

0004



United States Department of the Interior

C/041/062 Incoming
CC: April



BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>

FEB 16 2010

IN REPLY REFER TO:
3452
UTU-63214
(UT-923)

Certified Mail--Return Receipt Requested
Certificate No.

Mr. Jack Troyer
Regional Forester
U.S. Forest Service
324 25th Street
Ogden, Utah 84401

Dear Mr. Troyer,

On April 6, 2009 Canyon Fuel Company, LLC filed a partial relinquishment of the above Federal coal lease, which is contained in the Fishlake National Forest. Please advise whether or not the relinquishment of these lands will impair the public interest. Also a determination should be made whether or not all reclamation obligations under these lands have been met.

Lands contained in the partial relinquishment:

Tract 1:

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

Sec. 33, lots 2-4;

Sec. 34, lots 1-4, NE $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$;

Sec. 35, lots 1 and 2, W $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$;

T. 22 S., R. 5 E., SLM, Utah

Sec. 3, lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$;

Sec. 4, lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$;

Sec. 9, NE $\frac{1}{4}$ NE $\frac{1}{4}$;

Sec. 10, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$;

Tract 2:

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

Sec. 10, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ E $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ E $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$;

Containing 2,019.12 acres.

RECEIVED

FEB 18 2010

DIV. OF OIL, GAS & MINING

We request that send us your findings by May 15, 2010.

Sincerely,

A handwritten signature in cursive script that reads "Roger L. Bankert".

Roger L. Bankert
Chief, Branch of Minerals

Enclosure
Relinquishment

cc: Mr. John Baza, Director, UDOGM, Box 145801, Salt Lake City, Utah 84114-5801

CANYON FUEL COMPANY, LLC

225 North 5th Street, Suite 900
Grand Junction, Colorado 81501
Phone: (970) 263-5130
Fax: (970) 263-5161

BLM-UT-950
2009 APR -6 AM 9:22

March 25, 2009

Mr. Gregg Hudson
Bureau of Land Management
Division of Lands & Mineral
Utah State Office
440 West 200 South, Suite 500
Salt Lake City, Utah 84101

**Re: Request for Partial Relinquishment for Coal Lease UTU_63214, Sevier County, Utah
Ark File: SU-005**

Dear Mr. Hudson,

Please consider this letter and the accompanying documents, submitted herein in triplicate, as Canyon Fuel Company, LLC's request for partial relinquishment of the captioned federal coal lease. This lease contains 10,055.46 acres; however, we request relinquishment of only 1,866.0 acres, more or less, of this lease and intend to retain the remaining 8,189.4 acres. It is Canyon Fuel Company, LLC's intent to relinquish the lease only insofar as it covers the sections hereafter described. The surface owner of all of the lands in the lease is the United States Forest Service. You have advised me that you will work directly with the Forest Service and any other affected Agencies in the processing of this application and therefore it is not necessary for us to notify any of these agencies directly.

This request for partial relinquishment is being submitted in accordance with 43 CFR, Sec. 3452.1. Canyon Fuel Company, LLC wishes to partially relinquish this lease because the lands contained in the relinquishment area are not economically viable to mine due to thin coal from partings and active burn on the east outcrop. The 4 East entry was stopped due to warming coal condition and "burn" was encountered when drilling towards the first Link Canyon substation location. In support of this request we have enclosed herewith the following:

1. A copy of the subject coal lease.
2. A table showing the lease relinquishment status.
3. A certificate of compliance.
4. A map showing the boundaries of the subject federal coal lease, as well as the relinquishment area, and the surface disturbance on said lease.

Mr. Gregg Hudson

March 25, 2009

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The lands for which we request relinquishment of lease are as follows:

Tract 1:

T21S, R5E, SLM, Utah

Sec. 33, lots 2-4;

Sec. 34, lots 1-4. NESW, N2SE, S2NE, NENE;

Sec. 35, lots 1, 2. W2NW, N2SW.

T22S, R5E, SLM, Utah

Sec. 3, lots 1-4, S2N2, NESW, S2SW, N2SE, SWSE;

Sec. 4, lots 1,2, S2NE, SESE;

Sec. 9, NENE;

Sec. 10, W2NE, NW, N2SW.

Tract 2:

T21S, R5E, SLM, Utah

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

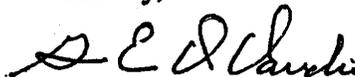
Containing 1,866.0 acres, more or less.

The subject lease is covered as to compliance with the rental and royalty provisions of same by Canyon Fuel Company, LLC's enclosed Surety Bond No. 400SA1542 in the amount of \$1,600,000.00, with St. Paul Fire and Marine Insurance Company as surety, in favor of the United States.

Canyon Fuel Company, LLC believes reclamation activities are not required since the area it wishes to partially relinquish has not been mined, compliance with the lease terms has been met, and the public interest will not be impaired by having the subject lease partially relinquished. Further, Canyon Fuel Company, LLC has endeavored to prepare this partial relinquishment request in accordance with the regulations and will meet with you at your request to provide any additional information or explanation deemed necessary. We request you consider this application as expeditiously as possible and assist the coordination of activities required in the processing of this request.

Your assistance and cooperation are greatly appreciated. Should you have any questions or need any additional information, please contact Doug Downing of Ark Land Company at 314-994-2954.

Sincerely,



Gene E. DiClaudio

President

Enclosures

cc: D. Downing
S. Kehrer
J. Byars