



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
 P.O. Box 45155
 Salt Lake City, UT 84145-0155
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IN REPLY REFER TO:
 3482, SL-062583, UTU-76195, (UT-923)

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MAY 13 2005

DIV. OF OIL, GAS & MINING

Certified Mail--Return Receipt Requested

MAY 11 2005

Mr. Kenneth E. May
 Mine Manager
 Canyon Fuel Company, LLC
 SUFCO Mine
 397 South 800 West
 Salina, Utah 84654

Incoming
CP41/0002
Copy FAM

Re: Minor Modification to Resource Recovery and Protection Plan (R2P2), 5 Left Pines East Development, SUFCO Mine

Dear Mr. May:

The Bureau of Land Management (BLM) has received and reviewed a copy of the subject mine plan modification to the R2P2. The modification from Canyon Fuel addresses changes to the current approved R2P2 due to encountering adverse geologic and mining conditions in Federal coal lease UTU-76195 at the SUFCO Mine.

Canyon Fuel proposes to halt the north development of the 5 Left Pines East longwall gate entries and mine the longwall set up rooms beginning at crosscut 70. Longwall retreat mining for this panel would begin at this spot and no further north development would occur. Canyon Fuel reports a sandstone channel has been encountered that has scoured out the coal below minable thicknesses as justification for the modification.

The BLM has inspected the area on January 7, 2005 and have noted the conditions. The sandstone channel was encountered trending northwest/southeast. The coal thickness is scoured down to 5 feet. The scour zone roof replacement is hard, fine grained massive sandstone and evidence of cutting difficulty was pronounced. The scour zone has created an abrupt dip in the seam and large in-flows of roof water consistent with channel margins were also present.

The BLM agrees that the longwall cannot mine through this scour zone without adverse impacts to machinery and unacceptable coal quality as the height limits of the longwall would force cutting 2 feet or more of sandstone rock. Setting up the longwall set up face at crosscut 70, outby the scour zone, is approved (verbal approval was given on 7 January 2005 following the site visit).

As this sandstone channel zone has cut off the north areas of four longwall panels, the BLM recognizes the uncertainties of recovering coal on the north side of this channel (referred to here as the "north coal"). However, recoverable reserve tonnages remain for Federal coal lease UTU-76195. Before mining of the 5 Left longwall panel starts (removing a potential access to the north coal), Canyon Fuel is required to either:

1. submit mining plans and timing for mining of this coal north of the sandstone channel zone, or
2. demonstrate in writing how the north coal reserves will not be isolated from potential future mining, or
3. provide sufficient written economic justification for the case file record for non-recovery of these coal reserves.

The BLM has determined that the proposed modification complies with the Mineral Leasing Act of 1920, as amended, the regulations at 43 CFR 3480, the lease terms and conditions, and will achieve maximum economic recovery of the Federal coal. Canyon Fuel is authorized to halt north development of 5 Left Pines East and mine the longwall set-up face at crosscut 70. However, extraction of panel # 27 (5 Left Headgate) is not approved. This approval confirms verbal approval given earlier. Further justification for the coal reserves to the north and east in the Pines Coal Lease are required as noted above.

If you have any questions, please contact Stephen Falk of my staff at (435) 636-3600.

Sincerely,

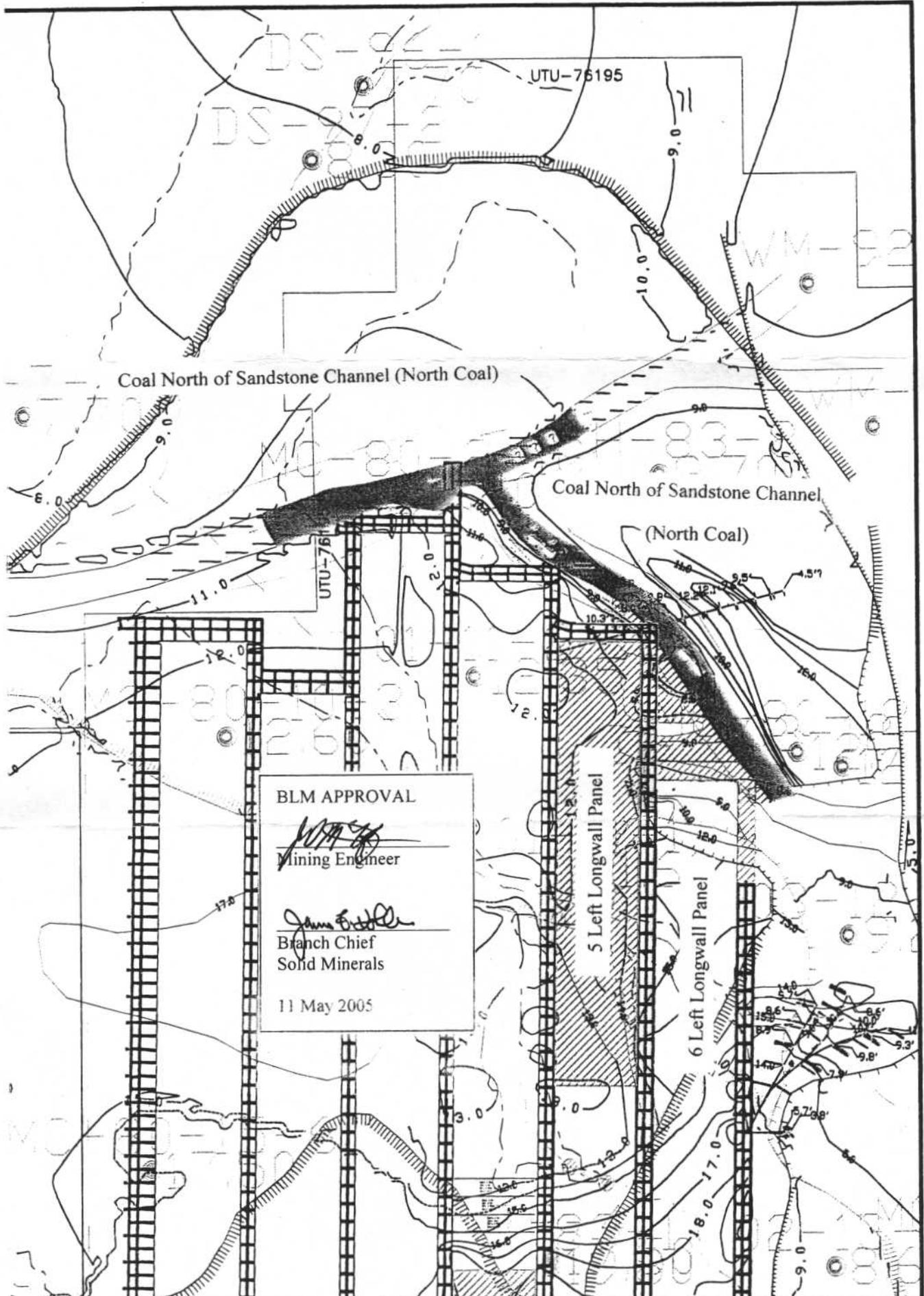
JAMES F KOHLER

James F Kohler
Chief, Solid Minerals

Enclosure

Approved Mine Map

cc: UT-070, Price, Utah (w/enclosure)
Utah Division of Oil Gas and Mining
1594 West North Temple Street, Suite 1210
Salt Lake City, Utah 84114-5801



Coal North of Sandstone Channel (North Coal)

Coal North of Sandstone Channel
(North Coal)

BLM APPROVAL
[Signature]
Mining Engineer
[Signature]
Branch Chief
Solid Minerals
11 May 2005

5 Left Longwall Panel

6 Left Longwall Panel