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IN REPLY REFER TO:

United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 46667
Denver, Colorado 80201-6667

UT-0003

September 27, 2004

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

*Account
C/007/0005
Copy Pam
Wayne*

RE: Canyon Fuel Company, LLC - "Skyline" Mine - Application for a Permit Revision,
Subsidence Mining in the North Lease

Dear Sir or Madam:

This in response to the Utah Division of Oil, Gas, & Mining's (UT-DOGM) August 25, 2004, request for a decision, under 30 CFR 944.30, 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.

OSM's review of the Application for a Permit Revision, Subsidence Mining in the North Lease, has determined that it proposes to initiate full coal recovery operations within Federal lease UTU-67393 at the Skyline mine, Utah State permit C/007/005.

Based on a review of the activities associated with the permit revision, and the Secretary's December 23, 2002 mining plan approval for Federal lease UTU-67393, OSM has determined that the proposal does meet the requirements of 30 CFR 746.18(d)(1) and 746.18(d)(3). Therefore, the proposed Subsidence Mining in the North Lease does constitute a mining plan action requiring Secretarial approval.

OSM's decision was based solely upon the Federal regulations under 30 CFR PART 746 and not the technical aspects of the revision application itself. Consequently, OSM's decision does not relieve UT-DOGM from coordinating the review and approval of the Application for a Permit Revision, Subsidence Mining in the North Lease with other Federal agencies for compliance with other Federal regulations.

OSM also electronically transmitted the August 25, 2004 request to the Bureau of Land Management and the U.S. Forest Service for their review and comment. Neither agency

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DIV. OF OIL, GAS & MINING

In an electronic submittal dated September 1, 2004, the U.S. Forest Service raised several concerns regarding subsidence under sections of perennial streams.

Neither agency, however, provided any comments as to whether the Application for a Permit Revision, Subsidence Mining in the North Lease constitutes a mining plan modification requiring the Secretary's approval in the thirty day time frame established by the Federal regulations under 30 CFR 944.30, Article VI. D.

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