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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

February 12, 2008

Ms. Pam Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Gregg
2/07/0005
JK

RE: Waste Rock Pile Expansion, Canyon Fuel Company, LLC, Skyline Mine, C/007/005,
Task ID # 2890,

Dear Ms. Grubaugh-Littig:

Please find enclosed with this letter clean copies of information that was requested by Ms. Priscilla Burton and Mr. Joe Helfrich. The responses have been discussed with Ms. Priscilla Burton and Mr. Joe Helfrich to insure their concerns have been addressed.

Figure 1a needs to be added to the Clement Drilling Soil survey report – it was inadvertently left out of the most recent submittal. Page 4-39b was modified to clarify between bedrock and 'hard-pan C horizon. And finally, copies of email correspondence with Mr. Nick Sampinos, attorney for the Telonis family has been submitted to clarify correspondence from Skyline Mine to the Telonis family was received – pages have been included for both the Right of Entry Section (Appendix 118-A) and Post Mining Land Use (Section 4.12) sections of the M&RP indicating the Telonis correspondence is located in the Confidential File.

The submittal includes completed C1 and C2 forms and eight (8) clean copies of the text modifications listed above.

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

Sincerely,

Gregg A. Galecki

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

enclosures

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DIV. OF OIL, GAS & MINING

File in: *C/007/005 2008, Incoming*

Refer to:

Confidential

Shelf

Expandable

Date *02/12/08* For additional information

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: Skyline Waste Rock Pile Expansion - Response to Task #2890.

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

Skyline Waste Rock Pile Expansion - Response to Task #2890.

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: 12.65 Disturbed Area: 5.13 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 Sorreusca
Print Name

Wesley K Sorreusca
Sign Name, Position, Date
General Manager 2/12/08

Subscribed and sworn to before me this 12th day of Feb, 2008

[Signature]
Notary Public

My commission Expires: 11/12, 2011
Attest: State of Utah } ss:
County of Carbon



| | | |
|-----------------------------|---------------------------|---|
| For Office Use Only: | Assigned Tracking Number: | Received by Oil, Gas & Mining <div style="text-align: center; color: red; font-weight: bold; font-size: 1.2em;">RECEIVED</div> <div style="text-align: center; font-weight: bold; font-size: 1.2em;">FEB 15 2008</div> <div style="text-align: center; color: red; font-weight: bold; font-size: 0.8em;">DIV. OF OIL, GAS & MINING</div> |
|-----------------------------|---------------------------|---|

APPLICATION FOR COAL PERMIT PROCESSING

Detailed Schedule Of Changes to the Mining And Reclamation Plan

Permittee: Canyon Fuel Company, LLC

Mine: Skyline Mine

Permit Number: C/007/005

Title: Waste Rock Pile Expansion response Task ID #2890

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED

| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 2.1- General Environmental Resources Summary, Page 2-4d |
|---|---|---------------------------------|--|
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 2.7- Vegetation of the Scofield Waste Rock Site, Page 2-63 |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 2.8- Aquatic Wildlife Resources, Page 2-67 |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 2.9- Endangered and Threatened Species, Pages 2-99, 2-104(a) through 2-104(g-1) |
| <input checked="" type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 2.9- Endangered and Threatened Species, Pages 2-104(g-2), 2-104(j), 2-104(k) |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 2.10- Raptors, Page 2-111 |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 2.11- Soils, Page 2-120 |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 2.12- Landuse, Page 2-128 – Table 2.12.2-1, Page 2-130 |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 4.6- Topsoil/Subsoil Handling Plan, 4-39 and 4-39(a) |
| <input checked="" type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 4.6 – Topsoil/Subsoil Handling Plan, 4-39(b) through 4-39(g) |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 4.16- Underground Development Waste and Excess Surface Spoil, Page 4-89 |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 4.18- Terrestrial Wildlife Resources, Page 4-103A |
| <input checked="" type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 4.18- Terrestrial Wildlife Resources, Page 4-103B |
| <input checked="" type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | Appendix Volume A-2 Volume 2, Soil Survey – Clement Drilling, December 3, 2007 |
| <input checked="" type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 3.2 (add to Appendix A at end of section) Telonis Family correspondence, March 6, 2007, Re: Lease and Easement Agreement dated effective August 1, 2006. |
| <input checked="" type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | CONFIDENTIAL FILE – Nick Sampinos email |
| <input checked="" type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | Appendix 117-A Right of Entry; Cover page indicating Telonis information in CONFIDENTIAL FILE |
| <input checked="" type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 4.12 Post Mining Land Use, Page 4-78(c), Cover page indicating Telonis information in CONFIDENTIAL FILE |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
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Any other specific or special instruction required for insertion of this proposal into the Mining and Reclamation Plan.

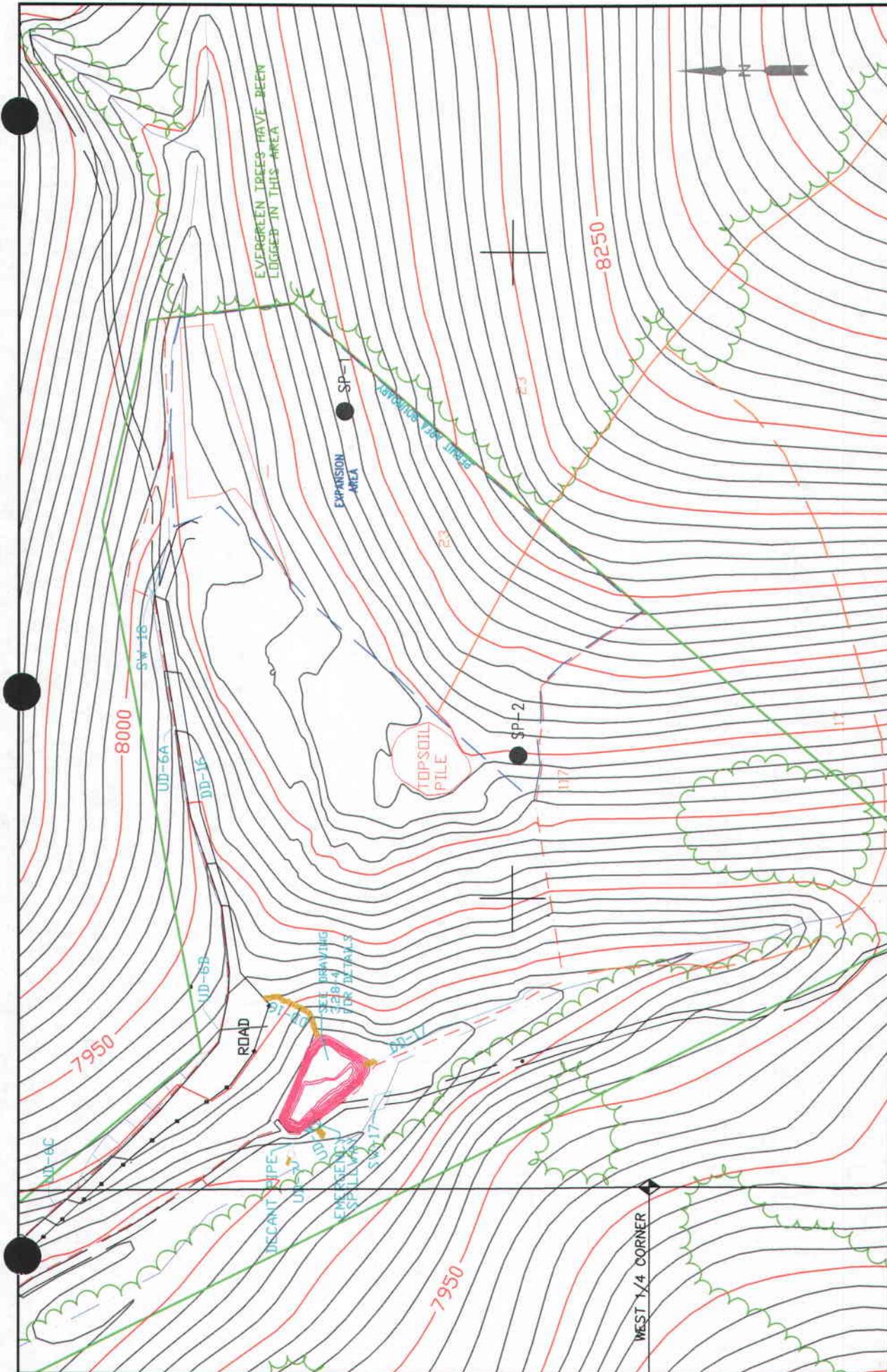
Eight (8) clean copies of Figure 1a (Clement Report), Page 4-39b, Nick Sampinos email, Appendix 117-A cover page, and Page 4-78(c) have been submitted to be inserted into the December 2007 submittal.

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- Lease Line
- Creek
- Fence
- Road
- Pond
- Soil Pit Location
- Approximate Soil Type Boundary
- 23 Curcanti Family - Pathead Complex
- 117 Trag - Beje - Senchernt Complex



Fig 1a

At reclamation, cover will consist of the 18-20 inches of topsoil will be preceded by approximately 2.5 feet of the best available, non-toxic and noncombustible material, in a manner that does not impede drainage from the underdrains. As has been done historically, additional subsoil cover will be purchased from a commercial source to make up the difference between what is on site and a total soil / subsoil depth of approximately 28-inches. This is consistent with both R645-301-553.252 and placement of cover over portions of the Waste Rock site that were previously disturbed.

Skyline tests waste rock material every 2,000 tons for acid and toxic-forming materials. No waste rock analyzed has been found to be either acid or toxic-forming in the history of the mine. Selenium and Acid Base Potential (T.S ABP) are two parameters for acid and toxic-forming materials tracked by Utah Oil Gas and Mining. The Selenium range is well within acceptable limits (unacceptable- ≥ 0.15 ppm soil). Unacceptable levels for Acid Base Potential are less than or equal to 0 tons CaCO_3 /1000 tons overburden - which is an indication of the materials neutralizing potential. The Waste Rock has better neutralizing potential than the C horizon. The waste rock is also considered to be non-combustible material. Waste rock samples associated with North Lease are representative of rock samples surrounding the Lower O'Conner B Seam. Mining the North Lease area will require mining through a graben zone. This material is not intended to be included in the Waste Rock Site and will be stored underground.

Based on the 2006 Clement Soil Survey, the proposed expansion site has approximately 38 in. (97 cm) of soil above hard-packed C horizon. A large portion of the soil cover is BC or C material (starting at 14 in. and 22 in., respectively). Suitable topsoil was found to have a thickness range of 14-22 inches.

Averages and ranges of selected parameters from waste rock analyses

Appendix 118A

**RIGHT OF ENTRY
SCOFIELD WASTE ROCK SITE**

**Information concerning the Scofield Waste Rock site is located in
Appendix A of Section 3.2 and the CONFIDENTIAL FILE**

Revised: 2/12/08

Additional Information Concerning The Post Mining Land
Use at the Scofield Waste Rock Site is located in the
CONFIDENTIAL FILE

Revised: 02/12/08

4-78 (c)