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Canyon Fuel Company, LLC
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DIVISION OF
OIL, GAS AND MINING

P/Am

February 17, 2000

Coal Regulatory Program
Attn.: Ms. Mary Ann Wright
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Copy From
Incoming

ACT/007/005

RE: Meeting to Discuss an Incidental Boundary Change at Skyline Mines

Dear Mary Ann:

As we discussed on the phone on Friday February 11, 2000, Doug Johnson, Gary Taylor and I would like to meet with you and your staff to discuss an important permitting issue looming before us at Skyline Mines. I am forwarding this letter to you to give you additional information on our projected permitting action.

As part of our five year mine plan, Skyline Mines intends to extract longwall panels from UP&L owned coal located south of our current permit area. We currently have a lease agreement with UP&L to mine this coal and trespass agreements with most of the landowners in the area. We plan to be doing development work in this new area by the end of the third quarter of 2000 (September) and extracting panels in the third quarter of 2001. The acreage involved in this permitting action is approximately 500 acres, less than 15% of our current permit area. The current plan is to submit this modification as an incidental boundary change.

The kicker in this plan is the need for additional ventilation for the mine. In October of 2000, the mine plan now includes drilling a 28-inch diameter borehole, placing steel casing in the hole, grouting the casing in place, and setting-up air monitoring equipment as per MSHA regulations. Fortunately, all of the activity will occur on private lands and pre-existing roads will be used for most of the access. Also, much of the vegetation, threatened and endangered species, and hydrologic information has already been gathered as part of the Flat Canyon Tract expansion project. Unfortunately, field activities that include archeological surveys and soils analysis can not take place until after the snow melts in the area, typically late in June.

Canyon Fuel Company, LLC's hope is that the permitting action can move forward as far as possible knowing that the soils and archeological information will not be

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Ms. Mary Ann Wright
Utah Division of Oil, Gas and Mining
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available until July, at the latest. We would propose to submit for review everything possible to move the process along.

During the meeting scheduled for February 23, 2000, we would like to discuss this matter in greater detail. We will bring maps of this area that illustrate the panel locations, topography, and borehole location. If there is any other data you would like us to bring to this meeting, please let me know. Your attention to this matter is greatly appreciated.

Sincerely,



Chris D. Hansen
Environmental Coordinator
Canyon Fuel Company, LLC