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

July 31, 2008

*g Incoming*  
*0/007/0005*  
*#3024*

Daron Haddock  
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

Re: Intent to Conduct Minor Coal Exploration, Canyon Fuel Fee Coal Lease Winter Quarters Canyon, 2008

Dear Daron:

Attached are five copies of an Intent to Conduct Minor Coal Exploration for five helicopter-assisted exploration boreholes (designated A-08 through E-08) in Winter Quarters Canyon just west of the town of Scofield. Also included are the DOGM application forms C-1 and C-2. The type of exploration proposed is heli-portable wireline core drilling which results in very minor surface disturbance with no need for drill site or access road construction.

If possible we would like to initiate drilling as early as Sept 15, 2008. Sections of the application dealing with wildlife, raptors and cultural history sites are enclosed in separate folders for inclusion in Skyline's confidential files as needed. Also included in the document is the Temporary Water Change approval for use of Skyline Mine water for drilling, the surface landowner agreement, and the fee coal lease document. I appreciate your consideration of this application.

If you have any questions, please contact me at (435-448-2633).

Sincerely,

Mark Bunnell  
Geologist  
Ark Land Company

Encl.  
MDB:mdb

File in:  
*C:\0070005 2008. Incoming*  
Refer to:  
 Confidential  
 Shelf  
 Expandable  
Date *7/31/08* For additional information

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DIV. OF OIL, GAS & MINING



APPLICATION FOR COAL PERMIT PROCESSING

Permit Change  New Permit  Renewal  Exploration  Bond Release  Transfer

Applicant: 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 WINTER QUARTERS CANYON, 2008

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

FIVE HELICOPTER-SUPPORTED COAL EXPLORATION BOREHOLES TO BE DRILLED IN FALL OF 2008

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

- 1. Change in the size of the Permit Area? Acres: \_\_\_\_\_ Disturbed Area: \_\_\_\_\_  increase  decrease.
2. Is the application submitted as a result of a Division Order? DO# \_\_\_\_\_
3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
4. Does the application include operations in hydrologic basins other than as currently approved?
5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
6. Does the application require or include public notice publication?
7. Does the application require or include ownership, control, right-of-entry, or compliance information?
8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
9. Is the application submitted as a result of a Violation? NOV # \_\_\_\_\_
10. Is the application submitted as a result of other laws or regulations or policies?
Explain: \_\_\_\_\_
11. Does the application affect the surface landowner or change the post mining land use?
12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
13. Does the application require or include collection and reporting of any baseline information?
14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
15. Does the application require or include soil removal, storage or placement?
16. Does the application require or include vegetation monitoring, removal or revegetation activities?
17. Does the application require or include construction, modification, or removal of surface facilities?
18. Does the application require or include water monitoring, sediment or drainage control measures?
19. Does the application require or include certified designs, maps or calculation?
20. Does the application require or include subsidence control or monitoring?
21. Have reclamation costs for bonding been provided?
22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
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

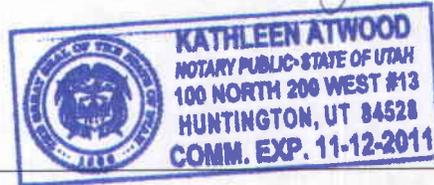
Wesley K Sorensen
Sign Name, Position, Date

Subscribed and sworn to before me this 31st day of July, 2008

General Manager 7/31/08

Kathleen Atwood
Notary Public

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



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