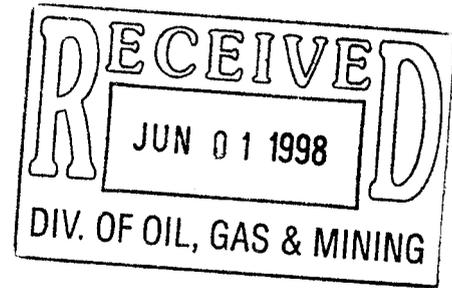


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Mine file



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



May 27, 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 - Dugout Canyon Exploration Application

ACT/007/039

EX 98A

Folder # 2
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6-1-98

Dear Mr. Helfrich:

The following text is in response to the review comments provided by Priscilla Burton, Jim Smith, and Steve Demczak in your letter dated May 21, 1998. A copy of this response has also been forwarded to Steve Demczak at the UDOGM field office in Price.

Response to Technical Analysis

Operational Standards:

In accordance with R645-202-231, Canyon Fuel Company will provide the results of the cultural resource survey, Threatened and Endangered Species Survey and the Raptor Survey upon their completion (stated on pages 5 & 6 of the submittal). CFC recognizes that these surveys must be submitted to the Division prior to approval.

On May 14th, 15th, and 18th a field raptor survey that included the Dugout Canyon exploration areas was conducted with the assistance of Mr. Ben Morris (UDWR). The results of the raptor survey will be forwarded to the Division upon completion. Likewise, the results of the forthcoming cultural resource and T & E surveys will be forwarded to the Division as they become available.

Topsoil:

The Division is correct in that the SCS soils map indicates that drill sites A, B, C, and D are likely in areas where Croyden loam occurs, and as such, a 16" deep yellowish-brown surface topsoil layer would be anticipated. Because these proposed drill sites occur solely on areas previously disturbed, the original slopes and soil conditions have been altered. A more complete description of the existing site conditions follows.

Site A is accessed along an existing roadway constructed in 1966. The road was never reclaimed. The road leads to a disturbed flat area (50' x 50') created for exploration drilling and possibly in an attempt to expose the Sunnyside Coal Seam. A small existing cut slope remains. This previously disturbed flat area will be used as the pad area and serve as Site A. Although an additional 300' of new road was originally proposed to access the drill site, the existing disturbed area will be used to eliminate new disturbances. The hole can be drilled at an angle to achieve our exploration objectives.

Site B occurs on an existing access road that was constructed in 1978 for drill site access. The road was re-utilized 1982 for the same purpose and has never been reclaimed. At the proposed drilling location the road is flat from previous grading and the soils are disturbed. A truck mounted drill rig that is sufficiently small to utilize the existing roadway to set up and drill will be employed to complete this hole.

Sites C and D occur along roadcuts previously created to expose the Sunnyside Coal Seam and to provide access to drilling sites in 1962, 1977, 1979, 1980, and 1982. Most of the associated disturbances were not reclaimed. The native soils along the existing access road and coal benches have been removed or disturbed to a large degree. As such, vegetation along the existing roadways is sparse. At the proposed drilling locations the roads along the benches are flat from previous grading and use. A truck mounted drill rig that is sufficiently small to utilize the existing roadway to set up and drill will be employed to complete the proposed 1998 drilling.

Because at sites A, B, C, and D the proposed pad areas were previously disturbed and not reclaimed, the native soils have been destroyed. At the proposed drill sites disturbed mine soils occur in place of the native soils and as such, the sites are only partially vegetated. To promote future revegetation, the existing brush will be grubbed, the upper soil material will be stored (as topsoil), and redistributed on disturbed areas as described in the NOI submittal.

Approximately 1500 feet of new road construction will be required to access **Site E**. The planned new road will be at an approximate 6.5 % grade, traversing a 32 % side slope. The Division is correct in that the site and access route is likely in areas where the Midfork family - Comodore complex occurs (SCS soils map). As such the topsoil horizon is expected to be relatively shallow (6-7" estimated). As described in the NOI submittal, topsoil stripping and salvaging will be directed by a qualified individual after the site specific determinations of the soil horizons and depths have been completed.

The existing dirt roads will be sufficient to access **Site F** and no additional new road construction is anticipated. Brush will need to be cleared and the near level drill pad (3 % slope or less) may need to be graded slightly. The SCS soils map indicates that soils of the Beje-Trag complex occur in the drill site area and Beje soil, occurring on the ridge tops likely dominates at the pad location. As such a relatively shallow topsoil horizon is anticipated.

Acid or Toxic Forming Materials:

In compliance with R645-202-236, mud pits will be dug greater than four feet deep and sufficiently deep to allow for the burial of potentially acid/toxic materials below a minimum of four feet of cover.

Reclamation Standards:

In compliance with R645-202-242, seeding and mulching will immediately follow the subsoil and topsoil redistribution at all disturbed sites.

In accordance with R645-202-242.100, yellow sweet clover (*Melilotus officianale*) will be excluded from the seeding mix described in the NOI submittal.

Engineering (Landowner Consent):

As described in the NOI submittal, the landowners of record are the BLM, the State of Utah, and Canyon Fuel Company, LLC (CFC). None of the proposed drill sites occur on BLM administered lands, however, the use of unimproved roads on BLM lands will be needed to access the drilling sites. A Short Term Right-of-Way Permit is forthcoming from the BLM, granting their consent, and will be forwarded to the Division upon receipt.

Drill sites C, D, and E occur on lands held privately in fee by CFC. Drill site F occurs on surface lands held privately by CFC. At this site the State of Utah owned coal mineral property is currently leased by CFC (ML-42648).

At sites A and B the surface and mineral property is owned by the State of Utah. The coal is currently leased to CFC (ML-42648). The surface property is administered by the Utah School & Institutional Trust Lands Administration (SITLA). Written consent from SITLA is forthcoming and will be forwarded to the Division upon receipt.

Engineering (Current Condition of Roads):

A more complete description of the existing access road and site conditions follows.

Site A is accessed using a 3,500 feet long abandoned roadway, created to facilitate exploration drilling in 1966. The road has never been reclaimed. The road is typically 10 to 12 feet wide and sparsely vegetated. The initial 2,300 feet of roadway is presently in a usable condition, needing only the removal of small rocks and boulders that have descended onto the roadway over time.

The following 650 feet length of the road occurs in the dry channel bottom of the canyon. Over time erosion has damaged this roadway and dozer work will be required to remove rocks/boulders and re-level the travelway. A new road could be constructed locally on the channel bank, although because of the temporary nature of the road and to avoid new disturbances, the reuse of the previous travelway in the channel is proposed. This section of roadway will be obliterated and the channel course re-established during reclamation.

Above the channel, the uppermost 550 feet of existing roadway occurs adjacent to the channel and is in near useable condition. Erosion from the left fork of the canyon has created a wash along the road that would need repair. During reclamation the original channel from the canyon's left fork would be re-established and the road reclaimed as described in the NOI submittal. The drill pad area is described in greater detail above (see "Topsoil").

Site B is accessed using a 8,500 feet long abandoned roadway, created to facilitate exploration drilling in 1978 and re-utilized 1982 for the same purpose. The road was never reclaimed. The road is typically 10 to 12 feet wide and sparsely to moderately vegetated. The initial 4,700 feet of roadway is presently in a near usable condition, needing only the local removal rocks and tree limbs and grading to level the road. The following 800 feet is narrow in parts (to 6 feet) and will require widening to remove material that has sloughed off of the adjacent side slopes. The next 3,000 feet of road is currently in a useable condition and would need little, if any, upgrade prior to use. Lastly, about 300 feet below the proposed drill site the existing roadway crosses the dry channel bottom. At this location the previous road has been washed out and will need to be reconstructed for use.

Sites C and D are accessed along an abandoned roadway disturbed in 1962, 1977, 1979, 1980, and 1982 to access drilling locations. The road was never reclaimed. The initial Fish Creek Road above the Corbula Canyon turnoff is presently in usable condition for 0.8 miles. Above this point dirtwork will be required to rehabilitate the upper 0.6 miles of roadway.

Of the 0.6 mile section requiring rehabilitation for use, the lower 1,800 feet will only need blading to level the roadway. The following 200 feet, however, occurs in the channel bottom and boulders and logs remain where high flows have destroyed the roadway. Three channel crossings are also needed and significant dozerwork will be required to reconstruct the road through this section. The last 1,150 feet of roadway is in relatively good shape and will only require minor earthwork prior to its use. The drill pad areas are described in greater detail above (see "Topsoil").

Site E will be accessed primarily by using an existing dirt road. This road is presently in a usable condition. From the end of the road an additional 1500 feet of new road will need to be constructed to access the drilling site. The estimated slope and grades are given above (see "Topsoil"). The site is located atop the ridge and in a relatively flat location.

Existing dirt roads will be sufficient to access **Site F** and no additional new road construction is anticipated. Brush will need to be cleared and the near level drill pad (3 % slope or less) may need to be graded slightly.

Engineering (Roads) R645-202-232:

Specific regulations as they pertain to R645-202-232 are addressed below:

R645-301-358

Refer to sections on *Wildlife* and *Threatened & Endangered Species* (pages 5 & 6) in the NOI submittal. To the extent practical with current technology, CFC will minimize all adverse impacts related to this drilling project.

R645-301-512.250

The access to the drill sites will be via private or public roadways. There will be no construction or reconstruction of primary roadways. All roads, on BLM, State lands, or CFC private lands are considered ancillary roads. Authorization for CFC to utilize the ancillary roads on BLM and State lands is forthcoming and will be forwarded to the Division.

R645-301-526.200

No utility or support facility installations are associated with this short duration exploration program.

R645-301-527.100

The primary access into the exploration area will be via the Nine Mile and Dugout Canyon county roads. No exploration related construction activities will occur on these roadways. Access to the specific drilling sites will be via the existing ancillary roads. Specifically these roads are located in Fish Creek Road, Corbula Canyon, Canyon X, Pine Canyon, and the lesser associated trails used for access (refer to Map 1 in the NOI submittal for access road location). Also see response to R645-301-512.250.

R645-301-527.230

All ancillary roads utilized for access will be maintained according to the criteria and stipulations required by the BLM and the State of Utah. Private roads will also be maintained to a similar criteria. Road grading is anticipated prior to, and upon completion of the short duration road use. All roads will be returned a condition equal or better than their pre-exploration condition.

R645-301-527.240

Ancillary roads that are damaged by catastrophic event, such as by flood or earthquake, the road will be repaired as soon as practical after the damage has occurred.

R645-301-534.100 through R645-534.300

R645-301-542.600 and R645-301-742.410 through R645-742.420

R645-301-752.200 and R645-301-762

Roads will be located, designed, constructed, reconstructed, used, maintained, and reclaimed so as to prevent or control damage to public or private property and to control erosion and prevent siltation.

Because of the temporary nature of road use, no road surfacing is planned. Road rehabilitation and new road construction will be conducted per regulation (above) and in accordance with current, prudent engineering practices.

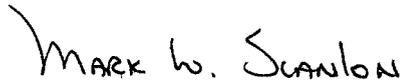
Roads will be reclaimed immediately after they are no longer needed and will be returned to condition better than their present state.

Roads will be located, designed, constructed, reconstructed, used, maintained, and reclaimed per regulation (above) to address environmental and safety concerns appropriate for their intended use and the size of equipment to be used.

Canyon Fuel Company will take all necessary precautions to minimize disturbance and protect the prevailing hydrologic balance. CFC's exploration and reclamation will be conducted in accordance with the regulations, as described in the NOI submittal as amended by this response to your technical analysis.

CFC appreciates the prompt review and comments by your technical team and your recommendation to approve our exploration plan. Should you have any questions or comments, I can be reached at (435) 636-2873.

Regards,

A handwritten signature in black ink that reads "MARK W. SCANLON". The letters are slightly slanted and connected in a cursive-like style.

Mark W. Scanlon
Sr. Geologist

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