0025

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

10 May 2001

Incoming
C/007/005
Copy Aaron

Ms. Elaine Zieroth
Manti-LaSal Forest Supervisor
599 Price River Road
Price, Utah 84501

Re: Drills Holes for the Pumping of Nitrogen Gas Into Skyline Mine No. 1.

Dear Ms. Zieroth:

Last week during a routine examination of the sealed area in Skyline Mine No. 1, gases of combustion were discovered. The mine personnel over the past week have been resealing the area and the gases of combustion have been reduced. On 9 May 2001, the Mine Safety and Health Administration (MSHA) allowed water to be pumped into the sealed area to try to extinguish the heat source. After one day of pumping, it appears the water is only extinguishing the heat source on the floor but is not reaching the heat source in the roof area.

Heating events with coal mines can generate harmful and dangerous gases. Skyline Mine has halted all coal mining until the situation is under control. Each day that the combustion continues to increases the risk of the spread of combustion.

Because of the need to act quickly, Skyline Mine is requesting that permission be granted to drill a hole directly from the surface into the mine so that nitrogen gas can be pumped into the heat source. The first drill will be located within a 400 feet diameter circle and an area of possible future drill holes locations (blue) are shown on the attached map. The present and future drill holes are needed to insure that the heat source is completely extinguished. The additional drill holes will be discussed on an individual basis with the Forest Service as the need arises.

The drill pad will be approximately 200 feet by 200 feet. It is felt that this size pad will accommodate the drilling equipment, mud pit required to drill the hole and the equipment used to generate the nitrogen gas. The nitrogen generating equipment will consist of two Ingersoll Rand compressor, one nitrogen unit, a structure for instrumentation, and a self-contained diesel fuel storage tank to supply diesel fuel to the compressors and nitrogen unit. Skyline currently plans to utilize directional drilling technology. This will allow the drill hole to be located within 400 feet of the in-mine target site. The disturbance associated with road and drill pad construction will be kept to a minimum. All suitable soils for revegetation from the road and drill pad construction will be stockpiled. The Forest road system used by the trucks delivering equipment and supplies will be maintained by Skyline Mine personnel according to current Forest Service standards.

Your granting Canyon Fuel Company's Skyline Mine this drill hole request and other that may be required to extinguish the heat source if greatly appreciated.

Sincerely.

Alan B Chtum
for Dan Meadors

Dan Meadors
General Manager
Canyon Fuel Company, LLC – Skyline Mine

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Enclosures:

1. Injection Drill Hole Location Mine 1 & 2 Working
2. Injection Drill Hole Location Topography

cc: Mary Ann Wright – Division of Oil, Gas & Mining, Salt Lake Office w/o enclosures
Steve Demczak – Division of Oil, Gas & Mining, Price Field Office w/o enclosures