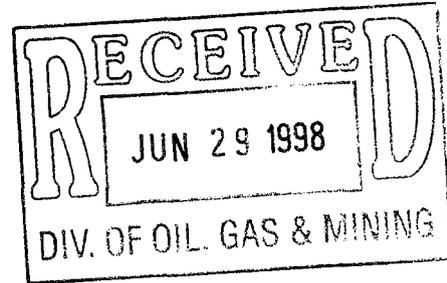




Canyon Fuel Company, LLC
 Soldier Canyon Mine
 P.O. Box 1029
 Wellington, UT 84542
 801 637-6360 Fax: 801 637-0108

June 26, 1998

Mr. Joe Helfrich
 Coal Regulatory Program
 Utah Division of Oil, Gas, & Mining
 1594 West North Temple, Suite 1210
 P. O. Box 145801
 Salt Lake City, Utah 84114-5801



RE: **Response to Technical Analysis - Revised Dugout Canyon Exploration Application**

Copy Joe
 ACT/1007/039 #2
EXPLORATION

Dear Mr. Helfrich:

As requested in your letter dated 6/4/98, Canyon Fuel Company is submitting 3 copies of its *revised* exploration application. The attached revised text responds to the review comments provided by Priscilla Burton, Jim Smith, and Steve Demczak in your letter dated May 21, 1998.

As described in the introduction to the application, the document has been further revised to reflect the elimination of two originally proposed drilling sites in Fish Creek (Sites C & D), in order to avoid lengthy permitting delays that potentially jeopardize CFC's planned 1998 exploration program. All references to the originally proposed drilling sites in Fish Creek have been omitted from this revised application and CFC is now applying for authorization to drill 4 holes only.

Environmental protection and reclamation are integral parts of Canyon Fuel Company's exploration programs. CFC's exploration and reclamation will be conducted in accordance with the regulations, as described in this revised NOI submittal.

CFC would appreciate your expediting the approval process to allow the commencement of drilling activities as soon as possible. A copy of this revised application has also been forwarded to Steve Demczak at the UDOGM field office in Price. Should you have any questions or comments, I can be reached at (435) 636-2873.

Regards,

MARK W. SCANLON

Mark W. Scanlon
 Sr. Geologist

cc: Steve Demczak (UDOGM - Price Office) / D. Spillman / C. Hansen / Central File