



Ark Land Company
c/o Canyon Fuel Co., LLC
Skyline Mines
HC35Box 380
Helper, Utah 84526
435-448-2633
July 27, 2006

for acc.
Refer to Confidential 07272006
file in C0070005, 2006
for additional information

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JUL 27 2006

OGM PRICE FIELD OFFICE

- File in:
- Confidential
 - Shelf
 - Expandable

Refer to Record No. 0006 Date 07272006-002
In C0070005 Incoming
For additional information See Confidential

Steve Demczak
Reclamation Specialist
Utah Coal Regulatory Program
Division of Oil, Gas & Mining
Price Field Office
455 West Railroad Ave.
Price, Utah 84501

incoming
C/0070005
Task 2592

Re: Intent to Conduct Minor Coal Exploration, Canyon Fuel Fee Coal Lease Woods Canyon, 2006

Dear Steve:

I spoke with Pam Grubaugh-Littig earlier this week concerning a proposed exploration borehole that we would like to drill before our helicopter and drill crew that are drilling on a Federal exploration license and plan for Skyline mine move off to their next project. The need for this hole became apparent during drilling over the past few weeks. The hole will be critical for understanding a rock parting in the coal seam that could drastically affect the economics of near term mine planning. We will need to be able to move onto the site as early as Aug. 10. Pam suggested I submit this package directly to you. She may have already spoken with you about it. Since the hole is on Canyon Fuel fee coal and private fee surface as well, she thought a rapid turn-around may be possible.

I have attached DOGM application forms C-1 and C-2 and a Notice of Intent to Conduct Minor Coal Exploration. The type of exploration proposed is heli-portable wireline core drilling of one exploration borehole. Sections of the application dealing with wildlife, raptors and cultural history sites are enclosed in separate envelopes for inclusion in Skyline's confidential files as needed.

Enclosed are copies of the application forms and five copies of the notice. If you have any questions, please contact me at (435-448-2633). As I mentioned, we would like to initiate drilling in mid-August, 2006. Also enclosed are copies of my current road use

permit with the USFS as well as my Temporary Water Change approval for use of Skyline Mine water for drilling. I appreciate your consideration of this application.

Sincerely,

A handwritten signature in black ink that reads "Mark Bunnell". The signature is written in a cursive style with a large, sweeping initial "M".

Mark Bunnell
Geologist
Ark Land Company

Encl.
MDB:mdb

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Canyon Fuel Company, LLC

Mine: SKYLINE

Permit Number: C/007/005

Title: NOTICE OF INTENT TO CONDUCT MINOR COAL EXPLORATION -- CANYON FUEL FEE COAL LEASE WOODS CANYON, 2006

Description, Include reason for application and timing required to implement:

ONE HELICOPTER-SUPPORTED COAL EXPLORATION BOREHOLE TO BE DRILLED BEGINNING MID-AUGUST, 2006

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?

Explain: _____

- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

MARK BUNNELL
Print Name

Mark Bunnell, Geologist, 7-27-06
Sign Name, Position, Date

Subscribed and sworn to before me this 27th day of July, 2006

[Signature]
Notary Public

My commission Expires: _____, 2007
Attest: State of Utah } ss:
County of Carbon

For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining
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Form DOGM- C1 (Revised March 12, 2002)

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