



IN REPLY REFER TO:

United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 46667
Denver, Colorado 80201-6667

UT-0026

March 7, 2005

Utah Division of Oil, Gas, & Mining
Coal Regulatory Program
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Canyon Fuel Company, LLC - "SUFCO" Mine - Application for a Permit Revision, Coal Exploration SITLA Muddy Lease

Dear Sir or Madam:

This is in response to the Utah Division of Oil, Gas, & Mining's (UT-DOGM) February 4, 2005, request for a decision, under 30 CFR 944.30, whether the above subject permit revision constitutes a mining plan modification.

Mining plan approvals by the Secretary of the Interior are required under the Mineral Leasing Act of 1920, 30 U.S.C. 181, *et seq.* before coal mining can occur on Federal lands. This letter serves to document OSM's determination whether or not a mining plan approval from the Secretary is required for the above permitting action.

OSM's review of the Application for a Permit Revision, Coal Exploration SITLA Muddy Lease, has determined that it proposes to conduct coal exploration drilling two wireline boreholes on the School and Institutional Trust Lands Administration Muddy Tract associated with the SUFCO mine, Utah State permit C/041/002.

The lands are subject to the Memorandum of Understanding between the Utah School and Institutional Trust Lands Administration, the United States Department of Agriculture, and the United States Department of the Interior (MOU). Consequently, since these lands are subject to that MOU, OSM has determined that they do not meet the requirements of 30 CFR 746.18(d). Therefore, the proposed permit revision does not constitute a mining plan action requiring Secretarial approval.

OSM's decision was based solely upon the Federal regulations under 30 CFR PART 746 and not the technical aspects of the revision application itself. Consequently, OSM's decision does not relieve UT-DOGM from coordinating the review and approval of the Application for a Permit Revision, Coal Exploration SITLA Muddy Lease, with other Federal agencies for compliance with other Federal regulations.

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OIL, GAS & MINING

OSM also electronically transmitted the February 4, 2005, request to the Bureau of Land Management and the U.S. Forest Service for their review and comment.

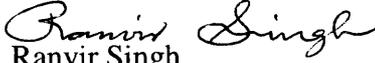
In an electronic transmittal dated February 7, 2005, the U.S. Forest service stated its opinion the Coal Exploration SITLA Muddy Lease would not constitute a mining plan action requiring Secretarial approval.

The Bureau of Land Management did not provide any comments in the thirty day time frame established by the Federal regulations under 30 CFR 944.30, Article VI. D.

Please notify the applicant of our decision on this matter.

Should you have any questions regarding this letter or approval, please contact Carl R. Johnston, Utah Federal Lands coordinator, at (303) 844-1400, extension 1500.

Sincerely,


Ranvir Singh
Manager, Northwest Branch

cc: BLM - Utah State Office
BLM - Price Field Office
USFS - Manti-La Sal NF
Denver Field Division