



IN REPLY REFER TO:

United States Department of the Interior

OFFICE OF SURFACE MINING

Reclamation and Enforcement
1999 Broadway, Suite 3320
Denver, Colorado 80202-5733

UT-0003

April 28, 2003

Mr. Daron Haddock
Utah Division of Oil, Gas, & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Lee's
4/007/005
Copy Daron

RE: Canyon Fuel Company, LLC - "Skyline, Operation of the JC-3 Well and Update of the Probable Hydrologic Consequences (PHC) for the mine"

Dear Mr. Haddock:

This in response to the Utah Division of Oil, Gas, & Mining's (UT-DOGGM) April 23, 2003, request for a decision, under 30 CFR 947.30, whether the above subject permit revision constitutes a mining plan modification.

Mining plan approvals by the Secretary of the Interior are required under the Mineral Leasing Act of 1920, 30 U.S.C 181, *et seq.* before coal mining can occur on Federal lands. This letter serves to document OSM's determination whether or not a mining plan approval from the Secretary is required for the above permitting action.

On April 2, 2003 OSM determined that the drilling of the JC-3 Well, as modified, did not require Secretarial approval. The issue at hand in this request, is the actual operation of the JC-3 Well and the required update to the PHC for the mine. The operation of the JC-3 Well will de-water a portion of the flooded works to be routed into Electric Lake to facilitate mining and reclamation operations at the Skyline mine, Utah State permit ACT/007/005.

Based on a review of the activities associated with the permit revision, OSM has determined that the proposed permit revision does not meet the requirements of 30 CFR § 746.11(a) and 746.18(d). Therefore, since no changes in the recovery of Federal coal is involved, the proposed permit revision does not constitute a mining plan action requiring Secretarial approval at this time.

Operation of the JC-3 Well still maintains some potential that the well would remain in operation after final reclamation. The applicant proposes, should that eventually be the case, to transfer ownership of the well to the appropriate parties, to permit its continued use and operation. Under this scenario, if there would be a change in the post mining landuse, where the surface is Federally owned, Secretarial approval for a Mining Plan Modification would be required under 30 CFR 746.18(d)(6).

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DIV OF OIL, GAS & MINING

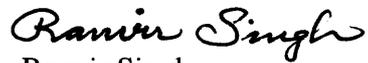
Please notify the applicant of our decision on this matter.

OSM's decision does not, however, relieve UT-DOGGM from coordinating the review and approval of the operation of the JC-3 Well and update to the PHC for the mine with other Federal agencies for compliance with other Federal regulations.

Please notify the applicant of our decision on this matter.

Should you have any questions regarding this letter or approval, please contact Carl R. Johnston, Utah Federal Lands coordinator, at (303) 844-1400, extension 1500.

Sincerely,


Ranvir Singh
Manager, Northwest Branch

cc: Denver Field Division