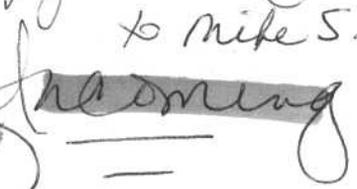




Canyon Fuel Company, LLC
 Skyline Mines
 HC 35 Box 380
 Helper, Utah 84526
 (435) 448-6463 Fax: (435) 448-2632

April 4, 2001

Pam Grubaugh-Littig
 Permit Supervisor
 Utah Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 Salt Lake City, Utah 84114-5801

*Copy Cover Letter
 to Mike S.*


RE: UP&L Tract, Emery County, Utah, Permit ACT/007/005.

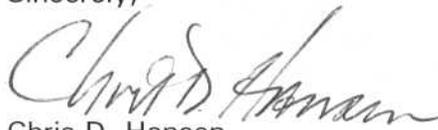
Dear Pam:

Please find enclosed with this letter seven copies of a permit modification application to the Skyline Mines Mining and Reclamation Plan. Four copies of pages with the modified text denoted with 'redline/strikethrough' marks are included. This application consists of modifications to the existing M&RP made as a result of the March 29, 2001 Division's Technical Analysis of CFC's submittal to include the UP&L Tract. The UP&L lease (or tract) is located to south of and adjacent to the current mine permit area. The surface lands are privately owned. The total area of the tract is approximately 430 acres. No surface disturbance is planned for the UP&L tract at this time.

Also attached to this letter is a list of deficiencies the Division's noted during the review of our previous UP&L tract submittal. Responses to the deficiencies are included. Seven copies of the deficiencies and responses are included.

CFC currently plans to begin development mining within the UP&L tract (outside of the Connelville Development Tract) by April 19, 2001 and longwall mining early the third quarter of 2001. We appreciate your patience and help in considering this submittal. If you have any questions, please call me at (435) 448-2669.

Sincerely,



Chris D. Hansen
 Environmental Coordinator
 Canyon Fuel Company, LLC

enclosures

RECEIVED

APR 04 2001

DIVISION OF
 OIL, GAS AND MINING

APPLICATION FOR PERMIT PROCESSING

<input checked="" type="checkbox"/> Permit Change X	<input type="checkbox"/> New Permit	<input type="checkbox"/> Renewal	<input type="checkbox"/> Transfer	<input type="checkbox"/> Exploration	<input type="checkbox"/> Bond Release	Permit Number: ACT/007/005
Title of Proposal: U.P. & L. Tract, Response to March 29, 2000 Division TA						Mine: Skyline Mines
						Permittee: CANYON FUEL CO., LLC

Description, include reason for application and timing required to implement: Application to add coal leased from UP&L to the Skyline Mines permit area. Development mining is anticipated to begin in mid-April 2001, Longwall mining will begin in the third quarter of 2001

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres X increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

Attach 7 complete copies of the application.

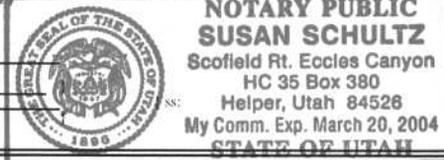
I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein. (R645-301-123)

[Signature] Mine Manager 4-4-01
Signed - Name - Position - Date

Subscribed and sworn to before me this 4 day of April, 2001

[Signature]
Notary Public
3-20-04

My Commission Expires: _____, 19____
Attest: STATE OF _____ COUNTY OF Carbo



RECEIVED

Received by Oil, Gas & Mining

APR 04 2001

DIVISION OF
OIL, GAS AND MINING

ASSIGNED TRACKING NUMBER

Response to Deficiencies

The deficiencies are described below and accompanied by a brief description of the response by CFC :

R645-301-112.500 and R645-301-112.600, Surface land ownership information shown on Drawing 1.6-1 is not consistent with the information shown in the text, and this needs to be corrected.

Page 1-20 of the M&RP was updated to include the missing landowners.

R645-301-121.200, remove the reference on page 2-5 to Drawing 2.2.1-1a because that Drawing is no longer part of the submittal.

The reference to Drawing 2.2.1-1a on page 2-5 of the M&RP was removed.

R645-301-322, The application includes what appears to be a typographical error that should be corrected. It says fish and macroinvertebrate studies were first done in James and Burnout Creeks in 2001, but this should probably be 2000.

The reference to 2001 was corrected to 2000. Also, additional text was added to CFC's commitment to monitor and mitigate mining related damages in James and Burnout Canyon on page 2-71 of the M&RP.

R645-301-521, Provide current and correct mine maps of the already mined out areas as described above.

Drawings 3.1.8-1 and 3.1.8-2 were modified to illustrate Mine 3 level 1 and Mine 3 levels 2 and 3, respectively. Drawing 3.1.8-3 was removed from the proposed modification. The table of contents was modified accordingly.

R645-301-525.420 and R645-301-521.142 The permittee must show the areas scheduled to subside. The permittee must show that subsidence will not occur in either the James Canyon stream inlet or the high-water level of Electric Lake Reservoir. See Page 4-94 of the MRP for similar commitment. The permittee must show why full extraction mining would occur under the pipeline in Section 35. Overlay Map 4.17.1-1 and Map 3.1.8-3 for details.

Drawing 3.1.8-2 illustrates the location of the mining to occur in the UP&L tract and the existing permit area in 2001. Additionally, projected mining is illustrated. A subsidence boundary line was drawn between the projected workings and Electric Lake. The limit of subsidence is clearly shown and will not occur within the subsidence barrier of Electric Lake.

Text on page 4-95 was added to clarify the status of the "old pipeline" in Burnout and Huntington Canyons. Questar owns the old pipeline and will determine any future uses of that line. The active gas pipeline was moved back to the top of Trough Springs Ridge to allow for undermining the "old pipeline".

R645-301-730, 1) Include flume F-5, at the mouth of Burnout Canyon in the water monitoring plan and an explanation of the unused flume sites in the MRP and on the water monitoring map.

Flume F-5 has been included in the water monitoring program. It is the same location as CS-7 of the existing program. Tables 2.3.7.1 through 3 have been modified accordingly to denote this. Also, text on page 2-43a was added to indicate flumes F-1 through F-4 and F-6 through F-8 are not part of the M&RP quarterly water monitoring program. These flume sites are part of the Burnout Canyon subsidence study the USFS and Skyline Mine are conducting. Clarification text was added to Drawing 2.3.6-1 regarding F-1 through F-4 and F-6 through F-8. Please note that in the "notes" section of the previous submittal of this map (02-27-01), a similar discussion was presented.