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Canyon Fuel Company, LLC
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July 23, 1997

Mike Suflita
Utah Division of Oil, Gas and Mining
By Fax

ACT/007/005#2

Dear Mike:

In response to our discussion yesterday in your office the following information is being provided:

1. The slurry system began operation June 17.
2. Our operation was inspected by Steven Demczak on June 23. The slurry system was not operating at the time of his inspection.
3. You were contacted on June 25 to discuss the issue of pumping water from the sediment pond to underground because of concerns raised during the inspection of June 23.
4. Attached is a copy of the letter from MSHA regarding the use of the slurry system underground for the stowage of waste rock in abandoned workings.
5. References in the permit to pumping material from the sediment pond to underground are located on pages 3-43 and 4-88. References to disposing of waste rock underground are located on pages 4-87 and 4-89.

If there are any questions please contact me.

Very truly yours,

Barry
Barry Barnum