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State of Utah 0032
DEPARTMENT OF NATURAL RESOURCES

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Division of Oil Gas and Mining

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Division Director

September 25, 2007

Wess Sorensen, Mine Manager
Canyon Fuel Company LLC
HC 35 Box 380
Helper, Utah 84526

Subject: North Lease Incidental Boundary Change, Task ID #2813, Canyon Fuel Company LLC, Skyline Mine, C/007/0005

Dear Mr. Sorensen:

The Division has reviewed your application to expand the current permit area by 680 acres. There are some deficiencies that must be addressed before a determination can be made that the requirements of the R645 Coal Mining Rules have been met, and an approval can be granted. Those deficiencies are listed as an attachment to this letter.

Each deficiency identifies its author by that author's initials in parentheses, such that your staff can directly communicate with that individual should any questions arise relative to the preparation of Canyon Fuel Company's response to that particular deficiency.

Please respond to these deficiencies as soon as possible, but by no later than October 26, 2007, such that we may efficiently process your application.

Sincerely

Pamela R. Grubaugh-Littig
for Pamela Grubaugh-Littig
Permit Supervisor

an
Attachment
O:\007005.SKY\FINAL\WG2813\Deficiencies2813.doc



Deficiency List
Task ID #2813
North Lease Incidental Boundary Change

The members of the review team include the following individuals:

Dana Dean [DD]
David Darby [DWD]
Wayne H. Western [whw]
Priscilla Burton [PWB]

R645-301-114.100 and R645-301-525.700, As noted in the deficiencies written under **R645-301-521**, and again under **R645-301-521.131**, the Permittee must verify the stated ~~the~~ location of the IBC in the text (pages 1-30, 1-32 1-39, 3-6), and if necessary send out correction notices to those entities who are identified in the correspondence of Appendix 118A. [PWB]

R645-301-114.200, Item 8 of the Carbon County lease document provided in Appendix 118A indicates that surface landowner consent must be obtained separately for right of entry. Please provide a memorandum of agreement summarizing the confidential agreements with the Allred Family Trust and the Koula Marakis Trust, which are alluded to in the cover letter dated June 15, 2007 addressed to Pamela Grubaugh-Littig. [PWB]

R645-302-321.200 et seq., Provide information as required by R645-302-321.210 through 321.260 in the area adjacent to the IBC, such that the Division may make a finding on the existence of an alluvial valley floor in Winter Quarters, Woods and Green Canyons. [PWB]

R645-301-511 The Permittee will explain the status and intention of the vent shaft identified in the IBC.[DWD]

R645-301-521, The Permittee must review the legal description to resolve the possible discrepancy as noted by the BLM:

Incidental Boundary Change (PIBC) to include S1/2S1/2 Section 36 T 12 South, Range 6 East, and the W1/2 of Section 1, the W1/2SW1/4 of Section 1, the N1/2NW1/4 of Section 12, and the SW1/4NW1/4 of Section 12, Township 13 South, Range 6 East, SLB&M

In looking at the enclosed map:

*Should be the W1/2SE1/4 of Section 1
Should also include the W1/2SW1/4 of Section 12 (This is shown on the map to be included in this IBC, but it looks like it should have already been included at some other time because there are mine workings in a portion of it.) [WHW]*

R645-301-512.110, the Permittee must have Drawing 2.2.7-7, Abandoned Adjacent Workings or a similar map ⁹⁷the shows the abandoned mine workings certified by a registered professional engineer. [WHW]

R645-301-512.140;

- Drawing 2.3.4-2, Potentiometric Surface Map 11/06 (required by R645-301-722.100), must be certified by a qualified, registered, professional engineer or geologist.
- Drawing 2.3.5-1-1, Surface Water Rights on and Adjacent to the Skyline Property (required by R645-301-722.200 and R645-301-731.710), must be certified by a qualified, registered, professional engineer, geologist or surveyor.
- Drawing 2.3.5.2-1, Ground Water Rights on and Adjacent to the Skyline Property (required by R645-301-722.400), must be certified by a qualified, registered, professional engineer, geologist, or surveyor.
- Drawings 2.3.6-1, Location of Hydrologic Monitoring Stations, and 2.3.6-2, North Lease Subsidence Monitoring Points, required by R645-301-731.730 and R645-301-722.300 must be certified by a qualified, registered, professional engineer, geologist, or surveyor. [DD]

R645-301-521.131; Drawing 1.6-1 does seem to show the correct surface ownership, as described in the text. However, the coal ownership shown on Drawing 1.6-2 for the S $\frac{1}{4}$ of Section 36, T12S.R6E, the W $\frac{1}{2}$ of Section 1, T13S.R6E, and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12, T13S.R6E, SLB&M conflicts with parts of the text, and Drawing 1.6-3. In some instances, CFC lists the owner of the coal as Carbon County, and in others as Energy Fuels. The Permittee must clarify the coal ownership in each place it is mentioned. If Carbon County is the owner of the coal, and Energy Fuels has a lease on the coal that has subsequently transferred to CFC, that should be clear. [DD]

R645-301-623, The Permittee will provide a geology map that shows all faults in and adjacent to the IBC. [DWD]

The Permittee will identify the attitude of strata on and adjacent to the permit area, in the text and on the geology map, map legends should show all information on the map. [DWD]

R645-301-624.320 and 624.330, The Permittee will provide chemical analyses for acid or toxic forming or alkalinity producing materials and their content in the strata above the coal seam, below the coal seam and the coal seam to be mined in the IBC. The parameters needed to make the assessment include; location, pH, pyritic sulfur, sulfate, organic sulfur, total sulfur, total iron, sodium absorption ratio (SAR), acid/base potential, electrical conductivity (EC), total calcium, total magnesium, total potassium, total sodium, total boron and total selenium, total arsenic, total cadmium, total chromium, total lead and total zinc. [DWD]