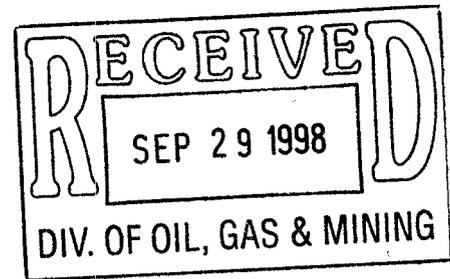




Canyon Fuel Company, LLC
Skyline Mines
P.O. Box 719
Helper, Utah 84526
435/448-6463 Fax: 435/448-2632

September 28, 1998

Coal Regulatory Program
Attn: Mr. Daron Haddock
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801



RE: Second Quarter 1998 Water Monitoring Report for the Skyline Mines

ACT/007/005
#7

Dear Mr. Haddock:

As required by the Skyline Mines Mining and Reclamation Plan, the results of the second quarter water monitoring are being hereby reported. No new sites have been identified nor have any monitoring sites been discontinued. If you have questions regarding this report, please contact either Gary Taylor at (435) 448-2620 or me at (435) 448-2669.

Sincerely,

Chris D. Hansen
Environmental Coordinator
Canyon Fuel Company, LLC