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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070005
#3463
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February 24, 2010

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

Subject: Application Denied for Winter Quarters Ventilation Facility, Canyon Fuel Company, Skyline Mine, C/007/0005, Task ID #3463

Dear Mr. Sorenson:

The Division has reviewed the application for the Winter Quarters Ventilation Facility and finds that it does not meet the requirements of the Coal Rules. Attached is a copy of the Technical Analysis (TA), which documents the findings of our review. You will note at the beginning of the TA there is a summary of deficiencies that were identified during the review. The deficiencies will need to be corrected in order for us to approve this project.

The plans as submitted are denied and we are returning them to you. If you plan to pursue this project, you will need to resubmit the entire application with the deficiencies corrected.

Our review of the application has made us aware of some issues that may also require special attention in your response. The Winter Quarters Ventilation Facility application identified the likelihood of mine water discharge. Since this was not previously identified in the Cumulative Hydrologic Impact Assessment, this is considered to be a significant revision to the mine plan and will need to be processed as such when the application is resubmitted. Other issues such as conducting mining operations within a stream buffer zone, variance from zoning requirements, use of a public road, and impacts to adjacent landowners also need to be considered. In your response, you will need to provide a proposed public notice in accordance with R645-300-120 that will be placed in a local newspaper at least once a week for four consecutive weeks.

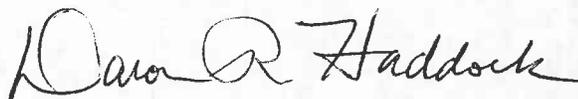
File in: C/0070005 2010, Outgoing
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 Confidential
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Date 02/24/10 For additional information



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Wess Sorenson
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The Division looks forward to receiving your response. If you have any questions, please call me at (801) 538-5325 or Jim Smith at (801) 538-5262.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is written in a cursive style with a large, stylized initial "D".

Daron R. Haddock
Permit Supervisor

DRH/ss
Attachment
cc: Price Field Office
O:\007005.SKY\FINAL\WG3463\COVERLETTER.DOC