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*Incoming*  
*2/15/003*

**From:** John Blake  
**To:** Pam Grubaugh-Littig  
**Date:** 10/24/2007 2:00 PM  
**Subject:** Plugging of Crandall Canyon Mine rescue holes.  
**Attachments:** SITLA drillhole plan.pdf

**CC:** Adam Robison; dshaver@coalsource.com; Priscilla Burton; Rick Wilcox; ...  
Pam,

I am told some controversy exists over the manner in which the Crandall Canyon Mine rescue drill holes were plugged upon federal lands. With respect to plugging of the rescue drill holes upon SITLA lands, Dave Shaver submitted a plugging plan to SITLA dated September 26, 2007 (see attachment). SITLA reviewed and accepted the plan as submitted by Mr. Shaver, and accordingly notified Priscilla Burton by my E-mail of September 27. Mr. Shaver subsequently sent me an E-mail acknowledging SITLA's acceptance of the plugging plan. SITLA stated that it would accept a detailed certified driller's report of completion of the plugging work, but I understood that a DOGM representative also planned to witness the work.

SITLA requires that the rescue drill holes located upon SITLA lands be plugged in strict accordance with the September 26, 2007 plan submitted by Dave Shaver. I have not received a certified driller's report or any other notification of completion of the plugging work upon SITLA lands, so I cannot say whether the work has been satisfactorily completed. I request, however, that if the holes upon SITLA lands are not plugged in accordance with the September 26, 2007 approved plugging plan, that Andalex be required to perform such additional work as may be necessary bring the plugging work into compliance before DOGM accepts completion of the work.

Thank you for your assistance in this matter.  
John T. Blake  
Minerals Specialist  
SITLA



Tom Faddies  
Asst Director, Minerals  
Utah School and Institutional Trust Lands Administration  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102

September 26, 2007

Re: Genwal Resources, Inc., Crandall Canyon Mine  
Drillhole Plugging Plan

Dear Mr. Faddies:

As part of the recent efforts to rescue the trapped miners at the Crandall Canyon Mine, seven drillholes were drilled from the surface down to the mine workings. As you are aware, these holes were drilled under emergency conditions. A map of the drillhole locations, prepared by the Forest Service, is enclosed. The following is a summary of the physical information for each of the holes:

Hole #1: Latitude 39° 28' 02.16"N Longitude 111° 13' 20.53"W Collar elev. 10147.9'  
Section 2, T16S, R6E  
Depth to mine 1871' Hole dia. 2" 50' surface casing only  
Date drilled: Aug 7-9, 2007  
Mine Intercept: Crosscut 138, Entry #2  
Surface Ownership: Utah School and Institutional Trust Lands Admin. (SITLA)  
Coal Lease: State Lease ML-21568 (SITLA)

Hole #2: Latitude 39° 28' 01.36"N Longitude 111° 13' 18.87"W Collar elev. 10147.9'  
Section 2, T16S, R6E  
Depth to mine 1886' Hole dia. 8" Cased entire length  
Date drilled: Aug 8-11, 2007  
Mine Intercept: Crosscut 137, Entry #2  
Surface Ownership: Utah School and Institutional Trust Lands Admin. (SITLA)  
Coal Lease: State Lease ML-21568 (SITLA)  
Note: This hole was drilled from the same pad as Drillhole #1

Hole #3: Latitude 39° 28' 03.00"N Longitude 111° 13' 35.68"W Collar elev. 9655.9'  
Section 35, T15S, R6E  
Depth to mine 1414' Hole dia. 8" 50' surface casing only  
Date drilled: Aug 13-15, 2007  
Mine Intercept: Crosscut 147, Entry #4  
Surface Ownership: Forest Service  
Coal Lease: Federal Lease UTU-68082

- Hole #4: Latitude 39° 28' 02.98"N Longitude 111° 13' 29.06"W Collar elev. 9976.0'  
Section 35, T15S, R6E  
Depth to mine 1587' Hole dia. 8" 50' surface casing only  
Date drilled: Aug 16-18, 2007  
Mine Intercept: Crosscut 143, Entry #4  
Surface Ownership: Forest Service  
Coal Lease: Federal Lease UTU-68082  
Note 1: The "robot" was stuck in this hole at an obstruction approximately 60'  
down from the surface. It is unknown at this time whether the robot is  
presently lodged at this location or if it has fallen back down deeper into  
the hole .  
Note 2: The drill pad for this hole straddles both Forest Service and SITLA land.
- Hole #5: Latitude 39° 28' 00.57"N Longitude 111° 13' 12.24"W Collar elev. 10317.9'  
Section 2, T16S, R6E  
Depth to mine 2039' Hole dia. 8" 50' surface casing only  
Date drilled: Aug 19-22, 2007  
Mine Intercept: Crosscut 133, Entry #1  
Surface Ownership: Utah School and Institutional Trust Lands Admin. (SITLA)  
Coal Lease: State Lease ML-21568 (SITLA)
- Hole #6: Latitude 39° 28' 00.59"N Longitude 111° 13' 21.36"W Collar elev. 10051.1'  
Section 2, T16S, R6E  
Depth to mine 1783' Hole dia. 8" 50' surface casing only  
Date drilled: Aug 23-25, 2007  
Mine Intercept: Crosscut 138.5, Entry #1  
Surface Ownership: Utah School and Institutional Trust Lands Admin. (SITLA)  
Coal Lease: State Lease ML-21568 (SITLA)
- Hole #7: Latitude 39° 28' 03.20"N Longitude 111° 13' 22.06" W Collar elev. 10142.8'  
Section 35, T15S, R6E  
Depth to mine 1865' Hole dia. 8" 50' surface casing only  
Date drilled: Aug 27-30, 2007  
Mine Intercept: Crosscut 137.5, Entry #2  
Surface Ownership: Forest Service  
Coal Lease: State Lease ML-21568 (SITLA)  
Note: The drill pad and collar for this hole is located on Forest Service land  
(Section 35), but the hole was angle-drilled and intercepted the mine  
within the SITLA lease (Section 2).

Tom Faddies  
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At this time we request approval from SITLA to plug those drillholes involving State Lease ML-21568. A similar request is being made to BLM involving those holes on Federal Lease UTU-68082. We have contracted with Boart Longyear Drilling to plug the holes. This is the same company that drilled the holes during the rescue attempt. They are presently scheduled to mobilize on October 2 and begin plugging operations on October 3. They will bring in a crane to lower the trim pipe into the holes, and will then plug the holes by pumping concrete and/or bentonite slurry. All plugging will be done according to BLM stipulations, namely:

- 1) A BLM representative has been notified and will be on-site to oversee all plugging operations. The authorized officer representing the BLM will be notified 24 hours prior to plugging each of the holes.
- 2) The holes will be plugged for as much of the full length as possible. Because most of the holes were not cased, and there has been movement within the mountain after the drillholes were installed, there is a high probability that many of the holes may now be obstructed. If the holes are intact to the mine void, a bridge plug will be installed immediately above the mine and the remainder of the hole will be plugged to the surface. In those holes where obstructions prevent the trim pipe from reaching the mine, plugging will begin at the obstruction and proceed to the surface.
- 3) Plugging will be done in stages by tripping-out of the hole 3-4 joints (60-80 ft.) and pumping again, as per BLM stipulations. This process will be repeated to the surface. (Note that Hole #1 is a 2" dia. hole and therefore will be plugged with a gravity feed.)
- 4) A brass identification tag will be placed in concrete at the top of each hole.
- 5) Gamma geophysical logs were done on holes #2 and #3. A copy of the two gamma logs will be provided to both the SITLA and BLM.

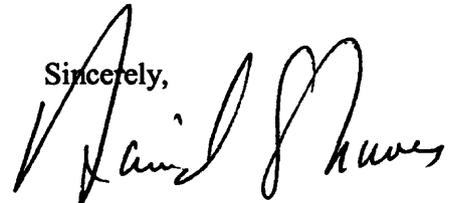
Scamp Excavation will be providing logistical support for the plugging operation by helping to move the crane into place and providing water for the concrete mixing. We plan to begin plugging the lower hole first (Hole #3) and then work up from the lower pad to the top. Reclamation of the lower pads will begin immediately as soon as the holes are plugged and the crane has moved to the next hole. Reclamation will be done in accordance with a plan approved jointly by Division of Oil, Gas and Mining, Forest Service, and SITLA. Reclamation will consist of regrading the disturbed areas to approximate original contour to the extent practicable, re-seeding and drainage and sediment control. Representatives of these surface management agencies have been on-site to evaluate the proposed reclamation of the drill pads and the associated access roads, and will be closely monitoring the reclamation work as it proceeds. An outline of the reclamation plan has been prepared by Priscilla Burton of DOGM, who has been

Tom Faddies  
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assigned the lead in co-ordinating the reclamation effort. A copy of this plan outline is attached to this letter and is included as part herein by reference.

Because of the rapidly approaching winter snow season we wish to proceed with plugging/reclamation operations as soon as possible. Therefore, your expeditious review of this plan is greatly appreciated. If you have questions or comments please contact me a 435 888-4017.

Sincerely,

A handwritten signature in black ink, appearing to read "David Shaver". The signature is fluid and cursive, with a large initial "D" and "S".

David Shaver  
Resident Agent

cc: Jim Kohler, BLM  
Rod Player, Forest Service  
Steve Rigby, BLM  
Pam Grubaugh-Littig, DOGM  
Priscilla Burton, DOGM