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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

<http://www.blm.gov>



OK

IN REPLY REFER TO:

3482

UTU-82202

(UT-923)

JUL 11 2006

Incoming
2/041/0002

Canyon Fuel Company, LLC
c/o Ark Land Company
HC 35 Box 380
Helper, Utah 84526
Attn: Mark Bunnell

Re: Approval of Request to Modify and Continue Drilling Operations on Exploration License
UTU-82202, Muddy Creek Area, Sevier County, Utah

Dear Mr. Bunnell,

On December 2, 2005, BLM received a request from Ark Land Company, a subsidiary of Arch Coal, Inc., to modify the exploration plan for Exploration License UTU-82202 (approved August 22, 2005). Drill sites C-05, D-05, E-05 and F-05 were not drilled last fall due to the inability to accomplish drilling using heli-portable and track-mounted drilling rigs in this area. The modified plan would allow access to be constructed to drill site E-05 to allow a truck-mounted rig to drill this site. An unauthorized ATV trail would be modified to allow the access. Upon completion of drilling, the unauthorized trail would be fully reclaimed. Drill pads would be constructed at E-05 and F-05 to support truck-mounted drilling. Drill sites C-05 and D-05 would be eliminated. A copy of the plan modification is attached.

NEPA analysis found no issues that could not be mitigated. The Manti-La Sal National Forest has concurred to approval of this modification.

The BLM approves the modification as requested, and continuation of drilling activities may resume pursuant to the license stipulations already in effect, with the following changes:

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DIV. OF OIL, GAS & MINING

Stipulation 34 of the license will be changed to reflect new seeding requirements in this area. Yellow Sweet Clover, *Melilotas officinalis*, will be replaced with Sagebrush, *Artamisia tridentata vaseyana*, at the same pound requirement.

Stipulation 39 will be eliminated, and Stipulation 12 will be modified to read "Unauthorized off-road motorized travel, other than along the approved access routes, is prohibited. Travel shall be in accordance with the Manti LaSal National Foret travel plan and terms and conditions of the Road Use Permit."

This decision may be appealed to the Interior Board of Land Appeals (IBLA), Office of the Secretary, in accordance with the regulations contained in 43 CFR Part 4, and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

JAMES F KOHLER

James F. Kohler
Chief, Branch of Solid Minerals

Enclosure

1. Exploration Plan Modification, Coal Exploration License UTU-82202
2. Form 1842-1

cc: District Ranger, Ferron/Price Ranger District, Manti-La Sal National Forest
Forest Supervisor, Manti-La Sal National Forest
Director of Mining, Utah Division of Oil Gas and Mining
Field Office Manager, Price Field Office

2006 UTU-82202 Plan Mod Approval July 10th 2006 GH-SA



Ark Land Company
c/o Canyon Fuel Co., LLC
Skyline Mines
HC35Box 380
Helper, Utah 84526
435-448-2633

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Nov. 28, 2005

Mr. James Kohler
Bureau of Land Management
Utah State Office
PO Box 45155
Salt Lake City, Utah 84145-0155

Re: Exploration Plan Modification Coal Exploration License U-82202, Muddy Tract

Dear Jim:

As you may be aware, Ark Land Company attempted drilling hole D-05 under the Exploration Plan for License U-82202 but was unable to complete the hole due to adverse drilling conditions in the Price River Formation. We also unsuccessfully attempted drilling two holes (A-05 and B-05) with the same drilling equipment on the adjacent Sitla Muddy Tract. While we were successful drilling through the Price River Formation with the same equipment (with some difficulty) in 2004, conditions were much more difficult in the locations being drilled this year. The small heliportable and track-mounted core drilling equipment did not have the pumping capacity, torque, or pulling power to handle severe hole caving conditions in a small annulus hole. A variety of mud and fluid formulations were attempted with no success. Because of our inability to complete holes with the small equipment, and the limitations to access route and drillpad construction under the current Exploration Plan; it will be necessary to modify the plan to allow temporary access route and drillpad construction for use of larger drilling equipment.

Ark Land Company hereby requests Exploration Plan modification approval to allow widening and grading of the existing double track road to an approximate 12 ft. width (Map 1, attached). In addition, a 100 X 100 ft. drillpad would be constructed at site E-05. Drillsite F-05, located adjacent to Forest System Road 044 would also be modified to allow drillpad construction. We have decided to abandon plans for drilling holes C-05 and D-05. The temporary ATV trails developed in September to sites C-05 and D-05 have been reclaimed and seeded.

Upon completion of drilling activities, Ark Land Co. will reclaim not only the drillpads but the temporary access route from E-05 to FSR 044 as well.

Table 1 shows the projected total disturbed acreage under the revised plan.

TABLE 1.

SITE	CONSTRUCTION	APPROX. SIZE (ft)	EST. DIST. AREA (ac.)
E-05	Dozer	100 X 100	0.23
F-05	Dozer	100 X 100	0.23
E-05 TEMP ACCESS	Dozer, Grading, Trackhoe	12 X 41,580	0.95
Camp Area	4 Trailers	10 X 80	0.12
Staging Area	Parking/Storage	100 X 100	0.23
TOTAL DIST AREA			1.76

Drilling

The planned drilling method is wireline core drilling. The entire borehole will be core drilled from surface through the lowest coal seam horizon. Exploration equipment for the drilling phase will include one or two truck-mounted core drilling rig(s) together with all necessary equipment such as drill rod trucks, mud tanks, water tanks, etc.

Core drilling will involve one or two truck-mounted 2000 ft.- rated core drills, two 4000 gallon water trucks, one 1500 gallon water truck, three or four 18,000 gallon frac tanks, one auxiliary air compressor, one supply trailer, 6 pick-up trucks, a geophysical logging truck and two covered trailers. The drilling procedure for the exploration holes will be to continuously core to total depth. Casing will be set in each hole to below the Price River Formation. A water monitor well is still planned for completion at hole F. The drilling procedure for the piezometer will be to drill into the upper portion of the Star Point Sandstone beneath the Lower Hiawatha seam and install the screened portion in the Star Point beneath the Lower Hiawatha seam (a drawing is included in the approved plan as Fig. 3). Water will be hauled from the North Fork and/or South Forks of Quitcupah Creek or pumped from Muddy Creek to the drill sites or to a 18,000 gallon water (frac) storage tank (Map 1). Supply trailers will carry drill steels, coring equipment, drilling additives, cutting and welding equipment, a dog house and other supplies. Two pick-up trucks will be used for each drill rig by the drillers to carry personnel, fuel, and supplies and two pickup trucks will be used by the dirt contractor. The logging contractor will use a single axle 1 ton rated truck. The company representative and geological consultant will also use pick-up trucks for transportation.

Backup and auxiliary equipment to be located at the staging areas or on the constructed drillpads will include but not be limited to an 18,000 gal. frac (water) tank, two supply trailers, drilling fluid containers, pallets of cement and drilling mud, two 4000 gal. water trucks, a fuel truck or or double lined fuel tank, four pickup trucks, a covered tool supply trailer, and a geophysical logging truck.

Temporary access route construction will include improvement of the existing wheel track. The temporary access route will be constructed utilizing a D-8 dozer or equivalent with planned width approx. 12 ft.

The general method to be followed during drill hole exploration, reclamation and abandonment is: 1) repair the Forest Development Roads where needed and prepare the temporary access route and drill sites, 2) drill, log and plug the exploration drill hole (hole F will be completed as a water monitor well), 3) reclaim the drill sites and access route. No blasting will be done for route construction or repair. Repair of Forest Development Roads may include hauling gravel to fill rough areas on bedrock ledges and cover sandy areas on the road as well as grading rutted areas with a grader. Wheel track and drill site preparation and reclamation will be done with a D-8 Cat dozer (or equivalent), a grader and a trackhoe. Equipment operators will use pick-up trucks for transportation.

Earth excavation will mostly be done for the drill sites using a D-8 Cat (or equivalent) and grader. A track mounted backhoe and/or a rubber-tired backhoe may be used at times for construction of mud pits. Excavation will include grubbing, removal and separate storage of the soil A horizon and, if needed, removal and separate storage of material below the soil A horizon to make a level drill site. Two mud pits will be excavated in the material below the soil A horizon if there is sufficient soil depth. The only material disposed of at the drill sites will be cuttings, unneeded drill core, and any drilling foam and/or mud which will be placed or left in the mud pits after pits are dry or have been pumped out. Pit liners will be used in the mudpits. Liners will be removed and hauled away prior to reclamation.

Drillpads will be approx. 100 ft. X 100 ft. and will include a mudpit approx. 40 ft. long, 10 ft. wide, and 8 ft. deep. Topsoil will be removed and stockpiled for reclamation. A 1 to 3 ft. berm will be constructed around the perimeter of the pad to ensure no runoff from the pad. The pad will be constructed such that fluids will drain toward the mudpit. Figure 1 shows a typical drillpad construction and layout.

Pump, frac tank, and waterline locations have been revised to shorten the overall length of waterline and to make use the existing Forest Development Trail 004 to Muddy Creek. Rather than using helicopter to place the pump in Muddy Creek, it would be placed and accessed with ATV on trail 004 (Map 1).

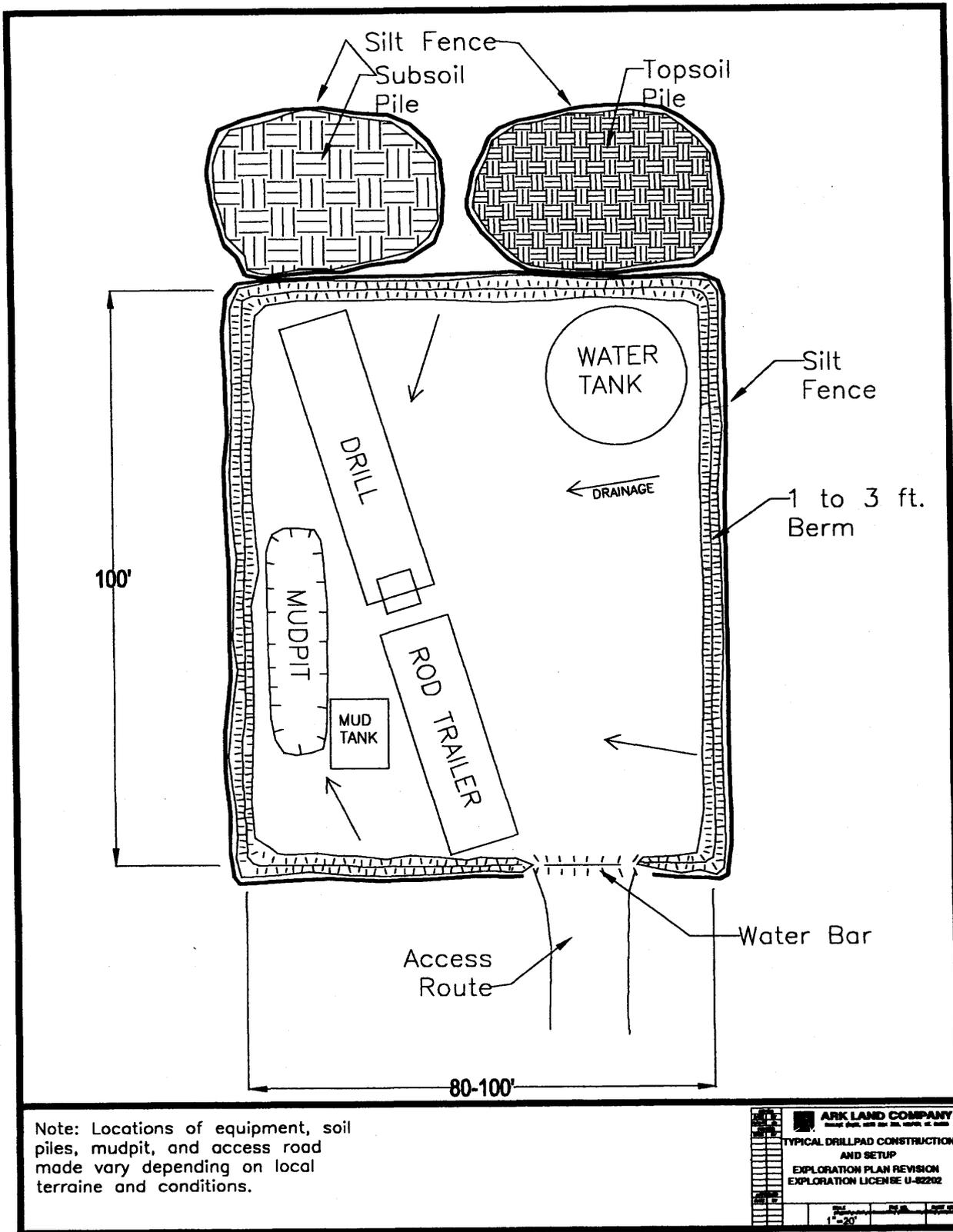


Figure 1: Typical drillpad construction and layout.

Reclamation of the drill sites will include removal of all trash and debris; and topsoil will be redistributed with the trackhoe and/or dozer. The disturbed areas will be poked and reseeded utilizing the approved U.S. Forest Service seed mix. The planned method to

prevent possible future soil erosion is pocking and re-establishment of vegetation on the reclaimed area after exploration activities are concluded. Temporary access routes will be reclaimed by pulling the excavated material back over the road and reestablishing original contour.

Drilling Equipment

Equipment expected to be utilized during various phases of the exploration program is tabulated as follows:

Exploration Phase	Equipment Type	Size or Capacity	Quantity
Drilling	Wireline Core Rig	LS 244 or similar	2
	Water Truck	4000 gal	2
	Pipe Truck/Transport	Semi, 40 ft flatbed	2
	Tool trailer	Dual Axle	2
	Pickups	4 W drive	4
Support and Construction	Pickups	4 wheel drive	4
	Grader	D 14 Cat or similar	1
	Dozer	D 8 Cat or similar	1
	Trackhoe	Track mounted	1
	Backhoe	Rubber Tired	1
	Frac Tank	18,000 gal	5
	Fuel Truck	2000 gal	1
	Transport	Semi w/flatbed trlr	2
	Pickups	4 wheel drive	4
	Triplex Pump	Skid Mounted	3
	Poly pipe winder	Trailer mounted	1
Boom Truck	Rear crane mount	1	
	Geophy Log Truck	4 W Drive	1

Note: Some support equipment is only temporary on-site for equipment delivery and retrieval.

Transportation and Equipment

Equipment to be transported over U.S. Forest Service roads will include:

Pickups: 6 ea. @ approx. 2 trips/day

Pickups with 5th-wheel trailers and horse trailers for hauling heli-portable drilling equipment, horses, and fuel: 3 ea. @ approx. 1 trip/week

Transport (40,000 GVW) for hauling additional equipment for drilling support such as water tanks (20,000 gal frac tanks) and hole abandonment materials: 1 ea. @ approx. 1 trip/week

Geophysical logging truck (20,000 GVW): 1 ea. @ approx. 2 trips/week

Backhoe (rubber-tired): 1 ea. @ approx. 1 trip/week

Water Truck (40,000 GVW): 1 ea @ approx. 4 trips/day

All debris and trash will be disposed of properly. Accumulation of trash and debris over an extended period of time will not be allowed. Location of disposal will be off-site in an approved sanitary landfill. Excess drill cuttings will be transported by truck to Canyon Fuel Company's approved waste rock site along the Sufco mine haul road.

Estimated Timetable

If possible, drilling would begin by June 1, 2006. Drillholes E-05 and F-05 would be completed according the following estimated timetable:

EVENT	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5	WEEK 6
Set pumps, frac tanks, and run water lines. Construct temporary access and drillpads						
Drilling and monitor well installation						
Reclaim drillsites, temporary access, remove waterlines and equipment						

The total plan, including reseeding, should be completed in approximately 6 weeks depending on weather or other delays.

I once again appreciate your efforts and the work of your staff. If you have questions or require further information, please call me at 435-448-2633.

Sincerely,



Mark Bunnell
Geologist

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INFORMATION ON TAKING APPEALS TO THE INTERIOR BOARD OF LAND APPEALS

DO NOT APPEAL UNLESS

1. This decision is adverse to you,
AND
2. You believe it is incorrect

IF YOU APPEAL, THE FOLLOWING PROCEDURES MUST BE FOLLOWED

-
- 1. NOTICE OF APPEAL**..... A person served with the decision being appealed must transmit the notice of appeal in time for it to be filed in the office where it is required to be filed within 30 days after the date of service. If a decision is published in the FEDERAL REGISTER, a person not served with the decision must transmit a notice of appeal in time for it to be filed within 30 days after the date of publication (43 CFR 4.411 and 4.413).
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- 2. WHERE TO FILE NOTICE OF APPEAL**..... Bureau of Land Management, Utah State Office, P. O. Box 45155, Salt Lake City, Utah 84145-0151 or
Bureau of Land Management, Utah State Office, 440 West 200 South, Suite 500, Salt Lake City, Utah 84101
and
WITH COPY TO SOLICITOR... Regional Solicitor, Room 6201, 125 South State Street, Salt Lake City, Utah 84111
-
- 3. STATEMENT OF REASONS** Within 30 days after filing the Notice of Appeal, file a complete statement of the reasons why you are appealing. This must be filed with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. If you fully stated your reasons for appealing when filing the Notice of Appeal, no additional statement is necessary (43 CFR 4.412 and 4.413).
WITH COPY TO SOLICITOR..... and
Regional Solicitor, Room 6201, 125 South State Street, Salt Lake City, Utah 84111
-
- 4. ADVERSE PARTIES**..... Within 15 days after each document is filed, each adverse party named in the decision and the Regional Solicitor or Field Solicitor having jurisdiction over the State in which the appeal arose must be served with a copy of: (a) the Notice of Appeal, (b) the Statement of Reasons, and (c) any other documents filed (43 CFR 4.413). If the decision concerns the use and disposition of public lands, including land selections under the Alaska Native Claims Settlement Act, as amended, service will be made upon the Associated Solicitor, Division of Land and Water Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240. If the decision concerns the use and disposition of mineral resources, service will be made upon the Associated Solicitor, Division of Mineral Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240.
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- 5. PROOF OF SERVICE**..... Within 15 days after any document is served on an adverse party, file proof of that service with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. This may consist of a certified or registered mail "Return Receipt Card" signed by the adverse party (43 CFR 4.401(c)).
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- 6. REQUEST FOR STAY**..... Except where program-specific regulations place this decision in full force and effect or provide for an automatic stay, the decision becomes effective upon the expiration of the time allowed for filing an appeal unless a petition for a stay is timely filed together with a *Notice of Appeal* (43 CFR 4.21). If you wish to file a petition for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Interior Board of Land Appeals, the petition for a stay must accompany your notice of appeal (43 CFR 4.21 or 43 CFR 2804.1). A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the *Notice of Appeal* and *Petition for a Stay* must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.
- Standards for Obtaining a Stay. Except as other provided by law or other pertinent regulations, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards: (1) the relative harm to the parties if the stay is granted or denied, (2) the likelihood of the appellant's success on the merits, (3) the likelihood of immediate and irreparable harm if the stay is not granted, and (4) whether the public interest favors granting the stay.

Unless these procedures are followed your appeal will be subject to dismissal (43 CFR 4.402). Be certain that all communications are identified by serial number of the case being appealed.

NOTE: A document is not filed until it is actually received in the proper office (43 CFR 4.401(a)). See 43 CFR Part 4, subpart b for general rules relating to procedures and practice involving appeals.

43 CFR SUBPART 1821--GENERAL INFORMATION

Sec. 1821.10 Where are BLM offices located? (a) In addition to the Headquarters Office in Washington, D.C. and seven national level support and service centers, BLM operates 12 State Offices each having several subsidiary offices called Field Offices. The addresses of the State Offices can be found in the most recent edition of 43 CFR 1821.10. The State Office geographical areas of jurisdiction are as follows:

STATE OFFICES AND AREAS OF JURISDICTION:

Alaska State Office ----- Alaska
Arizona State Office ----- Arizona
California State Office ----- California
Colorado State Office ----- Colorado
Eastern States Office ----- Arkansas, Iowa, Louisiana, Minnesota, Missouri
and, all States east of the Mississippi River
Idaho State Office ----- Idaho
Montana State Office ----- Montana, North Dakota and South Dakota
Nevada State Office ----- Nevada
New Mexico State Office ---- New Mexico, Kansas, Oklahoma and Texas
Oregon State Office ----- Oregon and Washington
Utah State Office ----- Utah
Wyoming State Office ----- Wyoming and Nebraska

(b) A list of the names, addresses, and geographical areas of jurisdiction of all Field Offices of the Bureau of Land Management can be obtained at the above addresses or any office of the Bureau of Land Management, including the Washington Office, Bureau of Land Management, 1849 C Street, NW, Washington, DC 20240.

(Form 1842-1, September 2005)