C/015/025 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/

RECEIVED
FEB 15 2018
DIV. OF OIL, GAS & MINING

In Reply Refer To:
3482(UT023)
UTU-73342 (LMU)
U-020668 (Lead Coal Lease)

FEB 13 2018

CERTIFIED MAIL-Return Receipt Requested
No 7017 0660 0000 0468 4300

Jaren Jorgensen, Engineer
Castle Valley Mining, LLC
P. O. Box 475
Huntington, Utah 84528

DECISION
APPROVAL OF MINOR MODIFICATION

Re: Minor Modification to Resource Recovery and Protection Plan (R2P2), 1st East and 4th North District, Castle Valley Mine #4, Castle Valley Mining LLC, Operator

Dear Mr. Jorgensen:

On January 8, 2018, the Bureau of Land Management (BLM) received Castle Valley Mining's (Castle Valley) request for a minor modification to the existing R2P2 to revise the eastward mining projections off of 4th North and 1st East in the #4 Mine. All locations where further east advance was projected have encountered low coal and the minable limits of the eastern side of the Tank Seam have been reached. This eastern area is located on Federal coal lease U-61049 and private coal lands which are included in the Bear Canyon Logical Mining Unit (LMU) UTU-73342.

The R2P2 for this area showed successive mining panels projected eastward off of 4th North and the further eastward advance of 1st East. During development of 4th North, Castle Valley encountered high ash and low coal (5 feet or less) along the east edge of the 4th North development. A rock split in the upper portion of the seam lowered the mining height to 5 feet or less and reduced the quality of the coal below the rock split. East advance of 1st East encountered these same conditions along with low coal along the right side entries which also blocked further development from the southward side. Castle Valley reports in their request for modification that the minable limits of the coal on the entire east side of the Tank seam have been reached.

The BLM inspected the 1st East and 4th North areas a number of times (11/19/2013, 12/6/2016, 1/13/2017, and 5/25/2017). Castle Valley submitted to the BLM copies of coal quality analysis of channel samples taken in these areas. The geologic conditions reported by Castle Valley and

depicted on the submitted mine map (a copy of the approved mine map is enclosed) have been verified and BLM agrees that further eastward development in the Tank Seam is not feasible due to low coal seam height and associated high ash coal seam quality. In addition, a meeting was held on January 31, 2018, with Castle Valley, BLM and C. O. P. Coal Development Company (COP, lessee) to discuss operations at the mine. A representative of COP reported that they had verified the conditions and were in agreement that Castle Valley had made all efforts to mine to the limits of the minable coal (much of the coal on this east side is fee coal held by COP). As the coal in these eastward areas is too thin for recovery, deleting the reserves from the R2P2 in this modification will still achieve maximum economic recovery (MER).

In the future, Castle Valley must receive written approval from this office before retreat mining or other actions are taken that will leave mining panels and areas on Federal coal inaccessible, or any mining outside of the approved R2P2. This was the case as retreat mining out of the 1st East section has already occurred. Though we agree that further advance of 1st East was not feasible, approval to retreat mine out of this section was required prior to the action. Further like incidents could result in enforcement actions such as a notice of non-compliance.

We suggest in areas of the mine where the exact location of the minable coal is not known, the R2P2 map be revised to note such unknown areas with conditions and how MER will be achieved with these mining conditions. A method has been provided for the BLM inspector/engineer to go to the site(s) and provide a verbal approval, followed up with required procedures (A copy of the notice is enclosed).

In this modification, Castle Valley estimates that 711,000 tons from coal lease U-61049 and 389,000 tons from non-federal (fee) coal, are not minable and should be removed from the recoverable reserve base. Both these areas are in the LMU and thus 1,100,000 tons will be deleted from the Tank Seam LMU recoverable tons as shown below.

Lease	Recoverable Reserves Before Change (tons)	Proposed Reserve Change (+/-) tons	New Recoverable Coal Reserve (tons)
All Leases, Federal and Non-Federal Tank Seam Only	9,445,276	-1,100,000 (711,000 lease U-61049) (389,000 fee)	8,345,276
Total LMU UTU-73342	48,835,276	-1,100,000	47,735,276

An effort was being made to update the recoverable coal reserves for the whole LMU by lease but was put on hold for pending legal issues that are now settled. Castle Valley is to update the recoverable coal reserves for the LMU within 90 days. The mining company is to coordinate this reserve update with the Price Field Office.

No new surface disturbance is predicted with this R2P2 modification, and thus this action is Categorically Excluded from analysis under the National Environmental Policy Act in 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 letter approves Castle Valley's submission to modify the R2P2. The limits of the east Tank Seam recoverable reserves have been reached and the previous eastward mining projections have been removed from the approved mine map. This modification of the R2P2 as detailed above, complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and conditions, and will achieve Maximum Economic Recovery of the Federal coal.

A copy of the approved mine map is enclosed. If you have any questions, please contact Steve Rigby at (435) 636-3604.

Sincerely,

Chris Conrad
Field Manager

Enclosures
Approved 1st East/4th North Mine Map
Notice, Verbal Approvals

cc: Green River District (w/encl.)
Gary Torres

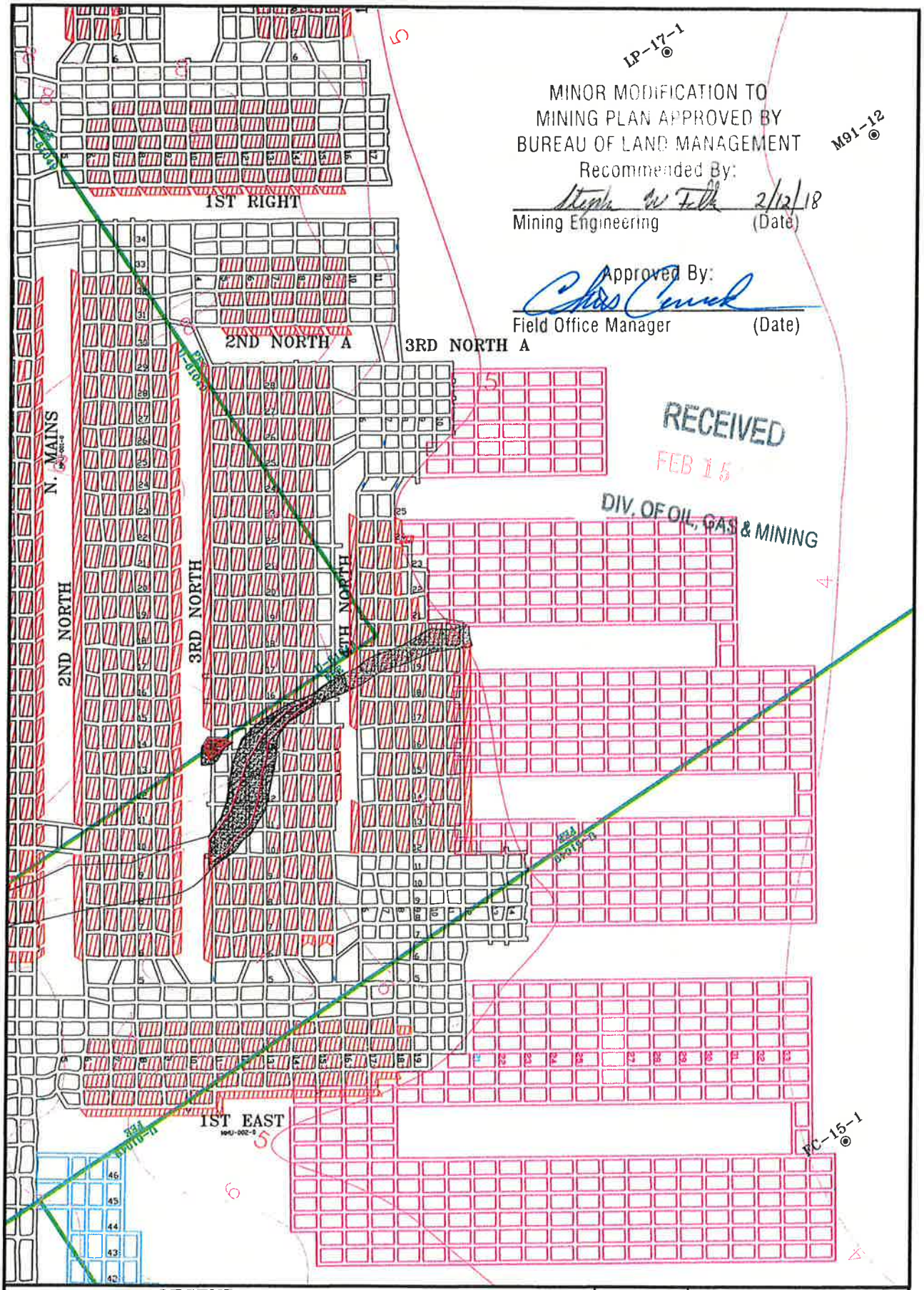
Utah State Office (w/encl.)
Roger Bankert

Utah Division of Oil Gas and Mining (w/encl.)
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116

Mine Safety and Health Administration (w/encl.)
P. O. Box 25367
Denver, Colorado 80225-0376

ANR Company (w/encl.)
Certified Mail No. 7017 0660 0000 0468 4324
3212 South State Street
Salt Lake City, Utah 84115

C. O. P. Development Company (w/encl.)
Certified Mail No. 7017 0660 0000 0468 4331
53 West Angelo Ave.
Salt Lake City, Utah 84115



MINOR MODIFICATION TO
MINING PLAN APPROVED BY
BUREAU OF LAND MANAGEMENT

Recommended By:

Stephen W. Falk 2/12/18

Mining Engineering (Date)

Approved By:

Chas Cenck

Field Office Manager (Date)

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FEB 15
DIV. OF OIL, GAS & MINING

LEGEND

- PILLARS
- PROJECTIONS
- Pillared area
- PROJECTIONS NOT MINED 1.1M
- 5 TANK COAL THICKNESS
- LP-17-1 DRILL HOLES

RHINO

Castle Valley Mining LLC

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

TITLE: *1ST EAST/4TH NORTH*	
SCALE: 1-400'	DATE: 12-11-2017
DRAWN BY: JJ	ADDRESS: BOX 475 HUNTINGTON, UT 84528

RECEIVED
FEB 15
DIV. OF OIL, GAS & MINING

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

TAKE PRIDE IN AMERICA

Sandra
7-20-10

IN REPLY PLEASE REFER TO:
3480 (UT923)

JUL 21 2010

Certified Mail--Return Receipt Requested

NOTICE
Approved Resource Recovery and Protection Plans
Verbal Approvals

To: Utah Coal operators

All mining operations conducted in Utah under the BLM 43 CFR 3480 regulations must be in accordance with the approved Resource Recovery and Protection Plan (R2P2) filed with the BLM. Any operations deviating from the R2P2 must have prior written approval from the Authorized Officer (currently the Chief, Branch of Minerals) before commencing such operations.

However, the BLM recognizes the fact that some situations require immediate action and an interim verbal approval may have to be granted. This notice clarifies when an interim verbal approval will be granted and what actions the coal company must take to receive the required written approval.

1. An interim verbal approval may be granted by a mine inspector only when the situation presents an immediate and significant risk to personnel safety; mine asset integrity, the environment, or the maximum economic recovery of federal coal. The interim verbal approval is valid only for the specific situation and shall not be construed as permanent, precedent-setting, or to imply approval of the written R2P2 request to follow (#4 below).

2. The interim verbal approval will be documented in writing at the time of issuance. The documentation must clearly state what the company asked for and what was granted by the BLM representative. The following statement shall be included in the documentation:

"Within 24 hours of issuance of the interim verbal approval, the company must submit a written request for approval to the Authorized Officer."

Both the mining official and the BLM representative shall sign their names and the date and time issued. A copy shall be made for each party.

3. An interim verbal approval will not be granted for the following situations:
   a. when the approval would be contrary to regulations of other regulatory agencies.
   b. for normal day to day operations.

4. Within 24 hours of issuance of the interim verbal approval, the company must submit a written request for approval to the Authorized Officer to include:
   a. The facts surrounding the issuance of the interim approval.
   b. A copy of the signed approval from item 2 above.
   b. A new R2P2 with the necessary changes.

It is essential that this procedure be followed in all cases for orderly full recovery of the coal reserves. Failure to follow these guidelines shall result in the company receiving a non-compliance notice.

If you have any questions, please feel free to call me at (801) 539-4037.

Sincerely,

Roger L. Bankert

Roger L. Bankert
Chief, Branch of Minerals

cc:
WO-320
BLM Price Field Office

Wes Sorensen - Skyline Mine, Canyon Fuel Company, LLC; HC 35 Box 380, Helper, UT 84526 Certified Mail--Return Receipt Requested 7009 1410 0001 9070 8137

Irwin Sass - Dugout Mine, Canyon Fuel Company, LLC; P.O. Box 1029, Wellington, UT 84542 Certified Mail--Return Receipt Requested 7009 1410 0001 9070 3859

Steve Behling - Consol Emery Deep Mine; P.O. Box 527 Emery, Utah 84522 Certified Mail--Return Receipt Requested 7009 1410 0001 9070 3866

Dan Baker - Horizon Mine; 3860 W. Consumer Road P.O. Box 32 Helper, Utah 84526 Certified Mail--Return Receipt Requested 7009 1410 0001 9070 3873 2nd try
7009 1410 0001 9070 3859

Earl Snow - PacifiCorp Complex; Energy West Mining, P.O. Box 310, Huntington, UT 84528 Certified Mail--Return Receipt Requested 7009 1410 0001 9070 3880

Ken May - SUFCO Mine; Canyon Fuel Company, LLC, 397 South 800 West, Salina, UT 84654 Certified Mail--Return Receipt Requested 7009 1410 0001 9070 3897

David Hibbs - Westridge Mine, Crandall Canyon Mines, Tower Mines, Lila Canyon Mine; Utah American Energy, Inc., P.O. Box910, Price, Utah 84520 Certified Mail--Return Receipt Requested 7009 1410 0001 9070 3903

Kenneth Rushton - C. W. Mining Company, 99 West Main Street, P.O. Box 212, Lehi, UT 84043 Certified Mail--Return Receipt Requested 7009 1410 0001 9070 8113