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C/007/005 Incoming



Canyon Fuel Company, LLC. Skyline Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

#3615

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Gregg Galecki, Environ. Engineer
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Helper, UT 84526
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(435) 448-2632 - Fax

September 16, 2010

Mr. Daron R. Haddock
Division of Oil, Gas, and Mining
1594 West North Temple
Salt Lake City, Utah 84114-5801

RE: North of Graben Incidental Boundary Change, Canyon Fuel Company, LLC, Skyline Mine, C/007/005,

Dear Daron:

Attached to this letter is pertinent information requesting an Incidental Boundary Change (IBC) to the Skyline Mine permit. The IBC adds approximately 320 acres to the area approved for underground mining activities located north of the Winter Quarter Canyon graben.

The modification is necessary to maximize coal recovery by rotating the proposed longwall panels from a north-south to east-west orientation. Representatives for Canyon Fuel Company are actively pursuing acquisition of a privately-held lease necessary for mining. Skyline Mine personnel understand final approval cannot be granted without Right-of-Entry information. It is our hope that the technical review can move forward in the meantime. Other information includes modifications to the following monitoring programs: groundwater, surface water, aquatic wildlife, vegetation, and subsidence. No surface disturbance is associated with this modification.

Attached to this cover letter are completed C1 and C2 forms, a guidance document provided for the technical reviewer to locate the relevant modifications, three (3) redline-strikeout copies of M&RP text modifications, numerous plates, an Earthfax Engineering report extending the 2004 GPS survey in Woods Canyon, and an Agapito Associates engineering report providing a numerical modeling report evaluating subsidence in Woods Canyon. Plates needing certification will be certified when clean copies are submitted at final approval.

If you have any questions regarding this information, please give me a call at (435) 448-2636.

Sincerely:

Gregg A. Galecki
Canyon Fuel Company, LLC.
Environmental Engineer – Skyline Mines

Enclosures

File in: C/0070005 Incoming
Date 09162010 Refer to:

- Confidential
- Shelf
- Expandable

For additional information

RECEIVED
SEP 16 2010
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: Winter Quarters Access Road

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

Three (3) review copies of North of Graben - Incidental Boundary Change

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

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Change in the size of the Permit Area? Acres: ___ Disturbed Area: _____ <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice publication? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? |
| <i>Explain:</i> _____ | |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2) |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 19. Does the application require or include certified designs, maps or calculation? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 21. Have reclamation costs for bonding been provided? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

Please attach three (3) copies of the application. (This number includes 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 9/16/10)

Subscribed and sworn to before me this 16th day of Sept, 2010

Kathleen Atwood
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="font-size: 2em; color: red; font-weight: bold;">RECEIVED</div> <div style="font-size: 1.5em; color: red; font-weight: bold;">SEP 16 2010</div> <div style="color: red; font-weight: bold;">DIV. OF OIL, GAS & MINING</div>
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**Guidance Document
North of Graben
Incidental Boundary Change (IBC)**

The following is intended to guide the technical reviewer through the attached information concerning modifying the boundary permitted for underground mining activities to include an additional 320 acres. The Incidental Boundary Change (IBC) was necessary to accommodate a rotation of the longwall panels from north-south to east-west, north of Winter Quarters Canyon graben. Due to the panel orientation modification, mining will be extended approximately ½ mile east of the area currently permitted for mining.

Section 1

Right-of-Entry; changing the panel orientation to the east-west extends mining further east. The extension requires Skyline acquiring the right-of-entry into the Hanson Resources land located in Section 36, T12S, R6E, which Arc Land is currently acquiring. We are hoping we can work through the permitting process with the understanding that final approval will not be granted without right-of-entry information (page 1-32, Hanson information added to Appendix 118-A)

Description of Permit Area: DOGM staff has requested that the legal description be modified to be more precise and described down to the ¼ , ¼ section (page 1-38, Plates 1.6-1 and 1.6-3).

Description of Adjacent Area: The description of the Adjacent area was modified after discussions with the DOGM staff. The area has been modified to include lease areas (areas approved for underground mining activities), and the areas permitted for surface disturbance activities (page 1-39, 1-39a, Plates 1.6-1 and 1.6-3).

Section 2

Section 2.3 – Groundwater Hydrology; water monitoring in Woods Canyon has been increased to include surface monitoring site CS-25, and five (5) piezometers (WC-1 through WC-9) and Spring 36-1. The water monitoring site additions were necessary as mining extended further east than originally planned (pages 2-35c, Table 2.3.7-1 which includes pages 2-36, 2-36a, 2-38, and Figure 2.3.7-1 on page 2-38a, Plate 2.3.4-2, 2.3.6-1, 2.3.6-2).

Section 2.4 – Surface-water Hydrology; extending mining to the east in Woods Canyon required the addition of surface water monitoring site CS-25 and shallow groundwater piezometers WC-1 through WC-9 (pages 2-44a, 2-44b).

Section 2.5 – Hydrologic Impacts of Mining Activities: modifying the panel orientation to include additional acreage to the east, lessens the amount of overburden on the eastern portions of the panels – specifically, in Woods Canyon

Creek. Agapito Associates has conducted a study indicating longwall mining can be conducted in areas with 475 feet of overburden based on the geology in the area (pages 2-51d, 2-51g).

Section 2.7 – Vegetation: affects of mining on vegetation are already addressed in a survey that was initiated in 2002 and continues today. Baseline sampling in Woods Canyon will be extended to include the additional mining (pages 2-61c, 2-61d)

Section 2.8 – Aquatic Wildlife Resources: additional monitoring sites will be added to both macroinvertebrate and fish studies in Woods Canyon Creek (pages 2-67, 2-71a, Plate 2.8.1-1)

Section 4.17 – Subsidence Control Plan: potential subsidence in Woods Canyon has been considered with an addition to the 2004 GPS gradient survey of the creek, installation of piezometers along the creek, and a numeric modeling study of the anticipated subsidence. Discussions of the Subsidence study are outlined in Appendix A-1, Volume 2 (pages 4-92, 4-93, 4-94, 4-95a, 4-95c, Plates 4.17.1-1, 4.17.3-1A, Addition to GPS survey – Appendix A-1, Volume2, Agapito Subsidence study – Appendix A-1, Volume 2)