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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

January 8, 2008

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

Subject: Midterm Review, Canyon Fuel Company, LLC, Gordon Creek 2,7 & 8 Mines
C/007/0016, Task ID #2757, Outgoing File

Dear Mr. Hansen:

The Division has completed the Midterm Review of the Gordon Creek 2,7 & 8 mines in accordance with R645-303-211. The items reviewed, were identified in our April 2, 2004 letter to Canyon Fuel Company.

The results are listed below.

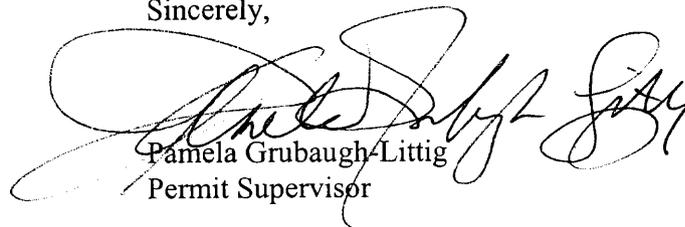
- 1) An AVS check to was conducted on November 27, 2007. No violations are pending.
- 2) The MRP is updated to reflect changes in the Utah Coal Regulatory Program that occurred subsequent to permit approval.
- 3) A review for division orders and mine plan changes has indicated that all pending issues have been addressed.
- 4) A technical field trip and mine plan review was conducted to ensure that the reclamation activities and mine plan implemented the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
- 5) The bond has been reviewed to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate year dollar.
- 6) The Division conducted a midterm inspection review of the main facilities on November 7, 2007. A prior evaluation of the reclaimed areas was conducted during the Phase II Bond release site evaluation on September 28, 2006.

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This concludes the midterm review of the Gordon Creek 2,7 & 8 mines. Thank you for you cooperation during the review.

If you have any questions regarding these requirements or the Midterm Review please don't hesitate to call.

Sincerely,



Pamela Grubaugh-Littig
Permit Supervisor

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cc: Price Field Office
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