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RECEIVED

FEB 09 2005

DEPT. OF OIL, GAS & MINING

February 8, 2005

Susan White
Division of Oil, Gas and Mining
P.O. Box 145801
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

*Via Facsimile 359-3940
& First Class Mail*

*Incoming
2/09/2005*

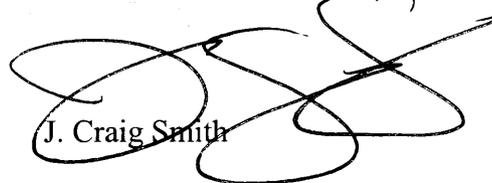
Dear Susan,

**Re: *In the Matter of the Request for an Informal Conference by
Huntington-Cleveland Irrigation Company, for the Skyline Mine, North
Lease Application, Carbon County, Utah, Cause No. C/0007-0005***

This letter is to confirm that Huntington-Cleveland Irrigation Company is hereby withdrawing its request for an Informal Conference scheduled for February 9, 2005 in the above reference matter.

If you have any questions, please feel free to call.

Yours truly,
SMITH HARTVIGSEN, PLLC.


J. Craig Smith

cc: Dennis Ward
Sherrel Ward
Kay Jensen

SMITH | HARTVIGSEN | PLLC
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| Date: February 8, 2005 | Facsimile Number: 359-3940 |
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February 8, 2005

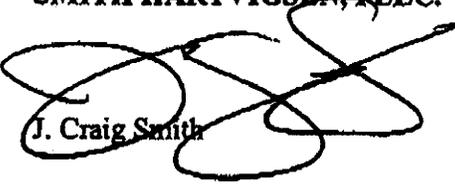
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Salt Lake City, Utah 84114-5801*Via Facsimile 359-3940
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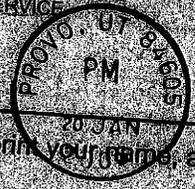
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DIV. OF OIL, GAS & MINING

CHRIS NINSEN
CANYON FUEL COMPANY LLC
HC 35 BOX 380
HELPER UTAH 84542

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VICKIE SOUTHWICK
DIVISION OF OIL GAS AND MINING
1594 WEST NORTH TEMPLE SUITE 1210
SALT LAKE CITY UTAH 84114

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JAN 24 2005
DIV. OF OIL GAS & MINING





State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

UTAH DIVISION OF OIL, GAS & MINING
FACSIMILE COVER SHEET

DATE: January 18, 2005

FAX: (435) 637-2716

ATTENTION:

COMPANY: Sun Advocate, Emery county Progress

DEPARTMENT: Legal

NUMBER OF PAGES: (Including this one) 3

FROM: Vickie Southwick DIVISION OIL, GAS & MINING (801) 538-5304

If you do not receive all of the pages, or if they are illegible, please call (801) 538-5304. We are sending from a sharp facsimile machine. Our Telecopier number is (801) 359-3940.

MESSAGE:

Please publish attach notice in the Sun Advocate and Emery County Progress. If you have any question please call me at (801) 538-5304
Thank you.

Important: This message is intended for the use of the individual or entity of which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you

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TRANSACTION REPORT

P.01

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FOR: OIL, GAS & MINING 801 359 3940

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State of Utah

Department of Natural Resources

ROBERT L. MORGAN
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

OLIVER S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

January 18, 2005

Facsimile Transmittal
(435) 637-2716

Sun Advocate
Emery County Progress
845 East Main
P. O. Box 870
Price, Utah 84501-0870

Re: Notice of Informal Conference

Enclosed is a notice of Informal Conference from the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah.

It is requested that this notice be published ONCE ONLY no later than Thursday, January 27, 2005 in both the Sun Advocate and Emery County Progress. In the event that said notice cannot be published by this date. please notify me.

BEFORE THE DIVISION OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

---ooOoo---

IN THE MATTER OF THE REQUEST FOR
AN INFOMAL CONFERENCE BY
HUNTINGTON-CLEVELAND IRRIGATION
COMPANY, FOR THE SKYLINE MINE,
NORTH LEASE APPLICATION, CARBON
COUNTY, UTAH

NOTICE OF INFORMAL CONFERENCE
CAUSE NO. C/0007/0005

---ooOoo---

THE STATE OF UTAH TO ALL PERSONS INTERESTED IN THE ABOVE ENTITLED
MATTER.

Notice is hereby given that the Division of Oil, Gas and Mining (Division) will conduct an informal conference on February 9, 2005 beginning at 10:30 a.m., at the Department of Natural Resources, Room 1040, 1594 West North Temple, Salt Lake City, Utah.

The informal conference will be conducted in accordance with the Utah Code Ann.40-10-1 (1953, as amended) and Utah Admin. R645-300-122 and R645-300-123.

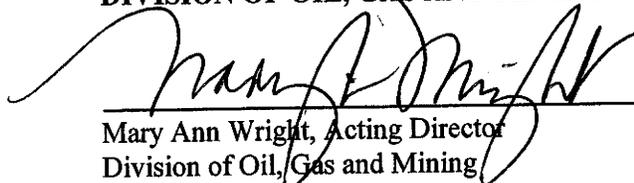
Persons interested in this matter may participate pursuant to Utah Admin.R645-300-123. The application, subsequent public comments, and request for informal conference may be inspected in the office of the undersigned, 1594 West North Temple, Suite 1210, Salt Lake City, Utah.

Pursuant to the Americans with Disabilities Act, persons requiring auxiliary communicative aids and services to enable them to participate in this conference should call Vickie Southwick at 538-5304, at least three working days prior to the hearing date.

DATED this 14th day of, January 2005

STATE OF UTAH

DIVISION OF OIL, GAS AND MINING


Mary Ann Wright, Acting Director
Division of Oil, Gas and Mining
State of Utah

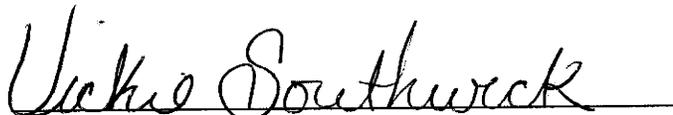
CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF INFORMAL CONFERENCE for Cause No. C/0007/0005 to be mailed by certified mail, postage prepaid, on the 18th day of January 2005 to the following:

Craig Smith
SMITH/ HARTVIGSEN PLLC
215 South State Street
Salt Lake City, Utah 84111

Dennis Ward
71 North Main
P.O. Box 327
Huntington, Utah 84528

Chris Hansen
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84542


Vickie Southwick
Executive Secretary

vs

cc: Wayne Hedberg
Pamela Grubaugh-Littig
Mary Ann Wright
Mark Mesch

H:\INFORMAL CONFERENCE\ SOUTH CRADALL LEASE\CRANDALL CANYON MAILINGPD.DOC

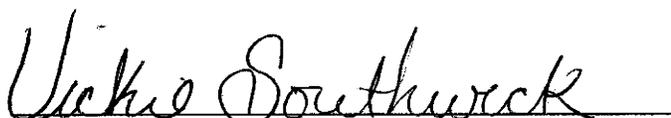
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Chris Hansen
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84542



Vickie Southwick
Executive Secretary

vs
cc:

Wayne Hedberg
Pamela Grubaugh-Littig
Mary Ann Wright
Mark Mesch

H:\INFORMAL CONFERENCE\SOUTH CRADALL LEASE\CRANDALL CANYON MAILINGPD.DOC

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J. CRAIG SMITH
jcsmith@smithlawonline.com

January 7, 2005

Pamela Grubaugh-Littig, Permit Supervisor
Attention Coal Regulatory Program
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Incoming
4/07/0005
Copy May 13, 2005
Via Hand Delivery from
Nayre H,
RECEIVED
JAN 07 2005
Sam
Vickie Switlow
DIV. OF OIL, GAS & MINING

Re: Canyon Fuel Company, LLC's Application to Amend the Skyline Mine Mining and Reclamation Plan C/007/005 to Allow Subsidence in the "North Lease."

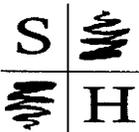
Dear Ms. Grubaugh-Littig:

The purpose of this letter is to provide the comments of Huntington-Cleveland Irrigation Company ("Huntington-Cleveland") to the above referenced Application in response to the request for such comment published in the *Sun Advocate* on December 9, 2004.

Huntington-Cleveland's concerns relate to impacts of mining on the hydrologic balance of the Huntington Creek drainage and water replacement to address any such impacts. Huntington-Cleveland is particularly concerned with the astounding loss of water from Electric Lake, a part of the Huntington Creek drainage. The participation of Huntington-Cleveland in the permit process will be most beneficial in ascertaining what water replacement requirements should be added to the permit.

As the Division is undoubtedly aware, Huntington-Cleveland is the largest holder of state-appropriated water in the Huntington Creek drainage, as such phrase is used in Utah Code Annotated section 40-10-18(15)(c). Water rights of Huntington-Cleveland provide water for beneficial use of its shareholders which include not only nearly all of the agricultural users in northern Emery County but also the municipalities of Huntington, Cleveland and Elmo and domestic use in the unincorporated county surrounding these communities. In addition and of critical importance to the present discussion, Huntington-Cleveland provides water for the use of its largest stockholder, PacifiCorp/Utah Power, for the operation of the Huntington Power Plant. These demands for water have been impacted by Applicant's mining operation. As recognized in the most recent CHIA, "[t]he agricultural needs of the Huntington-Cleveland area were at a minimum or were not met during the 2003 growing season due to minimal water being delivered."

Under Utah Water Law, Huntington-Cleveland's right to state-appropriated water extends from its various approved points of diversion on Huntington Creek and springs in Huntington



analyses showing adverse impacts on Electric Lake are not based on the back-calculated inflow values. Kravits Report, 12-13. Another analysis compares calculated inflow values to the measured inflow numbers to show the trend of increased error as it relates to pumping and reduced outflow numbers. Thus, there is plenty of evidence of a connection without relying on back-calculated inflow numbers.

Second, both the PHC and the CHIA rely heavily on age dating and other source-tracking analyses to substantiate the conclusion that there is no connection between the mine inflows and surface or near-surface sources. While the conclusion that "no direct conduit exists between the mine and the lake" may be justified based on the data, PHC A-13, the conclusion that there is no connection at all between the mine water and surface water is not justified. By all reports, the source-aquifer is enormous. That being the case, it is entirely reasonable, indeed probable based on the evidence, that a conduit exists to recharge the aquifer at some remote point as aquifer water enters the mine. The correlation between the amount of water pumped from JC1 and JC3 and the increased losses of water from the Lake is strong proof of such a conduit because there would be no such correlation if the aquifer was truly "isolated." See Kravits Report, 7. Due to the size of the aquifer, it may take a long time for dyes or other indicators of surface or near-surface water to show up in the mine. Furthermore, although the PHC implies that the significant losses in Electric Lake are due to the drought (PHC A-9), the Kravits Report shows that the Lake responses are totally unlike the effects to the Lake during past droughts. Kravits Report, 10. The spurious Lake responses started in 1999, the same time that Skyline Mine was unexpectedly inundated by water—an inundation which underscored the deficiencies of the PHC and CHIA in place at the time which forecasted no such inundation. Though circumstantial, the fact that these events happened at roughly the same time makes a connection more likely than not. Finally, to Huntington-Cleveland's knowledge, neither the mine nor the DOGM has set forth any other potential cause of the radical change in Electric Lake behavior. Thus, the PHC and CHIA conclusion that there is no connection is against the weight of the evidence. There is a connection between surface and near-surface water sources and the mine, and the PHC and CHIA should be amended to recognize that connection.

Ironically, although the CHIA recognizes that "changes in the potentiometric surface [from draining the aquifer] may influence recharge and movement of ground water through the overlying unsaturated zone," the CHIA totally discounts the potential consequences of just such an "influence" by simply concluding that "the potentiometric surface is expected to recover to approximate pre-mining conditions after mining ceases." See CHIA, 58. As noted in the Kravits Report, the post-mining potentiometric surface will likely be more than 400 feet deeper than pre-mining surface at some locations, so the CHIA's ultimate conclusion is severely suspect. See Kravits Report, 19. Furthermore, even if the potentiometric surface were to return to pre-mining levels, there is ample evidence that, currently and over the past 5 years, the mine dewatering has had a significant influence on the movement of surface and underground water. As water is taken from the aquifer, the conclusion is inescapable that water from the Huntington Creek drainage, has been lost to compensate for the lost underground water. Thus, DOGM should act now to ensure replacement of Huntington-Cleveland's water that has been diminished as a result of the Applicant's mining activity.

Letter to Pam Grubaugh-Littig

January 7, 2005

Page 5 of 5

cc: Board of Directors, Huntington-Cleveland
Dennis Ward, President
Sherrel Ward, Vice President
Kay Jensen, Secretary
Jerry D. Olds, P.E., State Engineer
Mark Page, Regional Engineer