

OK



Ark Land Company  
c/o Canyon Fuel Co., LLC  
Skyline Mines  
HC35Box 380  
Helper, Utah 84526  
435-448-2633  
Aug. 10, 2006

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

*Leaving  
8/10/06  
Copy Steve*

Re: Intent to Conduct Minor Coal Exploration, Canyon Fuel Fee Coal Lease, Woods Canyon, Revised Pages 8-9

Dear Pam:

Attached are revised pages 8 and 9 for the Minor Coal Exploration plan for the proposed coal exploration core hole E-06 in Woods Canyon. These are revisions suggested by Steve Demczak.

The revisions are as follows:

Pg. 8, Para. 4) Added "The staging area is located on USFS land and is permitted under BLM Minor Coal Exploration License UTU-82243 and BLM Exploration Plan UTU-67939."

Pg. 8, Para. 4) Changed "dirt contractor" to "water system contractor".

Pg. 9, Para. 9) Added "Cuttings and excess core will be hauled away to the Skyline Mine approved waste rock site where they will be buried by more than 4 ft."

The revised pages 8 and 9 replace the existing pages 8 and 9. In the interest of time, I would appreciate it if you could arrange to have these pages replaced in your copies of the plan. Attached are the revised pages as well as the C2 Form.

**RECEIVED****AUG 14 2006**

DIV. OF OIL, GAS &amp; MINING

I appreciate your efforts and the efforts of Division personnel in working through this plan approval in such a timely manner. If you have questions, please contact me at 435-448-2633.

Sincerely,

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

Mark Bunnell  
Geologist  
Ark Land Company

Encl.  
MDB:mdb



reclaim drill site and remove waterline, tank, and pump. No road building will occur and no blasting will be done for road building or repair. A U.S. Forest Service road use permit is in place. Access to drillsites will be accomplished by ATV or track vehicle. A trackhoe may be utilized for trail reclamation once drilling is completed.

Drilling will be accomplished utilizing continuous core drilling techniques. Drilling will involve one heliportable core rig capable of drilling 1800 ft. with necessary support equipment such as rod trays, supply trailers, portable water tanks, fuel tanks, etc. The drilling procedure will be to continuously core to total depth utilizing water, foam, polymer, and/or mud as drilling medium.

To eliminate the need for road and drillpad construction, the planned drilling method is helicopter-supported continuous wireline core drilling. The entire borehole will be core drilled from surface through the lowest coal seam horizon. Exploration equipment for the drilling phase will include 1 heli-portable skid-mounted core drilling rig together with all necessary heli-portable equipment such as drill rod trays, mud tanks, water tanks, water pump, etc.

Core drilling will involve one skid-mounted 1800 ft rated core drill, one or two 1000 gal. poly water tanks at the drill rig, two water trough-type mudtanks, and 4 to 6 drill rod trays. Other support equipment will include 4000 gallon water trucks to supply the 18,000 gal. frac tanks at staging areas, one 1500 gallon water/fire truck, two to four 18,000 gallon frac tanks at staging areas depending on water usage, two to three supply trailers parked at staging areas, up to 8 pick-up trucks, and a geophysical logging truck. The drilling procedure for the exploration holes will be to continuously core to total depth. One hundred to 200 ft. of surface casing will be set in each hole depending on hole conditions. The hole will be completed as a water monitor well due to the relative small size of the track-mounted or heli-portable drilling equipment. Water will be hauled from Skyline Mine to the staging area. Fifth-wheel supply trailers or transport trailers will carry the heli-portable equipment, including drills, drill steels, coring equipment, drilling additives, cutting and welding equipment, and other supplies to the staging area. The staging area is located on USFS land and is permitted under BLM Minor Coal Exploration License UTU-82243 and BLM Exploration Plan UTU-67939. One pick-up truck will be used for each drill rig by the drillers to carry personnel, fuel, and supplies to the staging area and two to three pickup trucks will be used by the water system contractor. The logging contractor will use a single axle 1 ton rated truck. The company representative and geological consultant will also use pick-up trucks for transportation to the staging area.

Backup and auxiliary equipment to be located at the staging areas will include but not be limited to one or two 18,000 gal. frac (water) tank(s), two to three supply trailers, drilling fluid containers, two 4000 gal. water trucks, a fuel truck or or double lined fuel tank, four to 8 pickup trucks, a covered tool supply trailer, and a geophysical logging truck.

Water for drilling and road watering will be hauled from Skyline Mine (location shown on Map 2) into one or two 18,000 gal. frac tanks. A Triplex pump or equivalent will be located at the staging area tank site for pumping water to the drill site. The pumps will be

underlain by pitliner or brattice. Water will be pumped via 1, 2, and 3 inch HDPE waterline. An approved Temporary Water Change from the Division of Water Rights is in place. Copies of approved Temporary Water Changes will be forwarded to the Division prior to project startup. Where not located adjacent to an existing road, waterline will be placed and removed via horseback, helicopter, or on foot.

The only coal to be removed during exploration activities will be cores. Cores will nominally be 1.4 inches (BQ) in diameter. Given an approximate projected thickness of 9 ft. for the Lower O'Connor A seam and 8 ft. for the Flat Canyon (Woods Canyon) seam, approximately 25 lbs. of coal will be removed.

No temporary road construction is planned for this project

Regulations cited in R645-202-232 relative to roads will be followed as they apply. No road construction is planned. Disturbance to wildlife will be minimized by utilizing the existing trails and eliminating the need to build roads with heavy equipment. No wetlands or riparian are known along the proposed routes. No utility or support facilities are present in the area.

Reclamation will occur as soon as possible upon completion of drilling operations. Reclamation will include filling in any hand excavations and reseeding the disturbed surface with the approved seed mix. No damage to public or private property will occur.

Drill locations will be setup approximately as shown on figure 1. Earth excavation for the drill sites will be minimal using hand tools only. Some minor leveling for placement of wood crib blocking for leveling of drill may be required. Minor amounts of topsoil that may be removed will be stored and replaced upon completion of drilling. No mud pits will be excavated. Portable mudtanks will be utilized. Cuttings will be stored and hauled away to the Skyline Mine waste rock site by helicopter or truck upon completion of drilling.

Reclamation is an integral part of the exploration activities and will progress as contemporaneously as practical with the other exploration activities. Upon completion of the hole, all hand excavations will be filled in to original contour, topsoil replaced, all equipment will be removed, and all trash will be hauled away. An approved seed mix will then be applied to the drill area.

There will be no diversion of overland flows.

It is not anticipated that acid- or toxic- forming materials will be encountered during exploration because none have been encountered previously. Samples of drill core will be analyzed for acid- and toxic-forming materials. These samples will be taken from the 10 ft. interval above and below each seam of minable thickness. Cuttings and excess core will be hauled away to the Skyline Mine approved waste rock site where they will be buried by more than 4 ft.