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Steve,

Per your request, the following is the information you requested:

Based on the Willow Creek Mine experiencing high concentrations of methane, the history of high methane concentrations in the Book Cliffs, and previous mining experience in the Soldier Canyon Mine; Dugout is making efforts to be proactive and have a permit in place to allow for the drilling of gob methane removal bore holes from the surface into the mine.

These bore holes would be used for extracting high concentrations of methane from the gob areas to reduce the methane in the gob and bleeder entries to levels that would allow mining to continue. Dugout is not currently experiencing high levels of methane, in fact the levels are quite the opposite and very low. It is believed, however, that the possibility of experiencing high concentrations of methane at the Dugout Canyon Mine is high. Such high concentrations of methane would hinder and possibly halt mining.

The boreholes would only be drilled in the event they are needed as described above. Having a permit in place would prevent an "emergency/need-now" situation for permit approvals. With the permit, Dugout will have completed all regulatory requirements including cultural, wildlife, and plant studies during the warmer field season instead of the winter months in a possible "emergency/need-now" situation when the ground may be covered in snow or inaccessible.

Dugout is looking for direction from DOGM in regards to permitting such holes.

If you have any questions or need additional information, please contact me.

Sincerely,

**Mike Stevenson**  
Senior Geologist

**Ark Land Company**  
c/o Skyline Mines  
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