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United States Department of the Interior

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FEB 22 2001

Mr. Steven E. Kochevar, P. E.
Mine Planning Administrator
Interwest Mining Company
One Utah Center, Suite 2000
Salt Lake City, Utah 84140-0200

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INCOMING

Re: Modification to Resource Recovery and Protection Plans (R2P2), Update Overall Plans for Deer Creek, Trail Mountain, Cottonwood and Des-Bee-Dove Mines

Dear Mr. Kochevar:

The Bureau of Land Management (BLM) received on June 29, 2000, a modification to the R2P2 for the subject Interwest mines located on the Trail and East Mountain properties. The modification updates the overall plans for the different operations, confirms with a single mine plan map various previously approved changes and documents the areas of remaining recoverable reserves with the latest data. Other specific modifications have been submitted and acted on since the time of this submittal, and internal discussions on the specifics of this overall modification have resulted in the long response time for this modification. We acknowledge the length of time, but we believe we have a logical and workable response to this modification.

The submitted East Mountain mine plan addresses minable concerns in four labeled areas. We will review and address these areas as per your submittal. Area #1 depicts the Blind Canyon Seam on the west end of the property north of the Roans Canyon Fault. In earlier mine plans, this area was deemed a potential high-ash reserve that was to be shipped to the coal preparation plant adjacent to the Hunter power station. Mining of the longwall panels west of 3rd North B Mains and some further exploration drilling has further defined the limits of the minable coal. The main aspect of this area is the inability to access the area without encountering poor mining conditions and acceptable coal quality. The gate road development of 7th through 4th West all encountered thinning coal in the west extent of mining (that was witnessed and documented) which curtailed the extension of these longwall panels into State lease ML-22509. The west extent of 3rd West was shortened even further in Federal lease U-7653 by a zone of weak roof where the upper portion of the seam transitions into a carbonaceous mudstone which could not be mined or held in the roof. Further access to area #1 is further complicated by entries having to cross the Left Fork Fault zone. We agree that area #1 northwest of the projected Left Fork Fault zone has questionable minable reserves in that the depth is the deepest of the East Mountain area, the trend of the weak roof rock/coal split zone extends west, and existing drill holes information shows minable Blind Canyon Seam thicknesses of less than 7 feet. In addition, all attempts to access this area were met with mined coal of unacceptable quality (greater than 15% ash) or geologic faults that mining cannot practically cross. Hence, the minable limits in

area #1 have been reached and no recoverable reserves remain in the Blind Canyon Seam northwest of the Left Fork Fault zone (north portion of Federal lease U-084924, northwest corner of Federal lease U-084923, all of State lease ML-22509, and all of Federal lease U-7653). The revised R2P2, showing the completion of mining the block of coal west of the 3rd North B Mains, is approved as submitted with the triangular area south of 2nd West between the Roan's Canyon Fault and the Left Fork Fault zone remaining as recoverable reserves, but unevaluated at present. This modification includes the written approval to halt the 2nd West development and the deletion of the 2nd West longwall panel due to the Left Fork Fault zone and the weak roof/split area encountered in the adjacent 3rd West panel. This change was given verbal approval some time ago, but we neglected to confirm this in writing.

Area #2 in the Blind Canyon Seam has again an access problem as the limits of safe and economical longwall extraction were reached with the final panel mined off 4th South (7th Right longwall). The 7th Right longwall panel experienced thinning coal to the southwest, extreme bounces (depth 2000 + feet), poor roof conditions trending south and water inflows. These conditions halted further mining south and were verified by the BLM. We agree that the small area south of 7th Right should have the same or worse conditions as 7th Right. Known drill holes show thinning coal below 6 feet thick only one-half mile south of 7th Right. Some preliminary plans, years ago, showed access from the south in the Cottonwood Mine by rock slopes from the Hiawatha Seam up to the Blind Canyon Seam. We agree, however, that the access from the Cottonwood Mine is now inaccessible, as Hiawatha Seam conditions in this area are now known to be far worse than thought in those early years. And we conclude that conditions south of 7th Right will be no better than what was experienced in 7th Right. Hence, no further recoverable reserves remain in area #2 in the Blind Canyon Seam and the R2P2 revision showing no further mining is approved as submitted.

In area #3 of the Hiawatha Seam, mining has encountered extensive channel scouring and thinning coal that has curtailed further development to the north and west in the Cottonwood Mine. These areas have been well documented over the years as to the extent of the minable coal. The 3rd North Mains and the 1st through 3rd Left gateroad all mined into this scour zone where coal heights of 6 feet and less were encountered back in the early 1980's. Later, in 1992, mining encountered this same sandstone channel system further north in 10th Left off 2nd North which halted mining west due to low coal. The BLM is in full agreement that further mining west in lease U-083066 is not possible, as the current mine workings in this area are in low coal from sandstone scour areas and the extent of the sandstone channel system is evident in the whole western area of the Cottonwood Mine. We conclude all minable coal has been recovered in this west area #3 and the R2P2 revision to delete this area is approved as submitted. Possible minable coal at the extreme west end of lease U-083066 is not accessible from current mine workings, but is not lost to future development as access from the west in the proposed Cottonwood Lease Tract is still available.

In regard to area # 4 (Des-Bee-Dove Mine area), a separate evaluation will be sent to you. Also, future mining depicted for the Blind Canyon Seam in lease U-47979 east of the Deer Creek Fault shows mining into a small parcel that is unleased Federal coal (the old terminated Kingston lease). We encourage Interwest to obtain the rights to this coal to avoid bypass, but recognize this area is scheduled for mining at the end of mine life.

In summary, the revised R2P2s for the entire East and Trail Mountain coal reserves are approved as explained above, with exception for the depicted area #4. The BLM has determined that the proposed revisions to the R2P2 complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and conditions, and maximum economic recovery of the Federal coal will be achieved.

If you have any questions, please contact Stephen Falk of my staff at (435) 636-3600.

Sincerely,

Richard L. Manus

Richard L. Manus
Field Manager

Enclosure
Approved Mine Maps (2)

cc: UT-921, SD, Utah (w/o encl.)
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