground mining activities would not present any fire hazards to surface resources.
NC	Socio-economics	5/3/06	Karl Boyer <i>Karl Boyer</i>	The proposed lease tract would allow extending several longwall panels to the west, enabling recovery of approximately two million tons of additional coal. The coal would be mined through the Deer Creek Mine with no need for additional surface disturbance. If the coal is bypassed it would be uneconomical for future mining. Royalties would be collected on the coal mined and distributed among the federal, state and county governments.
NP	Research Natural Areas	5/15/2006	Terry Nelson <i>Terry Nelson</i>	There are no Research Natural Areas located in or near the proposed Deer Creek Mine Mill Fork West Extension Tract Lease area.
NP	Wild Horses and Burros	5/15/2006	Terry Nelson <i>Terry Nelson</i>	There are no wild horse or burro populations inhabiting areas in or near the proposed Deer Creek Mine Mill Fork West Extension Tract Lease.
NI	Inventoried Roadless	5/3/06	Karl Boyer <i>Karl Boyer</i>	The proposed lease tract is located on the western edge of the East Mountain Inventoried Roadless Area. Road construction and surface facilities are not authorized as part of the proposed lease.

FINAL REVIEW

Reviewer Title	Date	Signature	Comments
Forest Service Coordinator	5/17/06	<i>Karl Boyer</i>	
Manager			

NOTE: Review Comments should include information explaining how the specialist came to their conclusion - how does he/she know the element/resource is not present (site visit and date of visit, familiarity with location, etc.). For all 'NIs' give a brief explanation as to why that element/resource would not be impacted.

* The list of Other Resources / Concerns to be considered may vary by individual field office. Note: Native American Trust Responsibilities should be considered for FO's with Indian Mineral interests.

5:48 FAX 14356374940

MANTI-LASAL PRICE

002



United States
Department of
Agriculture

Forest
Service

Manti-La Sal
National Forest

Supervisor's Office
599 West Price River Drive
Price, UT 84501
Phone # (435) 637-2817
Fax # (435) 637-4940

File Code: 2820-4

Date: August 1, 2006

Pamela Grubaugh-Littig
Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Dear Ms. Grubaugh-Littig:

The Forest Service has completed our review of the Mill Fork West Extension Mine Plan Modification and the potential impacts to non-coal resources. The Forest Service had one concern regarding Stipulation 19 of the Decision Notice as it pertained to subsidence in the Joes Valley Fault buffer zone. The issue has been satisfactorily addressed by Energy West. This mine plan modification is consistent with the Forest Service stipulations in the lease. Therefore, I consent to this mine plan modification.

Please contact Karl Boyer at (435) 636-3551 if you have any questions.

Sincerely,

EILEEN F. RICHMOND
Acting Forest Supervisor

RECEIVED

AUG - 1 2006

DIV. OF OIL, GAS & MINING



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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 REFER TO:
3425
UTU-84285
(UT-923)

OCT 11 2006

CERTIFIED MAIL – Return Receipt Requested

PacifiCorp
c/o Interwest Mining Company
201 South Main Street, Suite 2100
Salt Lake City, Utah 84111

DECISION

Coal Lease.
UTU-84285

Lease Issued
Bond Accepted

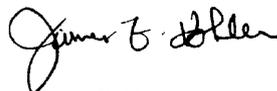


Pursuant to the August 1, 2006, Lease By Application Coal Sale, the bid of PacifiCorp, was determined to be the acceptable high bid for the Mill Fork West Tract. Satisfactory evidence of the qualifications and holdings of the bidder has been reviewed and found to be acceptable.

On September 28, 2006, PacifiCorp furnished to this office a surety bond in the amount of \$236,000, with PacifiCorp, as principal, and Travelers Casualty and Surety Company of America, as surety, which provides bond coverage for coal lease UTU-82485. This bond has been reviewed by this office and has been found acceptable as of September 28, 2006, the date of filing in this office.

First year's rental of \$682 was submitted by the bidder, and a check for \$488.72 has been submitted to cover the cost of advertising the sale. Four copies of the lease have been executed by the bidder. Therefore, coal lease UTU-84285 is hereby issued effective November 1, 2006.

Annual rental of \$682 and a bonus bid payment of \$19,600 are due by November 1, 2007.



James Kohler
Chief, Branch of
Solid Minerals

Enclosures:

1. Coal Lease UTU-84285

cc: Travelers Casualty and Surety Company of America, One Tower Square, Hartford, CT 06183
Price Coal Office (Attn: Steve Falk) (w/encl.)
MMS, Solid Minerals Staff (w/encl.)
Resource Development Coordinating Committee (w/encl.)
Mr. John Baza, Director, UDOGM, Box 145801, SLC, UT 84114-5801 (w/encl.)

Form 3400-12
(January 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COAL LEASE

FORM APPROVED
OMB NO. 1004-0073
Expires: January 31, 2007

Serial Number

UTU-84285

PART 1. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management (BLM), and (Name and Address)

PacifiCorp
c/o InterWest Mining Company
201 South Main Street, Suite 1200
Salt Lake City, Utah 84111

hereinafter called lessee, is effective (date) 11/1/2006, for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;
 Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 16 S., R. 6 E., SLM, Utah
Sec. 10, S $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{4}$;
Sec. 15, E $\frac{1}{2}$ W $\frac{1}{2}$ E $\frac{1}{2}$;
Sec. 22, lot 3.

containing 213.57 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee must pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$ 3.00 for each lease year.

(b) RENTAL CREDITS - Rental will not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty will be 8 percent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the BLM may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty will be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee must maintain in the proper office a lease bond in the amount of \$ 236,000. The BLM may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years will terminate the lease. Lessee must submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease will become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease will then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

(Continued on page 2)

Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION - At such times and in such form as lessor may prescribe, lessee must furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee must keep open at all reasonable times for the inspection by BLM the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee must allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section will be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS - Lessee must comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee must not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area must be submitted to the BLM.

Lessee must carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee must take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor must condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY - Lessee must: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years should be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither lessee nor lessee's subcontractors should maintain segregated facilities.

Sec. 15. SPECIAL STIPULATIONS

This coal lease is subject to termination if the lessee is determined at the time of issuance to be in noncompliance with Section 2(a)2(A) of the Mineral Leasing Act.

SEE ATTACHED STIPULATIONS

(Continued on page 3)

Sec. 9. (a) TRANSFERS

- This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.
- This lease may be transferred in whole or in part to another public body or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.
- This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) RELINQUISHMENT - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee will be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. - At such time as all portions of this lease are returned to lessor, lessee must deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee must remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the BLM. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, will become the property of the lessor, but lessee may either remove any or all such property or continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor will waive the requirement for removal, provided the third parties do not object to such waiver. Lessee must, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

Sec. 11. PROCEEDINGS IN CASE OF DEFAULT - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease will be subject to cancellation by the lessor only by judicial proceedings. This provision will not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver will not prevent later cancellation for the same default occurring at any other time.

Sec. 12. HEIRS AND SUCCESSORS-IN-INTEREST - Each obligation of this lease will extend to and be binding upon, and every benefit hereof will inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 13. INDEMNIFICATION - Lessee must indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 14. SPECIAL STATUTES - This lease is subject to the Clean Water Act (33 U.S.C. 1252 et seq.), the Clean Air Act (42 U.S.C. 4274 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.).

(Form 3400-12, page 2)

Sec. 15. SPECIAL STIPULATIONS (Cont'd.) -

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished with the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181-287 and 30 U.S.C. 351-359.

PRINCIPAL PURPOSE: BLM will use the information you provide to process your application and determine if you are eligible to hold a lease on BLM Land.

ROUTINE USES: BLM will only disclose the information according to the regulations at 43 CFR 2.56(d).

EFFECT OF NOT PROVIDING INFORMATION: Disclosing the information is necessary to receive a benefit. Not disclosing the information may result in BLM's rejecting your request for a lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:

This information is being collected to authorize and evaluate proposed exploration and mining operations on public lands.

Response to the provisions of this lease form is mandatory for the types of activities specified.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average one hour per response including the time for reading the instructions and provisions, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management (1004-0073), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, Mail Stop 401 LS, Washington, D.C. 20240.

THE UNITED STATES OF AMERICA

PacifiCorp

(Company or Lessee Name)

A. Richard Walje

(Signature of Lessee)

**A. Richard Walje, President, Rocky Mountain Power
On behalf of PacifiCorp**

(Title)

September 27, 2006

(Date)

By

James F. Kohler

James F. Kohler

(BLM)

CHIEF, SOLID MINERALS

(Title)

October 11, 2006

(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**Mill Fork West Federal Coal Lease Tract
UTU-84285**

Lease Stipulations

Federal Regulations 43 CFR 3400 & 3425 pertaining to Coal Management make provisions for the Surface Management Agency, the surface of which is under the jurisdiction of any Federal agency other than the Department of the Interior, to consent to the leasing and to prescribe conditions to insure the use and protection of the lands. All or part of this lease contains lands the surface of which is managed by the United States Department of Agriculture, Forest Service – Manti-La Sai National Forest.

1. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources. If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the appropriate authorities. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

2. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area, the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

3. The Lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data are adequate for

the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the interrelationship of the geology, topography, surface and ground water hydrology, vegetation and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

4. Powerlines used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.
5. The limited area available for mine facilities at the coal outcrop, steep topography, adverse winter weather, and physical limitations on the size and design of the access road, are factors which will determine the ultimate size of the surface area utilized for the mine. A site specific environmental analysis will be prepared for each new mine site development and for major modifications to existing developments to examine alternatives and mitigate conflicts.
6. Consideration will be given to site selection to reduce adverse visual impacts. Where alternative sites are available, and each alternative is technically feasible, the alternative involving the least damage to the scenery and other resources shall be selected. Permanent structures and facilities will be designed, and screening techniques employed, to reduce visual impacts, and where possible achieve a final landscape compatible with the natural surroundings. The creation of unusual, objectionable, or unnatural land forms and vegetative landscape features will be avoided.
7. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.
8. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities. On Forest Development Roads (FDR), lessees may perform their share of road maintenance by a commensurate share agreement if a significant degree of traffic is generated that is not related to their activities.
9. Except at locations specifically approved by the Authorized Officer, with concurrence of the Forest Service, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that

would: (1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, (2) cause damage to existing surface structures, and (3) damage or alter the flow of perennial streams. The lessee shall provide specific measures for the protection of escarpments, and determine corrective measures to assure that hazardous conditions are not created.

10. In order to avoid surface disturbance on steep canyon slopes and to preclude the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.
12. The coal contained within, and authorized for mining under this lease, shall be extracted only by underground mining methods.
13. Existing Forest Service owned or permitted surface improvements will need to be protected, restored, or replaced to provide for the continuance of current land uses.
14. In order to protect big game wintering areas, elk calving and deer fawning areas, sagegrouse strutting areas, and other critical wildlife habitat and/or activities, specific surface uses outside the mine development area may be curtailed during specific periods of the year.
15. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas previously occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.
16. The Lessee at the conclusion of the mining operation, or at other times as surface disturbance related to mining may occur, will replace all damaged, disturbed, or displaced corner monuments (section corners, quarter corners, etc.) their accessories and appendages (witness trees, bearing trees, etc.), or restore them to their original condition and location, or at other locations that meet the requirements of the rectangular surveying system. This work shall be conducted at the expense of the Lessee, by a professional land surveyor registered in the State of Utah and to the standards and guidelines found in the Manual of Surveying Instructions, U.S. Department of Interior.
17. The Lessee, at his expense, will be responsible to replace any surface and/or developed ground water sources identified for protection that may be lost or adversely affected by mining operations, with water from an

alternate source in sufficient quantity and quality to maintain existing riparian habitat, fishery habitat, livestock and wildlife use, or other land uses.

18. Stipulation for Lands of the National Forest System Under Jurisdiction of the Department of Agriculture.

The licensee/permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the license. The Secretary of Agriculture rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of the Interior, (2) uses of all existing improvements, such as Forest Development Roads, within and outside the area licensed, permitted or leased by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by a permit/operating plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

Forest Supervisor
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah 84501
Telephone No. (435) 637-2817

who is the authorized representative of the Secretary of Agriculture.

19. Except specifically approved locations (by the Authorized Officer, with concurrence of the Forest Service), mining that would cause subsidence will not be permitted within a zone along the Joe's Valley Fault determined by projecting a 22 degree angle-of-draw (from vertical) eastward from the surface expression of the Joe's Valley fault, down to the top of the coal seam to be mined.
20. If spotted bats (USDA-FS Sensitive Species) are located, then evaluations will be made for mitigation needs. Mitigations could include avoidance during specific times and/or the prevention of bat occupancy during periods of subsidence, such as by netting or screening. Mitigations will be evaluated on a case-by-case basis.

NOTE: For lease administrative purposes, any FONSI stipulations cited above that require specific approval have been caveated with the following clarification "by the Authorized Officer, with concurrence of the Forest Service."

21. **WASTE CERTIFICATION:** The lessee shall provide on a yearly basis and prior to lease relinquishment, certification to the Lessor that, based upon a complete search of all the operator's records for the mine and upon their knowledge of past operations, there has been no **hazardous substances** per (40 CFR 302.4) or **used oil** as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the Lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.
22. **ABANDONMENT OF EQUIPMENT:** The lessee/operator is responsible for compliance with reporting regarding toxic and hazardous material and substances under Federal Law and all associated amendments and regulations for the handling such materials on the land surface and in underground mine workings.
The lessee/operator must remove mine equipment and materials not needed for continued operations, roof support and mine safety from underground workings prior to abandonment of mine sections. Exceptions can be approved by the Authorized Officer (BLM) in consultation with the surface management agency. Creation of a situation that would prevent removal of such material and by retreat or abandonment of mine sections without prior authorization would be considered noncompliance with lease terms and conditions and subject to appropriate penalties under the lease.
23. **UNDERGROUND INSPECTION:** All safe and accessible areas shall be inspected prior to being sealed. The lessee shall notify the Authorized Officer in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground.

The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and State Management Rule R-315-15, and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine

map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc.) that is proposed to be left underground. In addition, these items will be photographed at the lessee's expense and shall be submitted to the Authorized Officer as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the Authorized Officer has granted a written approval. Any on-site disposal of non-coal waste must comply with 30 CFR § 817.89 and must be approved by the regulatory authority responsible for the enforcement of the Surface Mining Control and Reclamation Act (30 U.S.C. 1201, et seq.).

PacifiCorp

Energy West Mining Company

Deer Creek Mine

**Mill Fork West Extension Federal Coal Lease UTU-84285,
PacifiCorp, Deer Creek Mine, C/015/018**

**Bureau of Land Management
R₂P₂ Approval**

SEP-25-2006 MON 08:04 AM UT BLM

FAX NO. 8015394280

P. 01

**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 REFER TO:
3482
UTU-84285, ML-48258
(UT-923)

SEP 22 2006

Mr. Pete Rutledge
Office of Surface Mining
P. O. Box 46667
Denver, Colorado 80201-6667

Re: Resource Recovery and Protection Plan (R2P2), Federal Coal Lease UTU-84285, Hiawatha and Blind Canyon Seams, Deer Creek Mine

Dear Mr. Rutledge:

On September 8, 2006, the Bureau of Land Management (BLM) received a request from Interwest Mining Company to revise their existing R2P2. A new R2P2 is required for a proposed action involving a new lease. The BLM has reviewed the proposed R2P2 modification from Interwest Mining Company, and has determined the submitted material to be adequate for the new R2P2, and that no further submission is required. This letter summarizes the BLM's findings and decision regarding this new R2P2.

Interwest Mining Company's wholly owned subsidiary, Energy West Mining Company, has submitted a permit application package (PAP), with the R2P2 included, to add the newly acquired Federal coal lease areas to the Deer Creek Mine permit. The lease, called the Mill Fork West Lease, will add approximately 214 acres of Federal coal land to the permit area. This permitting action will allow the company to mine (exclusively by underground methods) approximately 333,000 tons of additional recoverable coal.

The inclusion of this lease in the permit area will allow for maximum coal extraction between the western boundary of the Mill Fork State Lease (ML-48258) and the surface location of the Joes Valley Fault. The BLM has inspected this area a number of times (including on July 21, 2006, May 23, 2006, April 27, 2006, and March 17, 2006), and agrees that the inclusion of this lease in the Mine Permit provides for the extraction of recoverable coal which would otherwise be bypassed. Bypassed coal would also include State Institutional Trust Lands coal located on an adjacent state lease.

The R2P2 addresses all the required items per 43 CFR 3482.1(b), and shows that mining is planned for all areas where potentially-minable coal is currently known to be located. All recoverable coal in the two seams will be accessed from existing mine workings on the adjacent State Lease of the Deer Creek Mine. No surface facilities are planned for this permit addition.

The planned coal extraction areas of the R2P2 were determined by the BLM to comply with the lease terms and conditions, including special lease stipulation 19, which restricts subsidence in the proximity of the surface expression of the Joes Valley Fault. Any additional restrictions placed on

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P. 02

the coal recovery, as depicted in this R2P2, would require consultation with the authorized officer of the BLM in order to properly address Mineral Leasing Act (MLA) requirements.

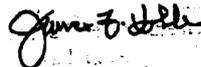
Interwest proposes to mine from the existing western boundary of the State Lease to a buffer zone determined by the surface location of the Joes Valley Fault. The company's existing R2P2 grants mining up to the Mill Fork State Lease (ML-48258) boundary line. Interwest's plans for mining in the new lease include production associated primarily with the development of gateroads, bleeders, and set-up rooms. Limited longwall production (64,000 tons) is also planned. This mining will be conducted from inside the mine, and will have no surface impacts. Coal recovery will be maximized based on geologic, engineering, safety, environmental and economic factors. A change to the mine plan based on any one of these factors will be reviewed and subject to approval by the BLM.

Total development and retreat longwall mining tonnage on this Federal lease are projected to be 268,000 and 64,000 tons, respectively. An added value of these leasing and permitting actions is that they allow an estimated 1,803,000 additional tons to be recovered on the adjoining State Lease through the process of lengthening several projected longwall panels. Until the new lease is incorporated into the existing LMU, tonnages mined on the Mill Fork West Federal lease will not be applied for diligence purposes.

The BLM finds the R2P2, as submitted, to be in compliance with the Mineral Leasing Act of 1920, as amended, the lease terms and conditions, and the regulations at 43 CFR 3480. The BLM has also determined that this R2P2 (as received by BLM on September 8, 2006) will achieve maximum economic recovery (MER) of Federal coal, due in part to the pending reversion. We therefore recommend that the Secretary approve the R2P2 as part of the Federal mine plan.

If you have any questions, please contact Steve Rigby at the Price Field Office (435) 636-3604 or Jeff McKenzie of my staff at (801) 539-4038.

Sincerely,



James F. Kohler
Chief, Solid Minerals Branch

Enclosure

Approved Mine Maps

cc: Division of Oil Gas and Mining, State of Utah
1594 West North Temple Street, Suite 1210
Salt Lake City, Utah 84114-5801

UT-070, Price, Utah

Energy West Mining Company
P. O. Box 310
Huntington, Utah 84528



IN REPLY REFER TO:

United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 46667
Denver, Colorado 80201-6667

UT-0016

July 11, 2006

Utah Division of Oil, Gas, & Mining
Coal Regulatory Program
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Inesig
2/15/2018

RE: PacifiCorp - "Deer Creek" Mine - Application for a Permit Revision, Mill Fork West Extension Tract, Task ID No. 2544

Dear Sir or Madam:

This is in response to the Utah Division of Oil, Gas & Mining's (UT-DOGM) June 9, 2006, request for a decision, under 30 CFR 944.30, whether the above subject permit revision constitutes a mining plan modification.

Mining plan approvals by the Secretary of the Interior are required under the Mineral Leasing Act of 1920, 30 U.S.C. 181, *et seq.* before coal mining can occur on Federal lands. This letter serves to document OSM's determination whether or not a mining plan approval from the Secretary is required for the above permitting action.

OSM's review of the Application for a Permit Revision, Mill Fork West Extension Tract, has determined that it proposes to add approximately 213 acres in new Federal lease UTU-84285 to the Deer Creek mine, Utah State permit C/015/018.

Based on a review of the activities associated with the permit revision, OSM has determined that the proposal does meet the requirements of 30 CFR 746.18(d)(3) and 746.18(d)(4). Therefore, the proposed Mill Fork West Extension Tract permit revision does constitute a mining plan action requiring Secretarial approval. *

OSM's decision was based solely upon the Federal regulations under 30 CFR PART 746 and not the technical aspects of the revision application itself. Consequently, OSM's decision does not relieve UT-DOGM from coordinating the review and approval of the Application for a Permit Revision, Mill Fork West Extension Tract, with other Federal agencies for compliance with other Federal regulations.

OSM also electronically transmitted the June 9, 2006, request to the Bureau of Land Management and the U.S. Forest Service for their review and comment.

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DIV. OF OIL, GAS & MINING



In an electronic transmittal dated June 14, 2006, the U.S. Forest Service stated in its opinion the Mill Fork West Extension Tract permit revision does constitute a mining plan action requiring Secretarial approval.

The Bureau of Land Management did not provide any comments in the thirty day time frame established by the Federal regulations under 30 CFR 944.30, Article VI. D.

Please notify the applicant of our decision on this matter.

Should you have any questions regarding this letter or approval, please contact Carl R. Johnston, Utah Federal Lands coordinator, at (303) 844-1400, extension 1500.

Sincerely,

Foster Kirby (Acting)

Ranvir Singh
Manager, Northwest Branch

cc: BLM - Utah State Office
BLM - Price Field Office
USFS - Manti-La Sal NF
Denver Field Division