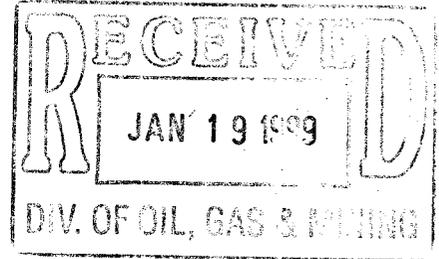


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Canyon Fuel Company, LLC  
Skyline Mines  
H.C. 35 Box 380  
Helper, Utah 84526  
435/448-6463 Fax: 435/448-2632



14 January 1999

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

ACT/007/005 #7

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

Dear Mr. Haddock:

As required by the Skyline Mines Mining and Reclamation Plan, the results of the 1998 fourth quarter water monitoring efforts 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,

A handwritten signature in cursive script that reads 'Chris D. Hansen'.

Chris D. Hansen  
Environmental Coordinator  
Canyon Fuel Company, LLC