



United States Department of the Interior

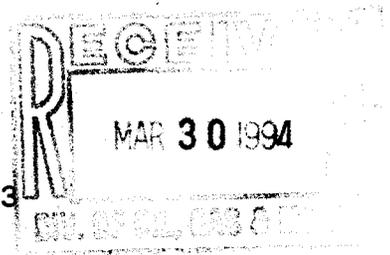
BUREAU OF LAND MANAGEMENT
Moab District
P. O. Box 970
Moab, Utah 84532



IN REPLY REFER TO:
3482
UTU-68082
(UT-066)

MAR 28 1994

Utah Coal Regulatory Program
State of Utah
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203



Attention: Mr. Daron Haddock

Re: Incidental Boundary Change, Federal Coal Lease UTU-68082, Genwal Coal Company,
Crandall Canyon Mine, ACT/015/032-94B

Gentlemen:

The Bureau of Land Management (BLM) has reviewed the subject revision to the Crandall Canyon Mining and Reclamation Plan (MRP). Our recommendations on the mining plan follow.

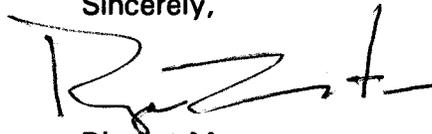
The BLM has issued Federal coal lease UTU-68082 to Nevada Electric Investment Company (50%) and Intermountain Power Agency (50%). Genwal Coal Company, as operator for the lessee, has submitted an incidental boundary change (IBC) to add a portion of this coal lease (152 acres) to the mining permit area. This will allow uninterrupted development of the reserves in the Hiawatha seam while the full permit for the lease is processed. The subject change is for an area adjacent to existing mine workings and will allow the sequential development of main entries and the first panel to proceed north into the lease.

In addition, Genwal has submitted directly to the BLM a resource recovery and protection plan (R2P2) as required by the Mineral Leasing Act. We have reviewed the R2P2 and find it complete. We have identified an issue with regards to maximum economic recovery (MER) of the Federal coal. We will require further justification from the company regarding the sizing of barrier pillars between panels before an MER determination for the whole lease can be made. However, all requirements of the Mineral Leasing Act, including MER, are satisfied for the area of the IBC.

The BLM has determined that the R2P2 for the IBC area complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and conditions, and will achieve MER of the Federal coal. We recommend that the R2P2 for the IBC be approved as part of the permit amendment. Our recommendation for approval of the R2P2 outside of the IBC is pending resolution of the above-stated MER issue.

If you have any questions or need further information, please contact Stephen Falk at 637-4584.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Falk', written over a horizontal line.

District Manager

cc: UT-066, Price River Resource Area
UT-921, Utah State Office, Branch of Solid Minerals
Genwal Coal Company
P. O. Box 1201
Huntington, Utah 84528