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

August 17, 2001

Mr. Mike Herkimer
Department of Environmental Quality
Division of Water Quality
288 North 1460 West
Salt Lake City, Utah 84114-4870

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8/1007/005

RE: Unanticipated By-pass of the Effluent Limitations of the Canyon Fuel Company, LLC., Skyline Mines UPDES Permit UT0023540

Dear Mike:

As discussed on the phone with you, Skyline Mine is in an emergency situation caused by a significant inflow of ground water currently occurring in the active section of the mine. The mine is requesting an unanticipated bypass of the effluent limitations of the UPDES permit. Following is a brief description of the sequence of events and the current situation.

1. Skyline Mine encountered a heavy inflow of ground water in the deepest portion of the mine at approximately 5:30 a.m. on Thursday August 16th. The inflow volume in that area is approximately 4500 gpm or 6.5 mmgpd.
2. The mine is currently unable to capture, treat, and pump the incoming water to the surface due to piping and pumping limitations.
3. Because the water is coming in faster than we can handle it, we are flooding an active area of the mine.
4. Thursday, the mine started pulling equipment out of the affected active workings minimize the loss of equipment and reduce the exposure of mine personnel to hazardous conditions.
5. Currently the mine discharges approximately 4200 gpm as part of its normal operations. Steps are now being taken to double our rate of discharge in an effort to dewater the active workings.

6. The water quality from the flooded areas will be of poorer quality than our current discharge permit allows. The major constituent will be suspended coal fines. No oil, grease or any other toxic or hazardous materials are anticipated to be released. The mine will make every effort to minimize the TSS concentration in the water released to Eccles Creek.
7. We anticipate starting to discharge this water within the next two days.

If Skyline is not able to discharge the additional volume of water to Eccles Creek, all of the active workings within the mine will quickly flood thus shutting down mining operations. If you have any questions, please call Chris Hansen at (435) 448-2669.

Sincerely:



Richard D. Pick
President and CEO
Canyon Fuel Company, LLC