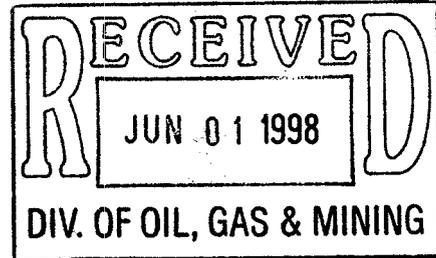




Canyon Fuel Company, LLC
Skyline Mines
P.O. Box 719
Helper, Utah 84526
435/448-6463 Fax: 435/448-2632



June 1, 1998

Mr. Joseph C. Helfrich
Permit Supervisor
Utah Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Copy Joe sent to Exploration file

RE: Response to March 27, 1998 Technical Analysis Letter concerning Gooseberry, West Ridge Exploration, Canyon Fuel Company, LLC, Skyline Mine, ACT/007/005-97M, File#2 Carbon County, Utah

Dear Mr. Helfrich:

Thank you for your response to our previous submission. We have incorporated our response to your comments into a "Revised" Original Application so that one complete comprehensive package is available for your final review and approval.

Hydrologic Balance
Page 1

Flat Canyon Creek crossing for drill site 99-32-1 is addressed on page 5, Surface Water. A road currently exists to drill site 99-21-1. However, the condition of the stream crossing may not allow for the heavy drilling equipment. Therefore, Skyline commits to using a temporary (portable) bridge to cross the stream. This will be approved by the landowner and the State Engineer, if necessary.

Page 2

Skyline has committed to installing a minimum of three monitoring wells. See page 18, Hydrologic Balance/Potentiometric Surface for more detail.

Page 2, Comment A.

Skyline suggests that a site visit in early June can resolve questions associated with the existence and condition of the road which crosses the Flat Canyon Meadow and Creek.

Page 2, Comment B.

Acid and Toxic forming materials testing and disposal are discussed in section R645-202-236 Acid- or Toxic Forming Materials.

Page 2, Comment 3.

Application of straw mulch is discussed on pages 20 and 21, section R645-202-242 Reclamation.

**Fish and Wildlife Habitat
Pages 3 and 4.**

Skyline has changed their Estimated Timetable, section 43 CFR 3482.1 (a) (3) (iv) Estimated Timetable, page 20. Skyline is not proposing any drilling activities associated with this exploration permit prior to July 15 that would negatively affect wildlife habitat or wildlife spawning, nesting, calving or paturation.

**Topsoil
Page 4.**

The discussion of topsoil salvage is located on page 18, section R645-202-233 Topsoil Removal and Storage.

**Acid- or Toxic-Forming Materials
Page 4.**

Skyline has committed to testing and proper disposal of the drill cuttings. See section R645-202-236 Acid- or Toxic-Forming Materials.

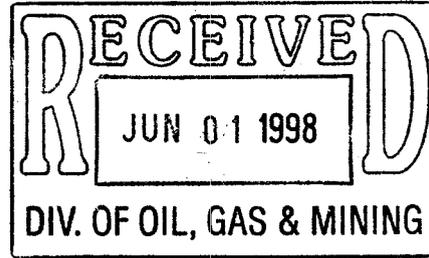
**Revegetation
Page 5 and 6.**

Skyline has addressed the use of an additional seed mix and the use of certified noxious weed free straw see pages 20, 21, and 22, section R645-202-242 Reclamation.

**Recommendations.
Findings:**

R645-202-231-

See page 20, section 43 CFR 3482.1 (a) (3) (iv) Estimated Timetable. Skyline has modified their timetable to exclude drilling prior to July 15.



R645-202-231-

Protection of Goshawks - As above.

R645-202-231

With regards to crossing Boulger Creek during a crucial time for spawning cutthroat trout, Skyline will resolve any issues which the Forest Service may have with crossing Boulger Creek on an existing Forest Service Road that fords the creek. Skyline can install a culvert or temporary bridge. However, the Forest Service will be the final decision maker since the property is owned by the Federal Government and managed by the Forest Service. The Forest Service will not allow drilling on their property prior to July 15 and as indicated above, Skyline has altered their initial drilling schedule to ensure that no drilling is conducted prior to July 15.

R645-202-231-

Skyline proposes a field trip with DOGM to clarify any issues that may be associated with the stream crossings or presence of wetlands.

Topsoil

R645-202-233-

Skyline has committed to salvaging and protecting topsoil, see page 18, section R645-202-233 Topsoil. The Forest Service has requested that even in dry grasslands (the Forest Service definition of a meadow is a wet grassland) the upper two soil horizons are salvaged and stockpiled. Therefore, to be somewhat consistent and to protect the soil resources in the event of a high intensity series of rainfall events that would render the grassland or meadow impassible, Skyline proposes to salvage the topsoil where it may be disturbed.

Acid- or Toxic-Forming Materials

R645-202-236-

This comment seems to contradict the comment on pages 4 and 5 of your review. Skyline has committed to a plan for testing and disposal that is acceptable to your Senior Soils Reclamation Specialist. See page 19, section R645-202-236 Acid or Toxic-Forming Materials.

Revegetation

R645-202-242-

Skyline has committed to using the DOGM specified seed mix, with landowner approval. See page 21, section R645-202-242 Reclamation.

Minor Coal Exploration Application
West Ridge Area (Flat Canyon)
Canyon Fuel Company, LLC

Technical Analysis Response
June 1, 1998
Page 4

Skyline shows the proposed Fertilize rate and concentration on page 20, Reclamation Standards.

Skyline appreciates this opportunity to respond to your review. We are desirous of working closely with you to finalize this review in a timely manner which will allow us to begin drilling by July 16 of this year.

Sincerely,

A handwritten signature in black ink that reads "Chris D. Hansen". The signature is written in a cursive style with a large, prominent "C" and "H".

Chris D. Hansen
Environmental Manger
Canyon Fuel Company, LLC

enclosure