



Canyon Fuel Company, LLC
Soldier / Dugout Canyon Mines
P.O. Box 1029
Wellington, Utah 84542
435/637-6360 Fax: 435/637-0108

June 8, 1999

Coal Regulatory Program
Attn.: Daron Haddock
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114

Re: First Quarter 1999 Water Monitoring Report # 2 # 7
Dugout Canyon Mine, ACT/007/039 # 2 # 7
Soldier Canyon Mine, ACT/007/018 # 2 # 7

Electronic Submittal?
Cover Letter
Copy Daron, Joe,
Mike Aflata,
Jim Sully,
Ken
PFO

Dear Mr. Haddock:

I have enclosed the first quarter 1999 water monitoring report for the Soldier / Dugout Canyon Mines. I have also enclosed Drawing No. D-458 as an update to our current water monitoring program at the Soldier Canyon Mine (SCM).

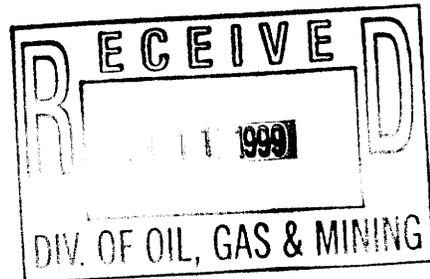
Please be aware that the surface water points G-2, G-7 and G-8, as well as, the groundwater points 4 & 8 have been removed from the SCM routine monitoring schedule. Our approved M&RP allows monitoring of these sites to be discontinued, once there has been no active mining in the vicinity of these sites for one year. The enclosed drawing depicts the 1998 active mining areas (far western portion of the mine plan area), relative to the location of the aforementioned monitoring sites (far eastern portion of the mine plan area). Furthermore, all active mining operations at SCM were indefinitely suspended in October 1998 and there no plans to resume active mining until the Dugout reserves are depleted.

In 1996 the surface water point G-6 was established on Soldier Creek immediately upstream from the SCM disturbed area. This site was proposed as a replacement for G-1. (G-1 is located more that 2 miles upstream from G-6.) It was determined that monitoring G-6, in conjunction with G-5, would enhance our ability to determine the effects of the mine water discharge on Soldier Creek. Subsequently, G-6 was accepted into the approved M&RP with the agreement that monitoring of G-1 would continue for two years. This two year obligation has now been completed and the routine monitoring of site G-1 shall be discontinued.

Should you have any questions concerning this information, please contact myself (435-636-2872) or Chris Hansen (435-448-2669).

Sincerely,
SOLDIER / DUGOUT CANYON MINES

David G. Spillman, P.E.
Technical Services Manager



enclosures

cc: Chris Hansen, Skyline
DOGM, Price Field Office
Central Files