

May 13, 2003

Dan Meadors, General Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Re: Abandonment of Mining Machinery, Canyon Fuel Company, LLC, Skyline Mine, C/007/005, Outgoing File

Dear Mr. Meadors:

In your letter dated April 13, 2003, you informed us of your intention to abandon mining equipment in the Skyline Mine. We appreciate you keeping us informed of your future plans. Abandonment of Mining Machinery must be authorized by the Division of Oil Gas and Mining in accordance with the following regulations found in the 301 section of the R645 rules:

747.100. Non coal mine waste, including but not limited to grease, lubricants, paints, flammable liquids, garbage, machinery, lumber and other combustible materials generated during coal mining and reclamation operations will be placed and stored in a controlled manner in a designated portion of the permit area or state-approved solid waste disposal area.

747.200. Placement and storage of Non coal mine waste within the permit area will ensure that leachate and surface runoff do not degrade surface or ground water.

747.300. Final disposal of Non coal mine waste within the permit area will ensure that leachate and drainage does not degrade surface or underground water.

750. Performance Standards.

All coal mining and reclamation operations will be conducted to minimize disturbance to the Hydrologic balance within the permit and adjacent areas, to prevent material damage to the Hydrologic balance outside the permit area and support approved postmining land uses in accordance with the terms and conditions of the approved permit and the performance standards of R645-301 and R645-302.

In order for us to evaluate the potential impacts of Canyon Fuel's plans to abandon mining machinery underground, you must provide the following documentation in accordance with the above-cited regulations to be incorporated as an amendment into the Skyline Mining and Reclamation Plan.

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1. A map designating the final disposal location of the abandoned mining machinery.
2. A description of the equipment or machinery being abandoned and its condition upon abandonment.
3. A revision to the Probable Hydrologic Consequences (PHC) document, which discusses the abandonment of the mining machinery and describes the potential for any Hydrologic impacts as a result of the abandonment.

Hopefully, this information will aid you in complying with the regulatory requirements. If you have any questions please don't hesitate to call.

If you have any questions, please feel free to call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Permit Supervisor

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cc: Price Field Office
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