

CB15/025 Incoming



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Green River District

Price Field Office

125 South 600 West

Price, UT 84501

<http://www.blm.gov/ut/st/en/fo/price.html>

IN REPLY REFER TO:
3482 (UT-923) MWG
UTU 61049

DIV. OF OIL, GAS & MINING

FEB 05 2016

RECEIVED

Certified Mail--Return Receipt Requested

Certificate No. 7014 2120 0004 6074 8787

Tony Welch
Rhino/Castle Valley Mining, LLC
PO Box 475
Huntington, Utah 84528

Re: Approved – Modification to the Resource Recovery and Protection Plan (R2P2),
Continuous Miner Pillar Panels, 5th Left Area

Dear Mr. Welch:

The Bureau of Land Management (BLM) received on January 19, 2016, a Resource Recovery and Protection Plan (R2P2) modification request from Rhino/Castle Valley Mining LLC (CVM) for the subject mine. The proposed modification eliminates pillar recovery in the 5th Left C, the 5th Left D, the 5th Left D3, the 5th Left D4 and the 5th Left D5 continuous miner panels, as shown on the enclosed map. This revision will result in a change to the overall reserve base within Federal Coal Lease UTU and Castle Valley Mining LLC's Logical Mining Unit (LMU) #UTU-73342 which includes Federal coal leases SL-025431, SL-069985, UTU-024316, UTU-024318, UTU-46484, UTU-020668, UTU-38727, UTU-51923, UTU-61048, and UTU-61049. Current mining is in the Tank Coal Seam. This mine was most recently inspected by the BLM on 01/19/2016.

Background: Meetings and Inspections were held with Federal (BLM) Mine Inspectors and CVM mining personnel regarding the change in pillar recovery and the reasons why. The parties are in agreement that the pillars to be left behind are justified due to a combination of coal quality, mine economics and safety reasons. The previously approved R2P2 for these mines described room-and-pillar mining methods to mine the various areas of the Tank Seam and this modification revises the mining of the Tank Seam only. Mine plans and mining methods for the other seams in the LMU are not affected in this Modification. Mining and timing sequencing remains the same for the LMU mine-out.

Proposed Plan: Room-and-pillar mining offers the most flexibility when seam conditions do not match equipment operating parameters or adverse geological conditions such as sandstone

channels, rapid structural changes, or quality deteriorations are encountered. However, when these adverse conditions are encountered, even room and pillar mining does not offer the necessary solution and in order to safely and economically mine a salable product, there are occasionally pillars which must be left behind in this mining scheme. The production from these pillar areas would constitute high economic and safety risk and in addition, even if the coal were to be recovered, the quality would preclude sales. BLM has witnessed these adverse conditions in the 5th Left area during recent inspections and agrees.

Approval: The plan allows for development of panels for retreat mining and also provides for expanded areas of room-and-pillar mining recovery. The BLM hereby approves the revisions to the R2P2.

Additional information received by the BLM from Castle Valley Mining includes:

1. Economic justification for leaving behind the pillars in panel 5th Left C.
2. MSHA report for 5th Left C Panel, requiring the additional roof support and minimization of entry widths.

These documents are in the BLM files and the information is considered proprietary.

A copy of the approved mine map is enclosed.

Maximum Economic Recovery (MER): Full extraction of recoverable coal reserves will enable MER of LMU #UTU- 73342 to be achieved. In addition, continuous miners allow the mining of higher quality coal as mining near outcrop and burn areas can be more selective.

Recoverable Reserve Base: The estimated recoverable coal base for Federal Lease **UTU-60419** before this R2P2 change was 9,274,046 and after this R2P2 change is 9,208,779 tons.

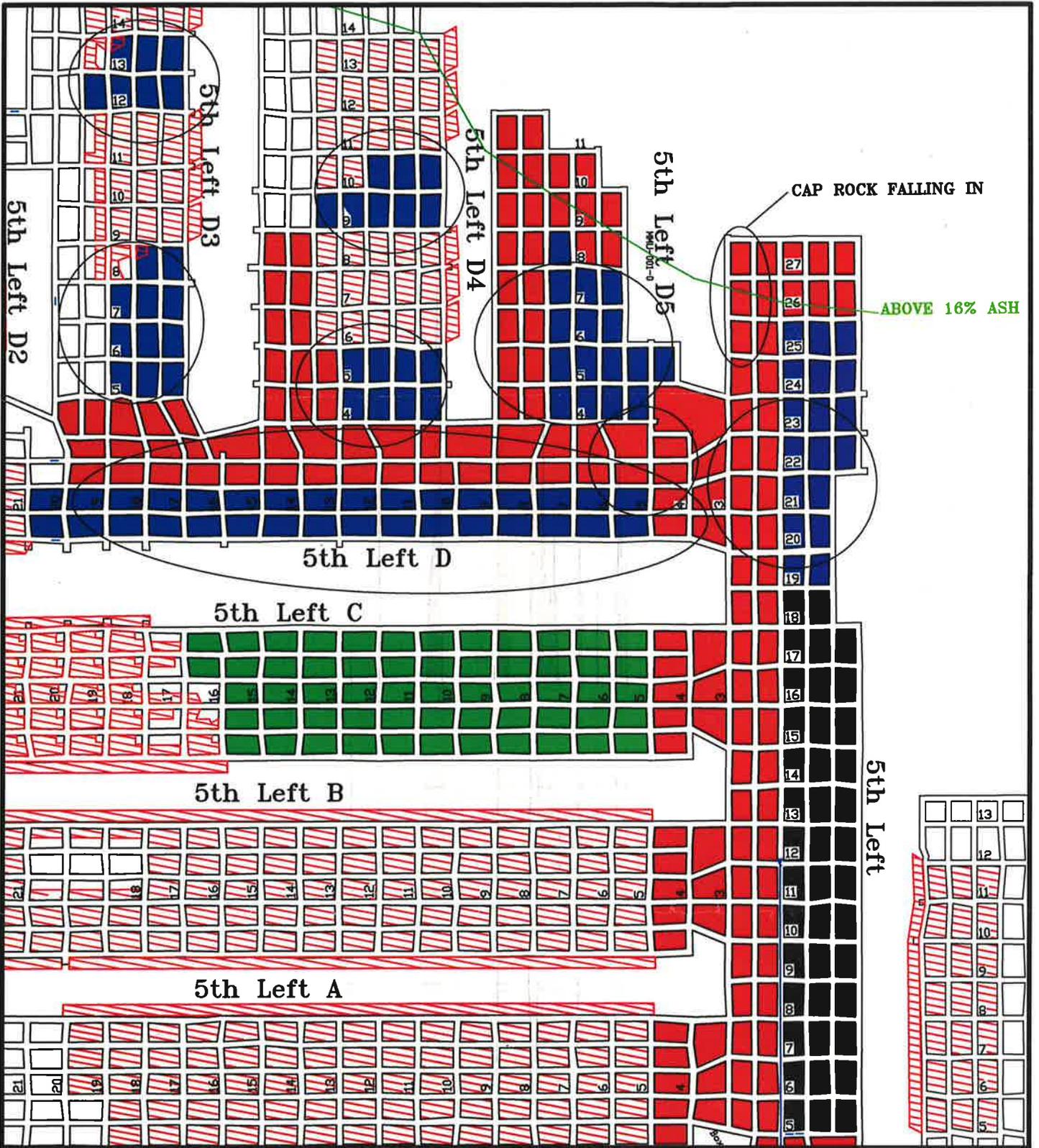
National Environmental Policy Act (NEPA): No new surface disturbance is predicted with this action, and therefore this action is Categorically Excluded (CX) from NEPA analysis under DM 516 chapter 11.5, paragraph F. (8): Approval of minor modifications to, or minor variances from, activities described in an approved underground or surface mine plan for leasable minerals (e.g., change in mining sequence or timing).

This R2P2 modification complies with the Mineral Leasing Act of 1920, as amended, the regulations at CFR 3480, and the lease terms and conditions. If you have any questions, please contact Steve Falk in the Price Field Office at (435) 636-3605 or Jeff McKenzie in the Utah State Office of BLM at (801) 539-4038.

Sincerely,

Original signed by Amanda Harrington,
Acting for:
Ahmed Mohsen
Field Manager

Cc: USO, GRDO, PFORF, ONRR, ANR, COP, MSHA



LEGEND

- PILLARS UNECONOMICAL TO EXTRACT
- PILLARS LEFT FOR BLEEDER
- PILLARS LEFT BAD TOP (CAP ROCK)
- PILLARS TO BE PULLED



Castle Valley Mining LLC

Castle Valley Mine #4
MSHA ID No. 42-02335

TITLE: 5TH LEFT DISTRICT CHANGES	DATE: 1-25-2016
SCALE: 1-400'	ADDRESS: BOX 475 Huntington, UT 84528
DRAWN BY: JJ	