



BUCKSKIN MINING COMPANY

BUCKSKIN MINE, P.O. BOX 3027 ~ GILLETTE, WY 82717

Mr. Mike Robinson
High Plains District Office
2987 Prospector Drive
Casper, Wyoming 82604

Re: Buckskin's comments to Luca's Rough Draw UIC Application

Dear Mr. Robinson:

It is Buckskin Mining Company understands that you are receiving comments for the Bureau of Land Management on the proposed Luca's Rough Draw UIC Application area. Accordingly, Buckskin Mining Company (Buckskin) is providing this letter to you to outline our concerns for the BLM's consideration.

Buckskin has been in operation since 1982 and currently employs over 400 people, mining 25 million tons annually. As you may know, the coal mines in the State of Wyoming lead the nation in production of coal. Wyoming coal accounts for nearly 40% of the nation's production and provides significant revenue in the form of taxes and royalties to the State of Wyoming.

Buckskin has the following concerns for consideration with respect to Luca's Rough Draw UIC Application:

1. Buckskin is concerned that Luca's process degrades the heating values of the host coal used for injection for enhanced microbial methane generation. There has been discussion that the impact could be anywhere from 4%-12% degradation mentioned with this process. Even a 4% reduction in BTU on 8300 BTU coal (typical heat content for Buckskin Coal) would leave the host coal at sub-8000 BTU and make it unmarketable and would in turn cause a loss of jobs, lease bonus's and royalty payments.
2. There is an unquantified hazard that the process will degrade coal on nearby leases. Luca's permit application sits within ½ mile from Buckskin's mine permit area. Luca's process may further infringe on Buckskin's lease rights by diminishing or altering characteristics such as moisture, ash and BTU content that are material to the value of the coal. Moreover, the coal value is derived not only from the raw characteristics of the coal, but also from the relative uniformity in a coal tract. Injection induced variations in a tract may inhibit a coal producer's ability to meet contractual coal quality delivery obligations. On this premise we object to the proximity of the application to Buckskin's existing mine boundary.

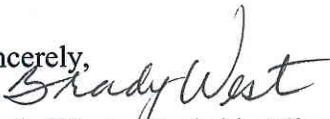
The use of old infrastructure (about 30,000 coal-bed methane well have been drilled in the Powder River Basin in northeastern Wyoming over the past 15 years), Gas lines and well bores that may not be structurally competent allowing for micro bacteria to move outside of an assumed "closed system" into lithology's that communicated with coal and over burden in areas outside of the test pilot area.

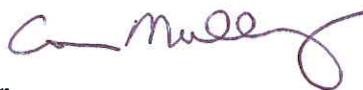
Buckskin would prefer a more prudent approach. Test unproven microbial technology outside and away from all probable surface coal mining reserves as defined by the BLM as their RMP Coal Development Potential Area as depicted on BLM's Federal Coal Lease Status map.

3. If Luca is permitted to keep the Pilot Test area and eventual production unit within the BLM defined RMP Coal Development Potential area, the test block should meet the following criteria:
 - a) The test block is isolated from surface mining coal reserves present and future; by means of:
 - Geologic constraints which would include crop or burn lines, faults, or other proven discontinuities.
 - Performing the Pilot test on non-economical surface reserves which would include rider or marker seams isolated from the main coal reserve bodies and also deeper coal proven to be non-economic by surface mining methods.
 - Performing the Pilot test on remnant coal tracts that have been mined out but still contain coal resources; these coal resources could have backfill buffers where previous coal resources have been mined out which would mitigate the risk of the test migrating out of the test area.
 - b) Perform a pre-injection (treatment) baseline of existing coal qualities including heating value surrounding the test area. Baseline would include pre-injection coal quality, consisting of at least a full proximate analysis, Mineral Analysis of Ash, Trace Minerals, Sulfur Forms, and HGI, a complete analysis would be preferred. Minimum core hole spacing would be USGS proven reserve spacing for the entire proposed test area. Tighter spacing would be required if in a smaller or irregular shaped test block.
 - c) Annual follow-up monitoring of changes in the host coal heating values during injection activities and for a period of at least 5 years following cessation of injection.
 - d) Require Luca to acquire applicable coal leases if it chooses to perform the Pilot Test within the BLM defined RMP Coal Development Potential Area on the premise that their process will degrade the remaining coal to the point of making it unmarketable.
 - e) Maintain a minimum 6 mile buffer away from current coal permit areas in order to eliminate degradation of coal in mines where the coal is already leased. Discussions with experts contend this is the likely distance the process could migrate.
 - f) Up front bonding for operation of wells used as reservoir injectors to include a dedicated \$10,000 contingency per well to address uncertainties regarding the impact of the process upon host coal heating values.

Should you have any questions regarding the foregoing, please do not hesitate to contact me.

Sincerely,


Brady West, Buckskin Mine Manager



Conan Mullaney, Buckskin Engineering Manager