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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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Division Director

Outgoing
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October 1, 2009

Pam Brown, Forest Supervisor
Unites States Forest Service
Manti Lasal National Forest
599 West Price River Road
Price, Utah 84501

Tom Faddies, Assistant Director
School & Institutional Trust Land Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102

Subject: Reclamation of Remaining East Mountain Access Road Segments on SITLA and USFS Managed Lands, Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032

Dear Ms. Brown and Mr. Faddies:

The Division has been working with UtahAmerican Energy, Inc. (UtahAmerican) to ensure reclamation of the areas disturbed during attempted rescue operations that took place at the Crandall Canyon Mine in August of 2007. The work on the upper area, including all drill pads was completed in 2008, leaving just the access road.

A joint field visit was undertaken in August of this year by the US Forest Service (Forest Service), the US Bureau of Land Management (BLM), the Utah School and Institutional Trust Lands Administration (SITLA), and the Utah Division of Oil, Gas and Mining (the Division). All in attendance agreed that the reclamation of the upper area and drill pads was successful and that further earthwork and use of heavy equipment would not be necessary.

Because the road no longer serves a purpose for the mine, it is in the best interest of UtahAmerican to complete reclamation of the road and receive bond release. This would also alleviate them of the continued cost to maintain the road. The mining and reclamation plan (MRP), and Special Use Permit both require reclamation of the road in 2009, unless needed for further reclamation purposes.

The Division notified UtahAmerican on August 25 that they "should now proceed with final reclamation of the remaining segments of access road on the SITLA and USFS managed lands." UtahAmerican was also given the option to "to amend the MRP and provide



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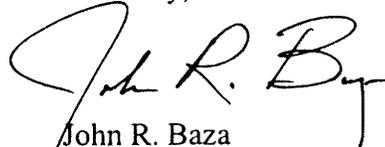
documentation of the likelihood of success of the post mining land use change.” In order for the road to remain unreclaimed, approval of a change in the MRP must be obtained. This approval would depend heavily on cooperation between SITLA and UtahAmerican to provide documentation to show that the road meets design standards and that a post mining land use would be successful.

We recently learned that UtahAmerican implemented a lengthy bidding process for large capital projects earlier this year. Because the agencies were unable to organize an earlier field visit due to various scheduling conflicts, it is now too late for UtahAmerican to complete the bidding and approval process before the weather changes. For this reason, we have asked UtahAmerican to proceed with their bid process and be prepared to complete the work during the next construction season.

We are aware that the Forest Service and SITLA disagree on what the final disposition of the land should be. We understand that your agencies (SITLA and the Forest Service) are working toward a land exchange that would solve the conflict. We encourage you to move forward with your negotiations, and hope that you can achieve resolution in the near future. Regardless, the Division will require reclamation next season unless a viable post-mining land use application can be approved this winter.

If you have any questions regarding this matter, please feel free to contact me at (801) 538-5334, or Dana Dean at (801) 538-5320.

Sincerely,



John R. Baza
Director

JRB/dd/sqs
cc: Dave Shaver, UtahAmerican Energy, Inc.
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