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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, UT 84145-0155

0022

In Reply Refer To:

3432

U-63214

(UT-932)

MAY 12 1998

Mr. Lowell Braxton, Director
Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

ACT/041/002 #2

Dear Mr. Braxton:

Enclosed is a copy of a modification to Federal coal lease U-63214 submitted by the lessee, Canyon Fuel Company, LLC on January 12, 1998. The modification includes the following lands:

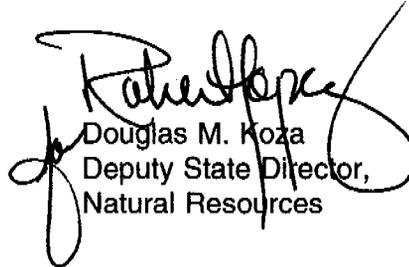
T. 21 S., R. 5 E., SLM, UT

Sec. 10, SENW, E2SW, E2E2SWSW, E2E2NWSW, E2E2SWNW.

150.00 acres

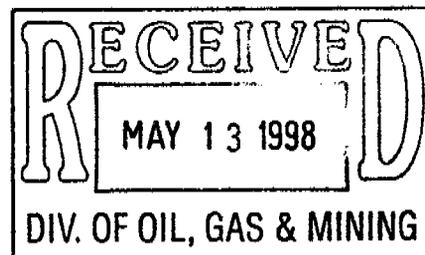
Sevier County, Utah

Prior to approval it must be determined that the modification serves the best interests of the United States; there is no competitive interests in the lands or the coal deposits; and the additional lands or deposits cannot be developed as part of another independent operation.


Douglas M. Koza
Deputy State Director,
Natural Resources

Enclosure

Modification of Lease U-63214





Canyon Fuel Company, LLC
SUFCO Mine
397 South 800 West
Salina, Utah 84654
(435) 637-4880 Fax: (435) 636-4499

Cam. n.

January 5, 1998

RECEIVED

JAN 12 1998

Mr. Max Nelson
Bureau of Land Management
Utah State Office
P. O. Box 45155
Salt Lake City, UT 84145-0155

Bureau of
Land Management

Dear Mr. Nelson:

In a letter dated December 16, 1997 Canyon Fuel Company, LLC requested an emergency lease in Section 10, Township 21 South, Range 5 East, Salt Lake Base and Meridian. The BLM designation of this application is UTU76866. Canyon Fuel Company, LLC would like to withdraw the emergency lease application and request a lease modification instead.

We would like to modify lease U-63214 to include the following parcels: SE1/4NW1/4; E1/2SW1/4; E1/2E1/2SW1/4SW1/4; E1/2E1/2NW1/4SW1/4; and E1/2E1/2SW1/4NW1/4; all in Section 10, Township 21 South, Range 5 East. These parcels total 150 acres and are the same as described in the emergency lease application.

As shown on the attached map, this block is part of the Muddy Tract. It is located in the South East corner of the tract and is bounded by a perennial stream (Box Canyon) and canyon escarpments. These constraints make a wide corridor of limited reserve recovery which isolates the block from other areas with a potential for high recovery. It is unlikely that a Muddy Tract leaseholder would develop the corner as a high recovery area.

If Canyon Fuel Company, LLC could annex the described block, it would be mined as an extension of a planned longwall panel. The perennial stream would not be disturbed and the canyon escarpment would be beyond the limit of any effects caused by surface subsidence. Also, the area would be mined using a high recovery method, yielding over 60% of the recoverable coal for the entire block.

Mining this property would most likely commence in February, 1999 with the development of the longwall tailgate entries. These entries would be completed by May, 1999 with an approximate mining rate of 30,000 tons/month. Mining would most likely resume in April, 2000 with the development of the longwall headgate and bleeder entries. These would be finished by August, 2000 with an approximate mining rate of 30,000 tons/month. Longwall mining would likely start in September, 2000 and be through the property in December, 2000 with an approximate mining rate of 450,000 tons/month. Most of the coal would be sold to power generating facilities.

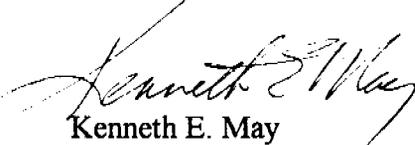
Mr. Max Nelson
Bureau of Land Management
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There will be no surface excavations or construction of any facilities within the lease modification area. The only surface disturbance will be 3.5 ft to 4.5 ft of subsidence with associated tension cracks resulting from the complete extraction of the underlying coal seam. Mining has shown that the effects of subsidence and tension cracks will be limited primarily to the area directly overlying the longwall excavation.

The surface area within the proposed lease modification and the surrounding area is used primarily for livestock grazing. There are no known geologic, visual, cultural, paleontological or archaeological features. There is one stock pond located in the North East corner of the proposed lease. It is outside of the tension crack zone and will not be disturbed. The canyon escarpment is also outside of this zone, therefore the habitat of any sensitive wildlife species associated with canyon escarpments will be protected. All mining activities pursuant to this application will comply with State of Utah and Federal laws and regulations applicable to these activities.

We understand that the \$250.00 filing fee can be transferred from the emergency lease application to the request for a lease modification. Thank you for your help on the application.

Sincerely,
CANYON FUEL COMPANY, LLC
SUFCO Mine



Kenneth E. May
Vice President and General Manager

KEM/DD:kb

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