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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, Utah 84501

3482
(UT-070)

Mr. Mark Bunnell
Ark Land Company
c/o Canyon Fuel Co., LLC
SUFCA Mines
HC35, Box 380
Helper, Utah 84526

SEP - 9 2003

Dear Mr. Bunnell:

Our decision is to grant an exploration plan (submitted 02/20/03) on Federal coal leases U-63214 and UTU-76195 to Ark Land Company SUFCA Mine to access and drill three coal exploration holes (03-12-1, 03-12-2, 03-17-1), with the exception of (03-24-1), which was a modification to withdraw on 07/02/03, and is subject to the following conditions:

- 1) The enclosed Bureau of Land Management (BLM) drilling stipulations will be followed.
- 2) The enclosed Forest Service stipulations will be followed.
- 3) Your current bonding will cover the \$39,000 obligation for this exploration plan.

If you have any questions regarding this matter, please contact Don Stephens of our staff at 435-636-3608.

Sincerely,

PATRICK J. GUBBINS

Patrick Gubbins
Field Manager

2 Enclosures

1. BLM Stipulations (3 pp)
2. Forest Service Stipulations (2 pp)

cc: UT-92313, J. Kohler, Utah State Office (w/enclosures)
UT-92413, R. Lopez, Utah State Office (w/enclosures)
UT-92413, Chris Merritt, Utah State Office (w/enclosures)
Alice Carlton (USFS) (w/enclosures)
Manti-LaSal National Forest
599 Price River Drive
Price, Utah 84501
Pamela Grubaugh-Littig (UDOGM)(w/enclosures)
Division of Oil, Gas and Mining
1594 West North Temple Street
P. O. Box 145801
Salt Lake City, Utah 84114-5801

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DIV. OF OIL, GAS & MINING

ATTACHMENT 1

BLM Stipulations

1. Ark Land Company is responsible to see that all personnel contracted or otherwise doing work on the exploration program are aware of these approval requirements and abide by all regulations governing this program. Any changes to the approved exploration plan must receive approval from the Authorized Officer prior to implementation.
2. When artesian flows or horizons with possible development potential are encountered, the Authorized Officer shall be notified immediately so that a determination may be made concerning their development potential. When possible, water samples shall be collected by the operator for analysis by the BLM. A written report is required upon completion of exploration as noted by Stipulation 7 H.
3. The Authorized Officer representing the BLM shall be notified 24 hours prior to setting surface and/or intermediate casing and plugging of wells, so that the BLM may arrange to be present. Each string shall be cemented in the annulus to the surface. The cement slurry mixture used to plug and seal the drill holes shall be mixed in compliance with standard cement mixing tables (e.g. Halliburton). The Authorized Officer must approve any variance from this procedure in advance. In addition, periodic drilling updates on the weekends will be required if the drilling is nearing the cementing phases, so that representatives of the BLM will be made aware of progress.
4. If adverse down-hole conditions prevent a completed drill hole from being properly plugged after attempting all standard industry plugging procedures, the Authorized Officer shall be contacted immediately to make a determination as to final plugging procedures.
5. All drilling pits shall be lined to retain drilling fluids, unless sufficient evidence on site-specific soil (percolation) and water quality tests are performed to determine a site-specific waiver of this stipulation, as determined by the Authorized Officer.
6. The hole location is to be marked by placing an approved marker made of galvanized steel, brass, aluminum or similar noncorrosive metal in the concrete plug. Such markers are to show hole number, year drilled, lessee/licensee name, and as feasible, the section, township, and range in which the hole is located. The top of the concrete plug, if located in a cultivated field must be set below normal plow depth (10 to 12 inches). In noncultivated areas, all marker caps should not protrude above the ground level. All drill holes shall be surveyed in to assure proper location. An exact survey of each drill hole location will be submitted to the Authorized Officer.
7. Upon completion of exploration activities, two copies of each report as required by 43 CFR 3485.1, shall be submitted to the Authorized Officer. The reports, at a minimum, must contain the following:
 - A. Location(s) and serial number(s) of lands under Federal lease or license on which exploration was completed.
 - B. A description of the completed exploration operations that includes the number of holes drilled, total depth of each hole, and completion date of each hole.
 - C. A map showing the locations of all holes drilled, other excavations, and the coal outcrop lines, as appropriate. The scale of the map shall not be less than 1 inch equals 1 mile.
 - D. Analysis of coal samples and other pertinent tests obtained from exploration operations.
 - E. Copies of all in-hole mechanical or geophysical stratigraphic surveys or logs, such as electric logs, gamma ray-neutron logs, sonic logs, or any other logs. The records shall include a lithologic log of all strata penetrated and conditions encountered such as water, gas, or any unusual conditions.

- F. Status of reclamation of the disturbed areas.
- G. Any other information requested by the Authorized Officer.
- H. Hydrologic reports using the attached form.

REPORT OF WATER OBSERVED

Company: _____ Lease/License Number: _____
 Address: _____ Drill Hole Number: _____
 _____ Date Completed: _____
 _____ Total Depth: _____
 Company Contact: _____
 Phone Number: _____

Drilling Contractor: _____
 Address: _____

Company Contact: _____
 Phone Number: _____

Location of Hole: T. __ S., R. __ E., Section __; __ 1/4 __ 1/4 __ 1/4
 Hole Elevation: _____ Hole Diameter: _____
 Drilling Method: _____
 Static Water Level: _____

Aquifer No. 1

Depth Below Ground Elevation: _____ Formation: _____
 Rock Type: _____ Yield(GPM): _____
 Date Reported to BLM*: _____ Requirements of BLM*: _____
 _____ Water Sample Provided to BLM? _____

Aquifer No. 2

Depth Below Ground Elevation: _____ Formation: _____
 Rock Type: _____ Yield(GPM): _____
 Date Reported to BLM*: _____ Requirements of BLM*: _____
 _____ Water Sample Provided to BLM? _____

Aquifer No. 3

Depth Below Ground Elevation: _____ Formation: _____
 Rock Type: _____ Yield(GPM): _____
 Date Reported to BLM*: _____ Requirements of BLM*: _____
 _____ Water Sample Provided to BLM? _____

-----* Refer to Stipulation Number 7

ATTACHMENT 2

STIPULATIONS

- 1) Reclamation efforts will be diligently pursued to insure that a minimum ground cover is established on all disturbed areas. Revegetation will be considered successful when 90% of the predisturbance ground cover is re-established over the entire disturbed area, with no noxious weeds. Adjacent undisturbed areas will be used as a basis for comparison of ground cover. Of the vegetative ground cover, at least 90% must consist of seeded or other desirable species. The 90% of pre-disturbance ground cover must be maintained for three years.
- 2) The operator will be held responsible for control of noxious weed infestations found to be a result of this project, until acceptance of vegetative restoration.
- 3) The operator shall take all reasonable/appropriate measures to prevent the introduction and proliferation of exotic plants and/or noxious weeds for all operations on the land surface. Measures must include cleaning vehicles and equipment before entry onto Federal lands, pre-treatment of areas approved for surface disturbing activities, use of weed free materials (straw, fill materials, gravel, etc.), and control and eradication of exotic species and/or noxious weeds in disturbed/reclaimed areas until liability/bond release. Proposed control/eradication measures for surface operations are subject to approval by the surface management agency.
- 4) The seed mix to be used for reclamation will be as follows:

		<u>Pounds PLS/acre</u>
Western Wheatgrass	Elymus smithii	2
Basin Wild Rye	Elymus cinereus	1
Intermediate Wheatgrass	Elymus hispidus	2
"Paiute" Orchardgrass	Dactylis glomeratus	2
"Rambler" Alfalfa	Medicago sativa	1
Blue Leaf Aster	Aster glaucodes	0.25
Lewis Flax	Linum lewisii	0.50
Small Burnet	Sanguisorbia minor	1
Mountain Big Sage	Artemisia tridentata vaseyana	0.25
Bitterbrush	Purshia tridentata	1

- 5) Disturbed areas must be reclaimed by the end of the 2003 field season; exceptions require written Forest Service approval.
- 6) The project, including reclamation, is to be completed in one field season. If additional time is needed the Forest Service should be advised so the permit can be amended.
- 7) Drill rigs and heavy equipment (not including water trucks) must not be transported in or out of the project area during the opening weekends of the general elk hunt, general deer hunt, or during holiday weekends.

- This restriction lasts from Friday at noon through Sunday. Water trucks must be preceded by a pilot vehicle when hauling water for the project during the above noted periods.
- 8) Contaminated soil and gravel must be stripped and hauled off the Forest prior to site reclamation.
 - 9) Drill sites and the mud pits must be reclaimed when they are dry by selectively backfilling excavated materials, topsoil last, such that the disturbed area is replaced to the approximate original contour. The disturbed area must be seeded with the seed mix specified.
 - 10) Upon completion of the project, compacted soils must be scarified and seeded with the specified seed mix.
 - 11) All disturbed drainages must be replaced to their approximate original configuration when the project area is reclaimed.
 - 12) The reclaimed low-standard road to hole #03-17-1 must be gated to discourage vehicle access by the public and signed. The sign must be approved by the Forest Service prior to installation. Upon reclamation completion, the sign and gate shall be removed.
 - 13) The operator/agent will immediately notify the Forest Service should raptor nests be discovered.
 - 14) Any dogs on the project site must be kept on a leash.
 - 15) Heavy equipment, drilling equipment, and transport vehicles must be cleaned of mud/debris that could potentially transport noxious weed seeds prior to entering the National Forest.
 - 16) Unauthorized off-road motorized access is prohibited.
 - 17) A Road Use Permit must be obtained from the Forest Service before equipment is transported onto National Forest System lands. No construction may begin prior to approval. Any modifications or changes to approved locations are also subject to review and approval.
 - 18) All water bearing zones encountered in the process of drilling will be recorded on the drilling logs. Any water zones that produce significant flow will be reported to the Forest Ranger prior to hole abandonment.
 - 19) Construction and operations will be restricted to the time period between July 15 and November 1 to prevent effects to big-game and sage grouse.
 - 20) The only authorized campsite for project personnel is at the top of Link Canyon, in the Pines Tract. Chemical toilets must be on site. The company will notify the Forest Service of the type and number of vehicles and trailers to be placed at the camp.
 - 21) If there is activity during March – May 15 related to water monitoring wells or on-going reclamation for subsidence, the activity shall not begin until 10:00 A.M. to avoid disturbance to sage grouse leks.
 - 22) Water needed in support of operations must be properly and legally obtained according to Utah State water laws. Some stream flow is required to remain to minimize impact to aquatic wildlife and livestock. The operator shall assure that continuous flow is maintained below diversion points at each source of water used for operations.