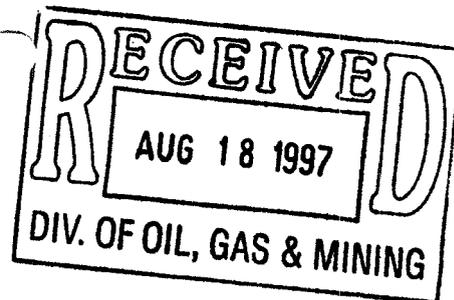




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Canyon Fuel Company, LLC
Skyline Mines
P.O. Box 719
Helper, Utah 84526
(801) 637-7925 Fax: (801) 636-2632



August 15, 1997

Ms. Mary Ann Wright
Associate Director, Mining
Utah Division of Oil, Gas and Mining
Salt Lake City, Utah 84114

Dear Ms. Wright:

On July 29, 1997, Skyline Mines received a Notice of Violation for a failure to seek approval for an underground slurry system. Skyline requests an Informal Conference to appeal the fact of the violation. Skyline also requests an Assessment Conference to appeal the proposed penalty.

Thank you for your cooperation in this matter. If you have any questions, please call Dan Ferriter at (801) 636-2669.

Sincerely,

Dan Meadors *for Dan Meadors*
General Manager

Copy Vicki Bailey
ACT/007/005 # 3
NOV file