

0015



Canyon Fuel
Company, LLC.
Skyline Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

Gregg Galecki, Environ. Coordinator
HCR 35, Box 380
Helper, UT 84526
(435) 448-2636 - Office
(435) 448-2632 - Fax

March 28, 2007

Mr. D. Wayne Hedberg
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Gregg
C/007/0085
#2776

RE: Modification for Dugout Canyon Mine to receive Skyline Mine Waste Rock, Canyon Fuel Company, LLC, Skyline Mine, C/007/005,

Dear Mr. Hedberg:

Please find enclosed with this letter modifications to the M&RP to address the Dugout Canyon Mine's ability to receive Skyline Mine waste rock. The Wash Test conducted in January 2007, provided results sufficiently favorable that additional washing of Skyline Mine coal appears likely. As discussed in December 2006, the Dugout Canyon Mine M&RP reflects the ability to accept waste rock at their respective Waste Rock site from other Canyon Fuel Company, LLC Mines. The modifications included in this application reflect the ability for Skyline Mine to send waste rock to the Dugout Canyon Mine Waste Rock site.

The simple modifications include text changes to Section 3.2.8 – Disposal of Waste Rock, and Section 4.21 – Return of Coal Processing Waste, respectively.

The submittal includes completed C1 and C2 forms, and eight (8) copies of both clean and redline versions of the text modifications.

If you have any questions, please call me at (435) 448-2636.

Sincerely,

A handwritten signature in cursive script that reads "Gregg A. Galecki".

Gregg A. Galecki
Environmental Coordinator, Skyline Mine
Canyon Fuel Company, LLC

enclosures

RECEIVED

MAR 28 2007

DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Canyon Fuel Company, LLC

Mine: Skyline Mine

Permit Number: C/007/005

Title: Information for Dugout receiving Skyline Waste Rock.

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

Information for Dugout receiving Skyline Waste Rock.

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.

Wesley K Sorensen
Print Name

Wesley K Sorensen
Sign Name, Position, Date
General Manager 3/26/07

Subscribed and sworn to before me this 26th day of March, 2007

Kathleen Atwood
Notary Public

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



For Office Use Only: 	Assigned Tracking Number:	Received by Oil, Gas & Mining RECEIVED MAR 28 2007 DIV. OF OIL, GAS & MINING
---	---------------------------	---

The CHIA was prepared in 1995 by DOGM and states that the Skyline mine workings will fill with water at the cessation of mining. Due to the lack of toxic materials the hydrological impact of the water filling the workings is insignificant from a water quality standpoint. Furthermore, from a water quantity standpoint, filling the workings with water improves recharge due the increased porosity of the aquifer.

Therefore filling abandoned mine working with water is an analyzed event that poses no significant hydrological impacts. Since the slurry system is only expediting the process of filling abandoned workings with water it can logically be concluded that the groundwater impacts of this event are positive. The timing of the flooding of the mine workings is not a significant parameter. The CHIA and PHC have to address what the impacts are given current conditions. Thus, when these documents state that flooding the mine workings has no impact that means based on current conditions.

The disposal site is at a location southeast of Scofield, Utah and approximately 3.6 air miles from the Skyline mine site (Map 3.2.8-2A). The rock waste disposal site is an abandoned strip mine pit and waste area which is accessed by existing roads (see Maps 3.2.8-1 and 3.2.8-2). The facility is required for the disposal of coal mine wastes to be generated from the Skyline Mines during the mine's developmental and operational phases. Additional discussion on this disposal site can be found in Section 4.16.

Skyline hauls the coal mine waste by truck from the Skyline mine site (portal area) and the unit train loadout facility to the waste disposal area. **On occasion, should economics warrant the process, high-ash coal may be sent to a Wash Plant with the refuse being disposed of at the Dugout Canyon Mine Waste Rock site or returned to the Skyline disposal site. This process is noted and approved in the Dugout Canyon Mine M&RP.** An operation plan has been developed to establish proper techniques for disposal of the coal mine waste. A reclamation plan provides for satisfactory final reclamation. The disposal site has been designed to facilitate proper management and operation of the overall disposal process as well as successful reclamation and revegetation. Only coal mine waste, sediment pond sediments, coal and concrete gob will be disposed of at the site. Since the site is an already existing abandoned strip mine pit and waste area, no design for construction of the disposal is needed.

The CHIA was prepared in 1995 by DOGM and states that the Skyline mine workings will fill with water at the cessation of mining. Due to the lack of toxic materials the hydrological impact of the water filling the workings is insignificant from a water quality standpoint. Furthermore, from a water quantity standpoint, filling the workings with water improves recharge due the increased porosity of the aquifer.

Therefore filling abandoned mine working with water is an analyzed event that poses no significant hydrological impacts. Since the slurry system is only expediting the process of filling abandoned workings with water it can logically be concluded that the groundwater impacts of this event are positive. The timing of the flooding of the mine workings is not a significant parameter. The CHIA and PHC have to address what the impacts are given current conditions. Thus, when these documents state that flooding the mine workings has no impact that means based on current conditions.

The disposal site is at a location southeast of Scofield, Utah and approximately 3.6 air miles from the Skyline mine site (Map 3.2.8-2A). The rock waste disposal site is an abandoned strip mine pit and waste area which is accessed by existing roads (see Maps 3.2.8-1 and 3.2.8-2). The facility is required for the disposal of coal mine wastes to be generated from the Skyline Mines during the mine's developmental and operational phases. Additional discussion on this disposal site can be found in Section 4.16.

Skyline hauls the coal mine waste by truck from the Skyline mine site (portal area) and the unit train loadout facility to the waste disposal area. On occasion, should economics warrant the process, high-ash coal may be sent to a Wash Plant with the refuse being disposed of at the Dugout Canyon Mine Waste Rock site or returned to the Skyline disposal site. This process is noted and approved in the Dugout Canyon Mine M&RP. An operation plan has been developed to establish proper techniques for disposal of the coal mine waste. A reclamation plan provides for satisfactory final reclamation. The disposal site has been designed to facilitate proper management and operation of the overall disposal process as well as successful reclamation and revegetation. Only coal mine waste, sediment pond sediments, coal and concrete gob will be disposed of at the site. Since the site is an already existing abandoned strip mine pit and waste area, no design for construction of the disposal is needed.

4.21 RETURN OF COAL PROCESSING WASTE TO ABANDONED UNDERGROUND WORKINGS

On occasion, ~~The~~ the Permittee ~~does not plan to construct or~~ may utilize off-site coal processing facilities as a part of the Skyline project. If processing is conducted at a facility located closer to the Dugout Canyon Mine than Skyline Mine, the reject from processing may be disposed of at the Dugout Canyon Mine Waste Rock site or returned to the Skyline disposal site. This process is noted and approved in the Dugout Canyon Mine M&RP. ~~Therefore, no coal processing waste will be generated.~~ Excess spoil, mine development waste, coal waste and sediment pond waste will be deposited at ~~the~~ an approved waste rock disposal site - whether near Scofield, Utah or near Wellington, Utah, respectively.

4.21 RETURN OF COAL PROCESSING WASTE TO ABANDONED UNDERGROUND WORKINGS

On occasion, the Permittee may utilize off-site coal processing facilities as a part of the Skyline project. If processing is conducted at a facility located closer to the Dugout Canyon Mine than Skyline Mine, the reject from processing may be disposed of at the Dugout Canyon Mine Waste Rock site or returned to the Skyline disposal site. This process is noted and approved in the Dugout Canyon Mine M&RP. Therefore, excess spoil, mine development waste, coal waste and sediment pond waste will be deposited at an approved waste rock disposal site - whether near Scofield, Utah or near Wellington, Utah, respectively.