



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

August 8, 2005

Coal Regulatory Program
 Attn.: Mary Ann Wright
 Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801

*Incoming
 C/007/0005
 Copy Mary Ann,
 Wayne, Dana, Jim,
 PAM,*

RE: Technical Analysis and Review of Recently Submitted PacifiCorp Reports,
 Canyon Fuel Company, Skyline Mine, C/007/005

Dear Ms. Wright:

Canyon Fuel Company, LLC., Skyline Mines (CFC) recently became aware of two (2) draft reports concerning Electric Lake and its alleged water loss issues that were prepared and submitted to PacifiCorp by its consultants. One draft report, titled "Preliminary Draft Summary of Results from Ground Tracing Investigations at Electric Lake, Utah, June 22, 2005" was prepared by Tom Aley and the other, titled "Analysis of Groundwater Flow from Electric Lake towards the Skyline Mine, May 2005", was prepared by Dr. Kip Solomon. It is our understanding the Division of Oil, Gas and Mining received the Pacificorp reports through the Department of Natural Resource Director at the same time they were given to Utah Geological Survey (UGS), Division of Water Rights (DWRI), and Division of Water Resources (DWRe) personnel. Apparently the personnel within the four (4) Divisions are to provide individual findings reports to the Director within a few weeks.

The hydrogeology of the Electric Lake area is complicated and controversial, as demonstrated by the volumes of previous and on-going studies submitted by both CFC and Pacificorp. CFC wants to ensure the CFC information is made available to the other Divisions and considered in any determination made of the hydrogeology of the area. Conclusions based solely on the two (2) aforementioned recently submitted reports would be incomplete and unbalanced. CFC is concerned the three (3) Divisions outside of DOGM will make an erroneous determination based on incomplete information. A full review of all the available data in a few weeks is not realistic. A peer review of the two (2) reports addressing the scientific validity and fundamental basis of the individual reports may be more appropriate.

We are confident DOGM will provide a technically merited analysis of the reports provided adequate time to review the reports is made available and all the other information is considered. However should CFC disagree with any DOGM findings, the Mine has the appropriate venue to voice any dispute through the DOGM Board. A

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similar arbitration panel appropriate for Coal Operators does not necessarily exist with the other Divisions. DOGM diligently implements the regulatory authority as outlined by SMCRA and is the appropriate lead-agency. We are confident DOGM personnel will continue to retain that authority.

Skyline Mines personnel are currently conducting their own analysis of the two (2) reports and will provide specific comments at a future date. We hope our analysis will be considered in any future determination made by DOGM.

Thank you for your consideration of this matter. If you have any questions, please give me a call at (435) 448-2619.

Sincerely,

A handwritten signature in black ink, appearing to read "Wess Sorensen". The signature is written in a cursive, flowing style with a large initial "W".

Wess Sorensen
Mine Manager
Canyon Fuel Company, LLC – Skyline Mines