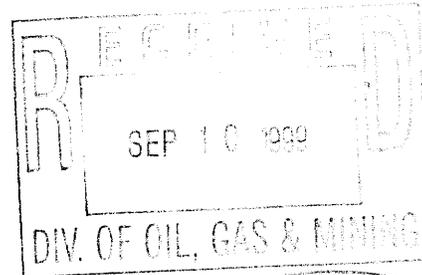




Canyon Fuel Company, LLC
 Soldier / Dugout Canyon Mines
 P.O. Box 1029
 Wellington, UT 84542
 801 637-6360 Fax: 801 637-0108

September 8, 1999

Mr. Steve Demczak, Reclamation Specialist
 Utah Division of Oil, Gas, & Mining
 Price Field Office
 451 East 400 North
 Price, Utah 84501



Am 9/9/99
**RE: Modification to Dugout Canyon Exploration Plan, ACT/007/039-EXP99B,
 File#2, Carbon County, Utah**

Dear Steve:

As discussed in our phone conversation of 9/2/99, difficult access to one of our proposed 1999 drill sites (site N) has made it necessary for us to modify our proposed drilling location. We would like your approval to relocate the hole adjacently north to a nearby site along the existing road, designated as site "K" (shown on the attached Map 2). Sites G, H, I, and J are being drilled as planned.

Because we are currently using the road to site K to access the other drill sites, significant road upgrading or new road construction to access site N would be avoided. Site K lies along the existing road and the planned seismic line (A - A') and within the access corridor of the related archaeological survey.

The conditions at site K are similar to that of the other planned drill sites. The topography near site K is gently sloping and the ground is covered with sage brush and grasses. The area SCS soil survey mapping indicates the same soil type occurs at site K as did at site N (Rottulee family - Trag complex). As such, these and other geologic, hydrologic, vegetation, wildlife considerations do not differ from those previously addressed in the approved exploration plan. Likewise, the landowners, our commitment to performance standards, drilling, site construction and reclamation methods remain unchanged from those submitted and approved by the Division.

To facilitate drilling at site K during 1999, the hole must be completed in conjunction with our ongoing drilling program and before the drill rigs demobilize. To accommodate this need, your approval must be granted within the next week or two. CFC would appreciate your prompt review to allow the continuation of our present drilling activities. Our discussion indicated that this modification can be reviewed and authorized by the Price field office, however, a copy of this request has also been forwarded to Daron Haddock in the Coal Regulatory Program at the UDOGM office in Salt Lake City for completeness.

#2
Copy for Daron
for Steve

Please let me know if there is anything further CFC can do to help ensure the timely approval of this modification to our exploration program. I can be reached at (435) 636-2873 to address your questions or comments.

Regards,

Mark W. Scanlon

Mark W. Scanlon
Sr. Geologist

attachment

cc: D. Spillman
M. Stevenson
Central File
DARON HADDOLK - UDOGGM