

July 16,, 2014

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

RE: Water Tank Pipe Replacement, Canyon Fuel Company, LLC, Skyline Mine, C/007/005

Dear Daron:

Attached to this letter are two (2) clean copies of modifications to Plate 1.6-3 – Skyline Mine Permit Area. One (1) set of redline and two (2) sets of text modifications were also added to Chapter 1 identifying the disturbed area, and Section 3.2 – Components of Operation, outlining the activity. The primary modification is to clarify identification of the permit boundary to include the existing water transmission lines as they exist parallel to State Road SR-264. The water lines are in need of replacement, and exist immediately adjacent to SR-264 within the road drainage ditch. These water lines are not to be removed at final reclamation, and were inadvertently not included on permit area reduction conducted in 2008. However, the area is approved for 'surface disturbing activities' in the current permit.

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

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: Water Tank Pipe Replacement

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

Modified Permit Boundary to correctly include water pipe line

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: Disturbed Area: 0.34 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?

Information submitted electronically. (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 Wesley K Sorensen
 Print Name Sign Name, Position, Date

Subscribed and sworn to before me this 17th day of July, 2014 GM 7/17/14

Kathleen Atwood
 Notary Public

My commission Expires: 12-02-2015
 Attest: State of Utah) ss:
 County of Carbon



| | | |
|-----------------------------|----------------------------------|--|
| For Office Use Only: | Assigned Tracking Number: | Received by Oil, Gas & Mining |
| | | |

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: Water Tank Pipe Replacement

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 | Chapter 1, page 1-37 |
|------------------------------|---|---------------------------------|-----------------------------|
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Chapter 1, Plate 1.6-3_rev8 |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | Section 3.2, page 3-37(a) |
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|---|---|
| <p>Any other specific or special instruction required for insertion of this proposal into the Mining and Reclamation Plan.</p> <p>Information was submitted electronically. Two (2) paper copies of the information will be submitted at final approval.</p> | <p style="text-align: center;">Received by Oil, Gas & Mining</p> |
|---|---|

| | | | |
|--|--------------------------|--------------------------|--------------------------|
| Vertical Extent of Mine Workings Workings (Life of Mine) | Surface to 1,500' max | Surface to 2,300' max | Surface to 1,500' max |
|--|--------------------------|--------------------------|--------------------------|

The anticipated number of total surface land acres to be affected (life of mines) is less than the combined total of the affected acreages for each of the three mines due to the overlapping of mining operations which is inherent to this multi-seam mining operation. The total surface acreage to be disturbed by surface facilities associated with underground mining is 121.97 acres.

The following information was based on projection for the next five years (2012-2016).

| | | | |
|----------------------------------|----------------------|----------------------|----------------------|
| | <u>Mine No. 1</u> | <u>Mine No. 2</u> | <u>Mine No. 3</u> |
| Extent of Horizontal Workings | 240 acres | 375 acres | 1,400 acres |
| Extent of Vertical Workings | Surface to 1,250' | Surface to 2,250' | Surface to 2,125' |

Permit Area

The construction/installation of surface facilities at the mine site, loading area, conveyor belt route, well houses, water tank pad, waste rock disposal site, and South Fork Breakout, and Winter Quarters Ventilation Facility comprise the Permit Area. The permit area acreage listed adequately accommodate areas of disturbance.

PERMIT AREAS TO BE RECLAIMED

| <u>AREA</u> | <u>ACREAGE</u> |
|---|-------------------|
| Loadout | 13.86 |
| Portal Yard | 42.55 |
| Water tanks, <u>water lines</u> , and Well pads | |
| <u>(water lines not reclaimed)</u> | <u>0.6026</u> |
| Conveyor Bench | 14.18 |
| Waste Rock Disposal Site and Road | 32.48 |
| South Fork Breakout | 0.96 |
| James Canyon Buried Power Line | 0.30 |
| James Canyon Buried Pipeline | 1.60 |
| James Canyon Water Wells and Road | 2.95 |
| Winter Quarters Ventilation Facility | 7.93 |
| Winter Quarters Road (not reclaimed) | 4.90 |
| TOTAL | <u>122.571.97</u> |

| | | | |
|--|--------------------------|--------------------------|--------------------------|
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| Winter Quarters Road (not reclaimed) | 4.90 |
| TOTAL | 122.57 |

BC-4 and BC-20 Transfer Building

During the foundation construction, a sump was poured to collect was down water when the interior of the building was being cleaned. The larger coal particles settle out in the sump and the fine coal particles and water flow by ditch into the sediment pond from the upper bench. This causes an increased burden on the sediment pond. A pump will be placed in the sump and the slurry will be pumped down the BC-2 inclined slope into an underground sump in Mine No. 1, Level 2. The coal fines will settle out in the sump and remain underground and the clarified water will become part of the underground water handling system. The pump will run for one hour per day. This will amount to about 9,000 gallons of water being pumped. The pumping will occur seven days per week. It is estimated that 3,285,000 gallons per year will be pumped underground. The was down water is taken out of the fire water line that is fed from the 300,000 gallon storage tank. The water in the tank is pumped directly from the underground workings to the tank. The water from the sumps will be pumped to the retention locations in polyethylene pipe to reduce the potential for contaminating the underground water. The water from the sump will be sampled and tested weekly to meet the UPDES permit requirements. The water sample will set for 24 hours before the samples to be tested are taken. This will simulate the pond environment by allowing the large coal particles to settle out.

Mine Site Water Tanks

Both a 50,000-gallon and a 300,000-gallon water tank are located approximately 1,500 feet southwest of the Mine Site and adjacent to State Road SR-264. The water transmission lines for the tanks are buried on the north side of the road. Due to the steep mountain topography in the area, all piping is located immediately adjacent to the road, beneath the road drainage ditch, and within the Utah Department of Transportation (UDOT) easement. Any necessary maintenance of the water transmission lines will be coordinated through UDOT. At final reclamation, the water transmission lines will not be recovered and will remain in place.

BC-4 and BC-20 Transfer Building

During the foundation construction, a sump was poured to collect wash water when the interior of the building was being cleaned. The larger coal particles settle out in the sump and the fine coal particles and water flow by ditch into the sediment pond from the upper bench. This causes an increased burden on the sediment pond. A pump will be placed in the sump and the slurry will be pumped down the BC-2 inclined slope into an underground sump in Mine No. 1, Level 2. The coal fines will settle out in the sump and remain underground and the clarified water will become part of the underground water handling system. The pump will run for one hour per day. This will amount to about 9,000 gallons of water being pumped. The pumping will occur seven days per week. It is estimated that 3,285,000 gallons per year will be pumped underground. The wash water is taken out of the fire water line that is fed from the 300,000 gallon storage tank. The water in the tank is pumped directly from the underground workings to the tank. The water from the sumps will be pumped to the retention locations in polyethylene pipe to reduce the potential for contaminating the underground water. The water from the sump will be sampled and tested weekly to meet the UPDES permit requirements. The water sample will set for 24 hours before the samples to be tested are taken. This will simulate the pond environment by allowing the large coal particles to settle out.

Mine Site Water Tanks

Both a 50,000-gallon and a 300,000-gallon water tank are located approximately 1,570 feet southwest of the Mine Site and adjacent to State Road SR-264. The water transmission lines for the tanks are buried on the north side of the road. Due to the steep mountain topography in the area, all piping is located immediately adjacent to the road, beneath the road drainage ditch, and within the Utah Department of Transportation (UDOT) easement. Any necessary maintenance of the water transmission lines will be coordinated through UDOT. At final reclamation, the water transmission lines will not be recovered and will remain in place.