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November 27, 2002

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Utah Division of Oil, Gas and Mining
Attn: Coal Regulatory Program
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

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DIV. OF OIL, GAS & MINING

**Re: Comments on Canyon Fuel's Proposed Permit Revision for the
Skyline Mine (Permit C/007/005)**

To Whom it May Concern:

On behalf of the Carbon Water Conservancy District ("CWCD"), we submit the following comments to the Division of Oil, Gas and Mining ("Division") on the pending application by Canyon Fuel Company for revision of its Mining and Reclamation Permit for the Skyline Mine (Permit C/007/005).

The CWCD is a water conservancy district organized and operating under state law for the purpose of making water available to the residents of Carbon County. In that capacity, the CWCD maintains and operates the Scofield Reservoir dam and distributes water from Scofield Reservoir for municipal, industrial, domestic, and agricultural use in Carbon County. The CWCD also holds shares in the Price River Water Users Association, which in turn holds water rights in Scofield Reservoir and the Price River. Because there is surface water and groundwater in the area of the Skyline Mine that is tributary to the Scofield Reservoir and the Price River system, CWCD has an interest in any activities at the Mine that could affect the hydrologic system, including those activities covered by the current application.

In short, CWCD does not object to the current application, and indeed recognizes the need for Canyon Fuels to be expeditiously allowed to transition its mining operations into the North Lease area due to the water inflow problems being experienced in the area of its current mining operations. In light of that need, CWCD wants to emphasize that it is not requesting a hearing and it does not otherwise intend that its comments should in any way slow down the Division's permitting process.

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At the same time, however, CWCD is concerned that the Division not make any decision in connection with approval of this application that effectively grants a *de facto* water right to any party to any water being pumped from the mine, or from dewatering wells near the mine, or that otherwise could impair Carbon County water rights. For example, if the Division were to approve a plan that allows Skyline Mine to pump water from the Mine or from mine dewatering wells into the Huntington Creek drainage (including Electric Lake), CWCD would ask the Division to make clear in the approval document that the Division is not making a determination that any such water is part of any water right or water right application in the Huntington Creek drainage. Similarly, the Division should make clear that approval of any such pumping is subject to future modification, depending on continued development and refinement of the Division's Cumulative Hydrologic Impact Assessment ("CHIA") or on findings or orders by the State Engineer.

In regard to the CHIA, based on the documents it has reviewed to date CWCD does not believe that sufficient information and analysis currently exists to conclude with confidence the source of the water that is flowing into the mine workings. CWCD believes that a model needs to be developed that will allow a better understanding of the regional groundwater system and the source of the water flowing into the mine workings. It is CWCD's understanding that such a model is currently being developed by the Skyline Mine for submittal to the Division, and that the Division will take that model into account as it continues to refine the CHIA and make future decisions about the Mine's water management activities. CWCD asks that the Division continue to keep CWCD apprised of the progress of this modeling effort, so that CWCD can continue to review and, if appropriate, provide comments upon the model and supporting documents and reports as they are developed.

Thank you for the opportunity to provide comments on this application. If you have any questions, please call Mike Malmquist at (801) 536-6658.

Sincerely,



Michael J. Malmquist

cc: Doug Johnson, Skyline Mine
Mike Milovich, Carbon County Commission