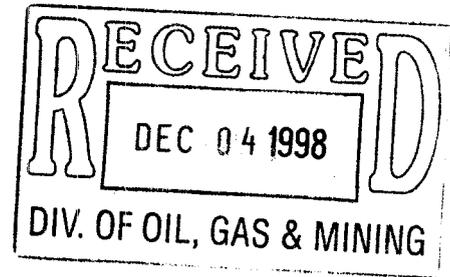


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Canyon Fuel Company, LLC
Skyline Mines
HC 35 Box 380
Helper, UT 84526
435 448-6463
Facsimile 435 448-2632



1 December 1998

Mr. Don Ostler, Director
Division of Water Quality
Division of Environmental Quality
State of Utah
Salt Lake City, Utah 84114-44870

RE: UPDES Permit UT-0023540

Dear Mr. Ostler:

FAX PRO

ACT/007/005 #2

Canyon Fuel Company, LLC, Skyline Mines is providing the required written notification of a failure to comply with maximum daily limitation for total iron UPDES Discharge Permit UT-0023540, Part 1, Section D and Utah Coal Mining Rules R645-301-731.223. The failure occurred at discharge point 002.

The high total iron amount occurred with the sample taken 26 October 1998, which had maximum daily total iron on 2.8 mg/l that exceeds the maximum daily or 2.0 mg/l. The reason for the high iron content was a broken pipe from a spring. During the construction of the silo foundation at the train loadout, a spring was encountered with a high iron content. A spring box was constructed and the water was piped from the site to a drainage ditch. This pipe was routed under the sediment pond at the loadout and the pipe broke on 23 October 1998. The broken pipe allowed the sediment pond to siphon and the waters mixed. This gave the discharge water the high iron reading. The pond was pumped down from 24 October 1998, to 25 October 1998. Repairs to the pipe were started on 26 October 1998, and completed on 27 October 1998. With repairs completed, discharge from the pond stopped.

The laboratory report was received on 26 November 1998.

Sincerely,

Dan Meadors
General Manager
Canyon Fuel Company, LLC
Skyline Mines

cc: Division of Oil, Gas & Mining
Michael Reed
Doug Johnson Chris Hansen
Gary Taylor