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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
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Salt Lake City, UT 84145-0155
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002 P. 0036
Don
Wright

IN REPLY REFER TO:

3482

UTU-68082, UTU-54762, SL-062648
(UT-923)

SEP 20 2007

Certified Mail--Return Receipt Requested
Certificate No. 7004 2510 0003 7279 5499

Mr. David Hibbs
Land Manager/Geologist
Genwal Resources, Inc.
P. O. Box 1077
Price, Utah 84501

Re: Grant Temporary Interruption in Coal Severance.

Dear Mr. Hibbs:

Background: On September 18, 2007, the Bureau of Land Management (BLM) received the Genwal Resources, Inc. (Genwal) request to modify the subject R2P2 of Federal coal lease UTU-68082. The modification proposes idling of the mine and a delay of Federal coal recovery at the Crandall Canyon Mine.

Affected Leases: The following Federal coal leases are affected by this action: UTU-68082, UTU-54762 and SL-062648.

Proposal: Genwal has submitted an R2P2 modification to idle the Crandall Canyon #1 (North) Mine, which is located on three Federal coal leases and some adjacent Utah state coal lands. The proposed change to the approved R2P2 is the postponement of mining in this mine pending the conclusion of the MSHA investigation and concurrent engineering, geologic and economic studies. The plan for extraction of the Hiawatha Seam is as portrayed on the updated map. The mine's justification for the postponement of mining is the need to re-evaluate conditions and economics of the mine following two seismic events occurring on August 6, 2007 and August 16, 2007. MSHA has placed a 104(k) order on the mine to preserve the accident location preventing any additional mining until their investigation had been completed.

Approval(s):

1. The BLM grants a temporary interruption in coal severance under 43 CFR 3481.4 for the Crandall Canyon #1 (North) Mine only. 3481.4-4 states, "If you want BLM to consider your lease or LMU to be producing, the aggregate of all temporary interruption in coal severance from your lease or LMU must not exceed 1 year in the 5-consecutive-year period immediately preceding the date of BLM's determination of the lessee qualifications under 43 CFR 3472.1-2 of this chapter".

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DIV. OF OIL, GAS & MINING

2. BLM approves the location of the temporary block walls near the mine portals, but final approval of the design of the walls will have to be obtained after submittal to the authorized officer.

Explanation & Conditions of Approval:

1. Genwal Coal Company must submit final design and locations for the temporary block walls to BLM for approval prior to installation
2. Submit copies of all applicable investigations, engineering, geologic and economic studies for this mine to BLM. Once the studies are complete, BLM will require a change to the R2P2 to reflect change in timing or recoverable coal reserves and any other potential changes to the plan.
3. Provide a certified list with mapped locations of equipment to remain in mine within 15 days of receipt of this letter.
4. Prior to start-up of this mine, Genwal Coal Company must notify BLM.

Logical Mining Unit (LMU): Until mining resumes, continued operations (production) requirements for this lease will be satisfied by meeting the diligence requirement on the LMU, conditional on the both approval of the pending Genwal LMU application and on the receipt by the BLM of formal correspondence from Genwal requesting the addition of the South Crandall lease (UTU-78953) to the existing LMU application.

Inspection: The Crandall Canyon Mine was last inspected on September 5, 2007 and on September 18, 2007, just prior to the proposed temporary closure of the mine.

Maximum Economic Recovery (MER): The existing R2P2 is in effect (plan approved Feb 23, 2005).

National Environmental Policy Act (NEPA): This action is Categorically Excluded from NEPA analysis, as explained in the Department Manual (5 DM Part 516 11.5 (F) (8)).

Other Legal Compliances: This action complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, and the lease terms and conditions. This approval does not constitute any other approval as required by the Division of Oil, Gas and Mining or by the Mine Safety Health Administration. If you have any questions, please contact Stephen Falk in the Price Field Office at (435)636-3605, or Jeff McKenzie of my staff at (801)539-4038.

Sincerely,



for James F. Kohler
Chief, Solid Minerals Branch

cc: UT-070, Price Field Office (w/ enclosures)
Utah Division of Oil Gas and Mining (w/o enclosures)
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801