

**State of Utah****Department of
Natural Resources**

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**Division of
Oil, Gas & Mining**

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Lieutenant Governor

March 5, 2007

Chris Hansen, Environmental Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Subject: Midterm Permit Review, Mountain Coal Company, Gordon Creek #2, #7 & #8 Mine, C/007/0016, Task ID #2757, Outgoing File

Dear Mr. Hansen:

The Division is required to review each active permit during its term, in accordance with R645-303-211. This review is to take place at the midpoint of the permit term for the Gordon Creek #2, #7 & #8 Mine and will cover pertinent elements that have been selected for review. The Midterm Review for the Gordon Creek #2, #7 & #8 Mine has been scheduled and the items chosen for review encompass the following:

- A. A review of the mine plan to ensure that the requirements of all permit conditions, division orders, notice of violation abatement plans, and permittee initiated plan changes are appropriately incorporated into the mine plan document.
- B. A review to ensure that the mine plan has been updated to reflect changes in the Utah Coal Regulatory Program, which have occurred subsequent to permit approval (example: compliance with U.S. Fish and Wildlife Department – Colorado River Endangered Fish Recovery Program).
- C. A review of the applicable portions of the permit to ensure that the mine plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
- D. An AVS check to insure that Ownership and Control information is current and correct, verify compliance status of unabated enforcement actions, determine status of any outstanding finalized penalties, and verify that there are no demonstrated patterns of violation.

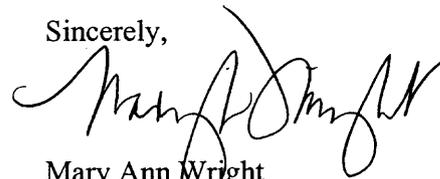
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- E. A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate current-year dollars.
- F. A review of the mining and reclamation plan for compliance with operator commitments related to variances or special permit conditions (including but not limited to; subsidence control/monitoring plans and reporting requirements, variances to AOC, experimental practices, electronic dbase water monitoring reporting, raptor surveys, revegetation test plots, etc.).
- G. The Division may conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness of operational, reclamation, and contemporaneous reclamation practices.

Any information that you would like us to review as part of the Midterm Review must be submitted by March 16, 2007. Once the review has been conducted, you will be notified of any outstanding issues that need to be corrected.

If you have any questions regarding these requirements or the Midterm Review process, please contact Wayne Hedberg, Coal Program Permit Supervisor, at (801) 538-5286.

Sincerely,



Mary Ann Wright
Associate Director, Mining

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cc: Wayne Hedberg, OGM
Pete Hess, PFO
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