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DIVISION OF
OIL, GAS AND MINING

Canyon Fuel Company, LLC
Skyline Mines
HC 35 Box 380
Helper, Utah 84526
(435) 448-6463 Fax: (435) 448-2632

January 17, 2000

Incoming
ACT/007/018
ACT/007/039
ACT/044/002
ACT/007/005
Copy PAM & Mary Anne

Coal Regulatory Program
Attn.: Pam Grubaugh-Littig
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

RE: Reclamation Agreements for the Canyon Fuel Company, LLC Properties

Dear Ms. Grubaugh-Littig:

First, let me begin by thanking you for your patience concerning the Reclamation Agreements for the Canyon Fuel Company, LLC (CFC) properties, including Skyline Mines, Soldier Canyon/Dugout Canyon Mines, SUFCo Mine, and the Banning Loadout. This has been a long and sometimes frustrating process which, unfortunately, is not yet completed. We have, I believe, everything in order to complete the Reclamation Agreements except the issue of bonding for the permit area versus disturbed area.

The Division has requested that we produce proof of bonding for the permit area. We have bonds in place that cover our disturbed areas and liability insurance to cover entire permit areas. We do not have bonds that include the entire permit area at each individual mine. Since this same issue is being debated with the Division by Energy West and the issue is to come before the DOGM Board in February of this year, CFC is awaiting the Board's decision regarding this matter before final submittal of the Reclamation Agreements. If you have any problem with this plan, please call Gary Taylor at (435) 448-2620 or me at (435) 448-2669.

Sincerely:

Chris

Chris D. Hansen
Environmental Coordinator
Canyon Fuel Company, LLC