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Canyon Fuel Company, LLC  
P.O. Box 1029  
Wellington, Utah 84542  
801/637-6360 Fax: 801/673-0108

Ken M. Payne  
Project Manager

May 19, 1997

Daron Haddock  
Permit Supervisor  
Division of Oil, Gas and Mining  
Coal Program  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

*Jopy Haddon*  
#2  
C-PAM

Re: Response to deficiencies - Dugout Canyon Mine PRO/007/039

Dear Mr. Haddock:

Enclosed are three copies of our response to the Dugout Canyon Mine draft Technical Analysis dated August 1, 1996. Two of the issues contained in the Technical Analysis have not been addressed in this response. One of the issues is found on page 74 of the TA and states that the Division does not accept reclamation cost calculations based on Means and that the Caterpillar Handbook and the rental Blue Book must be used. The regulations do not require the use of the Caterpillar Handbook and Blue Book. Means is commonly used throughout industry and regulatory community. We believe that there is no regulatory basis the Division to reject cost calculations based on Means. Therefore, we respectfully submit that this finding should be eliminated from the TA. The second issue (page 75 of the TA) is related to our commitment to obtain insurance just prior to approval of the permit. The Division has objected to this because insurance is not required until after the application has been approved. We do not believe that our willingness to obtain insurance before it is required by the Division is a deficiency.

Responses are hereby submitted for all other issues addressed in the TA. Forms C1 and C2 are enclosed.

In order to expediently develop the Dugout Canyon property we need to begin construction this year. Your efforts to achieve this will be greatly appreciated.

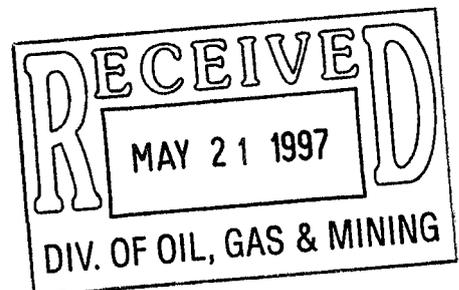
If there are any questions, please contact me (636-2880) or Barry Barnum (636-2669).

Thank you for your attention to this matter.

Very truly yours,

*Ken Payne*  
Ken Payne  
Project Manager

x/c Richard Pick  
Rick Olsen  
Barry Barnum



# APPLICATION FOR PERMIT CHANGE

Title of Change: Response to August 2, 1996, Technical Analysis and to Address the Change in Mine Ownership.

Permit Number: **PRO/007/039**

Mine: **DUGOUT CANYON MINE**

Permittee: **CANYON FUEL COMPANY**

Description, include reason for change and timing required to implement:

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Change in the size of the Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Will permit change include operations outside the Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Will permit change include operations in hydrologic basins other than currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does the permit change require or include public notice publication?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	7. Does the permit change require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Permit change as a result of a Violation? Violation # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Permit change as a result of Division Order? D.O. # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	10. Permit change as a result of other laws or regulations or policies? Explain: _____
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	11. Does the permit change affect the surface landowner or change the post mining land use?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	12. Does permit change require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Does permit change require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does permit change require or include soil removal, storage or placement?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	16. Does permit change require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does permit change require or include construction, modification, or removal of surface facilities?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	18. Does permit change require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does permit change require or include certified designs, maps, or calculations?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	20. Does permit change require or include subsidence control or monitoring?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	21. Have reclamation costs for bonding been provided for any change in the reclamation plan?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Is this coal exploration activity?

Attach 3 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

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.

Russ Perry Project Mgr 5/19/97  
Signed - Name - Position - Date

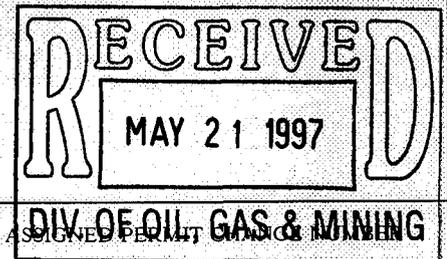
Subscribed and sworn to before me this 19 day of May, 1997.  
Dionne M. Omani  
Notary Public

My Commission Expires: 12-15, 1998  
Attest: STATE OF Utah  
COUNTY OF Carbon



**DIONNE M. OMANI**  
NOTARY PUBLIC - STATE OF UTAH  
53 EAST SMITH CIRCLE  
PRICE, UT 84501  
COMM. EXP. 12-15-98

Received by Oil, Gas & Mining



# Application for Permit Change

## Detailed Schedule of Changes to the Permit

Title of Change: Response to August 2, 1996, Technical Analysis and to Address the Change in Mine Ownership.

Permit Number: ACT/007/039

Mine: DUGOUT CANYON MINE

Permittee: CANYON FUEL COMPANY

Provide a detailed listing of all changes to the mining and reclamation plan which will be required as a result of this proposed permit change. Individually list all maps and drawings which are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise the existing mining and reclamation plan. **Include page, section and drawing numbers as part of the description.**

### DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED

			DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 1 - TEXT, TABLE, & FIGURES
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	APPENDICES 1-1 AND 1-2
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input checked="" type="checkbox"/> REMOVE	APPENDICES 1-3, 1-4, & 1-5
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 2 - TEXT & TABLES
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	PLATE 2-3
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 3 - TEXT & TABLES
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 4 - TEXT
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	APPENDIX 4-1 - ADD "SALES AREA MAP - EXHIBIT A" TO EXISTING APPENDIX
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 5 - TEXT, TABLES, & FIGURES
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input checked="" type="checkbox"/> REMOVE	APPENDIX 5-2
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	PLATES 5-1, 5-2A, 5-2B, & 5-5
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 6 - TEXT & FIGURES
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	PLATE 6-1
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	PLATES 6-4 & 6-5
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 7 - TEXT, TABLES, & FIGURES
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	PLATES 7-1 & 7-5
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	APPENDIX 7-8 - ADD PAGES 27A & 27B BETWEEN PAGES 27 & 28 OF THE EXISTING APPENDIX
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	APPENDIX 7-9 - ADD PAGES 81A THRU 81E BETWEEN PAGES 81 & 82 OF THE EXISTING APPENDIX
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 8 - TEXT
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CHAPTER 9 - TEXT
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?

MAY 21, 1997