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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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March 25, 1999

Rick Olsen, General Manager
Canyon Fuel Company, LLC
P. O. Box 1029
Wellington, Utah 84542

Re: Temporary Cessation of Operations, Canyon Fuel Company, LLC, Soldier Canyon Mine, ACT/007/018-99A, File #2, Carbon County, Utah

Dear Mr. Olsen:

The Division received your revised plans for Temporary Cessation of Operations at the Soldier Canyon Mine facility. The referenced amendment is hereby approved effective March 25, 1999. A stamped approved incorporated copy of your submittal is enclosed for insertion into your Mining and Reclamation Plan. The technical analysis relative to temporary cessation of operations is also provided. This analysis was prepared by Pete Hess, Senior Reclamation Specialist for the Division.

TECHNICAL ANALYSIS:

OPERATION PLAN

ACTIVE COAL PRODUCTION

Regulatory Reference: R645-301-515.320

Analysis:

Cessation of Mining Operations

The permittee has submitted notification that all coal extraction processes have officially ceased at the Soldier Canyon Mine. The Mine continues to be ventilated by the #1 fan, and is inspected regularly by certified personnel. All face extraction and conveyor machinery has been removed from the Mine; it is impossible to re-initiate mining on short term notice. In 2013, when the Dugout Canyon reserves are depleted, the Soldier Canyon Mine

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MAY BE REOPENED, depending upon market conditions at that time. Hence, the permittee is classifying the cessation of mining activities at Soldier Canyon as temporary.

Findings:

The permittee's notification to the Division that the temporary suspension of mining activities at the Soldier Canyon Mine will be until 2013 appears to be adequate. The requirements of this R645 rule have been met.

**TEMPORARY CESSATION OF MINING/
ENVIRONMENTAL MONITORING REQUIREMENTS**

Regulatory Reference: R645-301-515.321.

Analysis:

Environmental Monitoring/Opening Closures/Water Treatment Activities

Statement Regarding Exact Number of Surface Acres
Horizontal/Vertical Extent of Subsurface Strata in Permit Area Prior to Cessation
Reclamation Activities
Environmental Monitoring/Water Treatment

Mr. Spillman's 2/24/99 cover letter indicates that the Company's decision to cease coal extraction at the Soldier Canyon Mine has no effect on the surface acreage at the site; as this is an underground operation, the disturbed surface acreage remains constant at 29.24. The bond covers 99.94 acres, (includes 70.7 acres for a waste rock disposal site which was never approved). The permitted acreage incorporates 6,679.11 acres. These acreages were confirmed during a telephone conversation with Mr. Dave Spillman, Manager of Technical Services on 3/5/99.

The permittee has submitted updated, P.E. certified mine maps which show the extent of the underground workings in both the Rock Canyon seam (Exhibit 5.22-1) and the Sunnyside seam (Exhibit 5.22-2).

Relative to the extent of reclamation conducted, the permittee has removed the #2 Mine fan and substation for use at the Dugout Canyon Mine. The portable powder and cap storage units have been removed for use at the new mine as well. No other reclamation of surface facilities has taken place as of the date of this analysis.

As noted above, underground opening closures will probably be implemented sometime

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during 1999, following plan approval by MSHA and relative to the requirements of the mining and reclamation plan addressing R645-301-551.

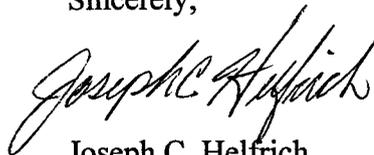
Relative to environmental monitoring, and water treatment activities to be continued during the temporary cessation, no such activities are currently performed. There are no underground water monitoring points sampled at the Soldier Canyon Mine at this time, as indicated by Mr. Spillman during the 2/24/99 inspection.

Findings:

The minimum regulatory requirements of the R645 rules with regard to the cessation of mining operations have been adequately addressed.

Thank you for your help during this permitting action. If you have any questions, please call.

Sincerely,



Joseph C. Helfrich
Permit Supervisor

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Enclosure

cc: Ranvir Singh, OSM
Richard Manus, BLM
Mark Page, Water Rights, w/o
Dave Ariotti, DEQ, w/o
Bill Bates, DWR, w/o
David T. Terry, SITLA, w/o
Ken Payne, Canyon Fuel (w/o)
Chris Hansen, Canyon Fuel(w/o)
Price Field Office

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