Canyon Fuel Company, LLC
Soldier/Dugout Canyon Mines
P.O. Box 1029
Wellington, Utah 84542

RECEIVED
SEP 10 2003
DIV. OF OIL, GAS & MINING

INCOMING C0070039
OR

September 10, 2003

Ms. Pamela Grubaugh-Littig
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, UT 84114-5801

RE: Revisions to Methane Degassification Amendment, Wells G-1, G-2, and G-3, Canyon Fuel Company, LLC, Dugout Mine, C/007/039

Dear Ms. Grubaugh-Littig:

Enclosed please find four copies of the submittal to address revisions to the methane degassification wells amendment for Dugout Canyon Mine. The information provided in the degassification amendment is to be kept in a separate binder and not incorporated into the M&RP binders.

The information provided addressed concerns of the reviewers. The land owner notification letter has been included in Attachment 4-2 and the updated violation table has been provided for inclusion in Chapter 1 of the M&RP.

An additional copy of the submittal has been delivered to the Price Field Office.

Please contact Vicky Miller at (435) 636-2869, if there are any questions concerning this submittal.

Sincerely yours,

Vicky S. Miller

Vicky S. Miller

Cc: Chris Hansen (no enclosures)
Dave Spillman (enclosures)
Pete Hess (enclosures)

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change ☒ New Permit ☐ Renewal ☐ Exploration ☐ Bond Release ☐ Transfer ☐

Permittee: Canyon Fuel Company, LLC
Mine: Dugout Canyon Mine **Permit Number:** C/007/039
Title: Revisions to Degassification Wells G-1, G-2, & G-3 Amendment
Description, Include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

☒ Yes ☐ No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: 2.78 ☒ increase ☐ decrease.
☐ Yes ☒ No 2. Is the application submitted as a result of a Division Order? DO# _____
☐ Yes ☒ No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
☐ Yes ☒ No 4. Does the application include operations in hydrologic basins other than as currently approved?
☐ Yes ☒ No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
☐ Yes ☒ No 6. Does the application require or include public notice publication?
☒ Yes ☐ No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
☐ Yes ☒ No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
☐ Yes ☒ No 9. Is the application submitted as a result of a Violation? NOV # _____
☐ Yes ☒ No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
☒ Yes ☐ No 11. Does the application affect the surface landowner or change the post mining land use?
☐ Yes ☒ No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
☐ Yes ☒ No 13. Does the application require or include collection and reporting of any baseline information?
☐ Yes ☒ No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
☐ Yes ☒ No 15. Does the application require or include soil removal, storage or placement?
☐ Yes ☒ No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
☐ Yes ☒ No 17. Does the application require or include construction, modification, or removal of surface facilities?
☐ Yes ☒ No 18. Does the application require or include water monitoring, sediment or drainage control measures?
☐ Yes ☒ No 19. Does the application require or include certified designs, maps or calculation?
☐ Yes ☒ No 20. Does the application require or include subsidence control or monitoring?
☐ Yes ☒ No 21. Have reclamation costs for bonding been provided?
☐ Yes ☒ No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
☐ Yes ☒ No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

David Spillman
Print Name

David Spillman, Engineering Manager 9/10/03
Sign Name, Position, Date

Subscribed and sworn to before me this 10 day of Sept., 2003

Notary Public

My commission Expires: 12-15, 2006

Attest: State of Utah } ss:
County of Carbon

DIONNE M. OMAN
NOTARY PUBLIC • STATE of UTAH
1015 EAST 2640 SOUTH
PRICE, UTAH 84501
COMM. EXPIRES 12-15-2006

For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining
		RECEIVED SEP 10 2003 DIV. OF OIL, GAS & MINING

Form DOGM- C1 (Revised March 12, 2002)

APPLICATION FOR COAL PERMIT PROCESSING
Detailed Schedule Of Changes to the Mining And Reclamation Plan

Permittee: Canyon Fuel Company, LLC
Mine: Dugout Canyon Mine **Permit Number:** C/007/039
Title: Revisions to Degassification Wells G-1, G-2 and G-3 Amendment

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

			DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED
☒ Add	☐ Replace	☐ Remove	Degas Wells - Chapter 4, Attachment 4-2 , Notification Letter
☐ Add	☒ Replace	☐ Remove	M&RP Chapter 1, Pages 1-22 and 1-23, Table of Contents Page ii
☐ Add	☐ Replace	☐ Remove	
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Any other specific or special instruction required for insertion of this proposal into the Mining and Reclamation Plan.

9/10/03

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CHAPTER 1

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

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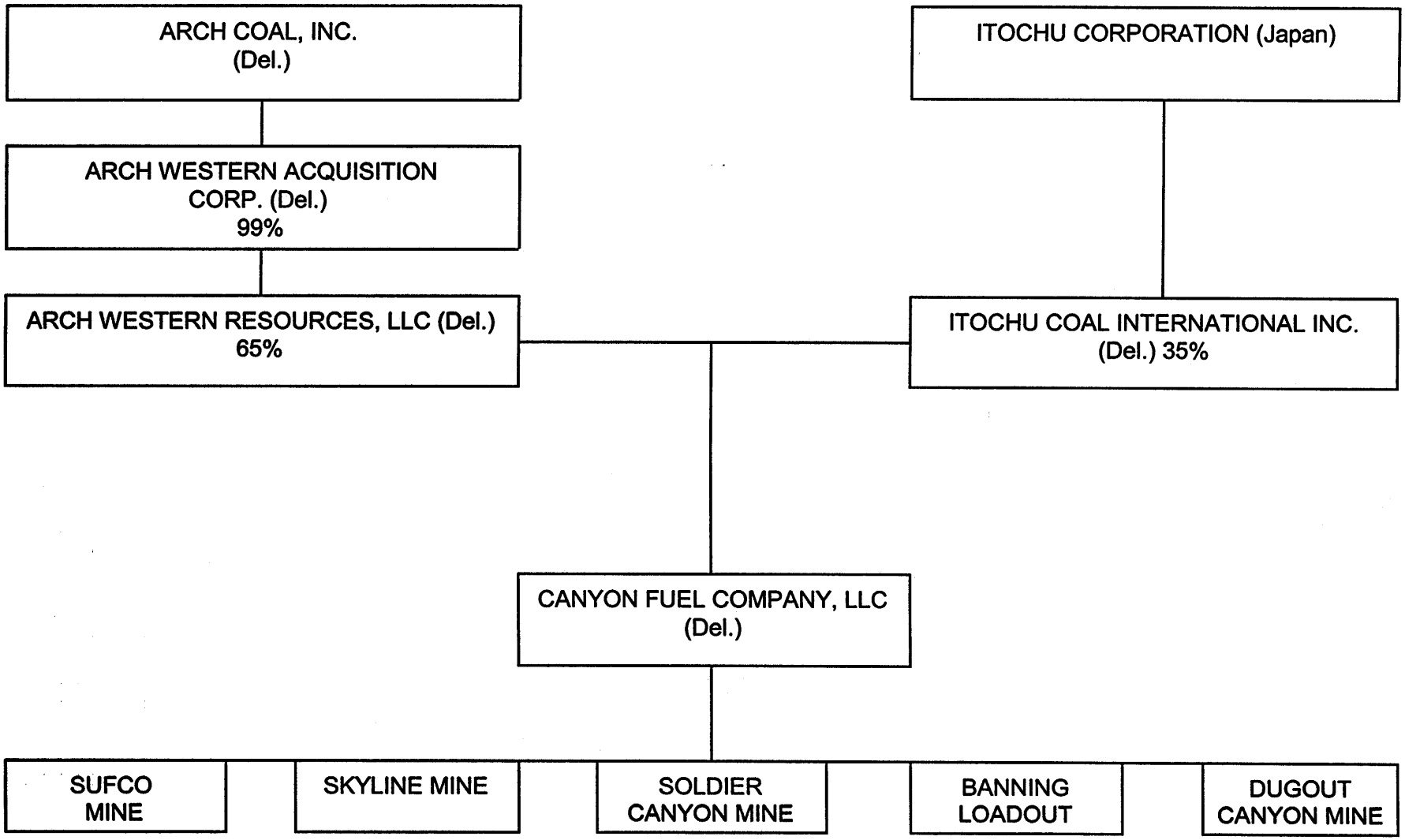


FIGURE 1-1. CORPORATE STRUCTURE.

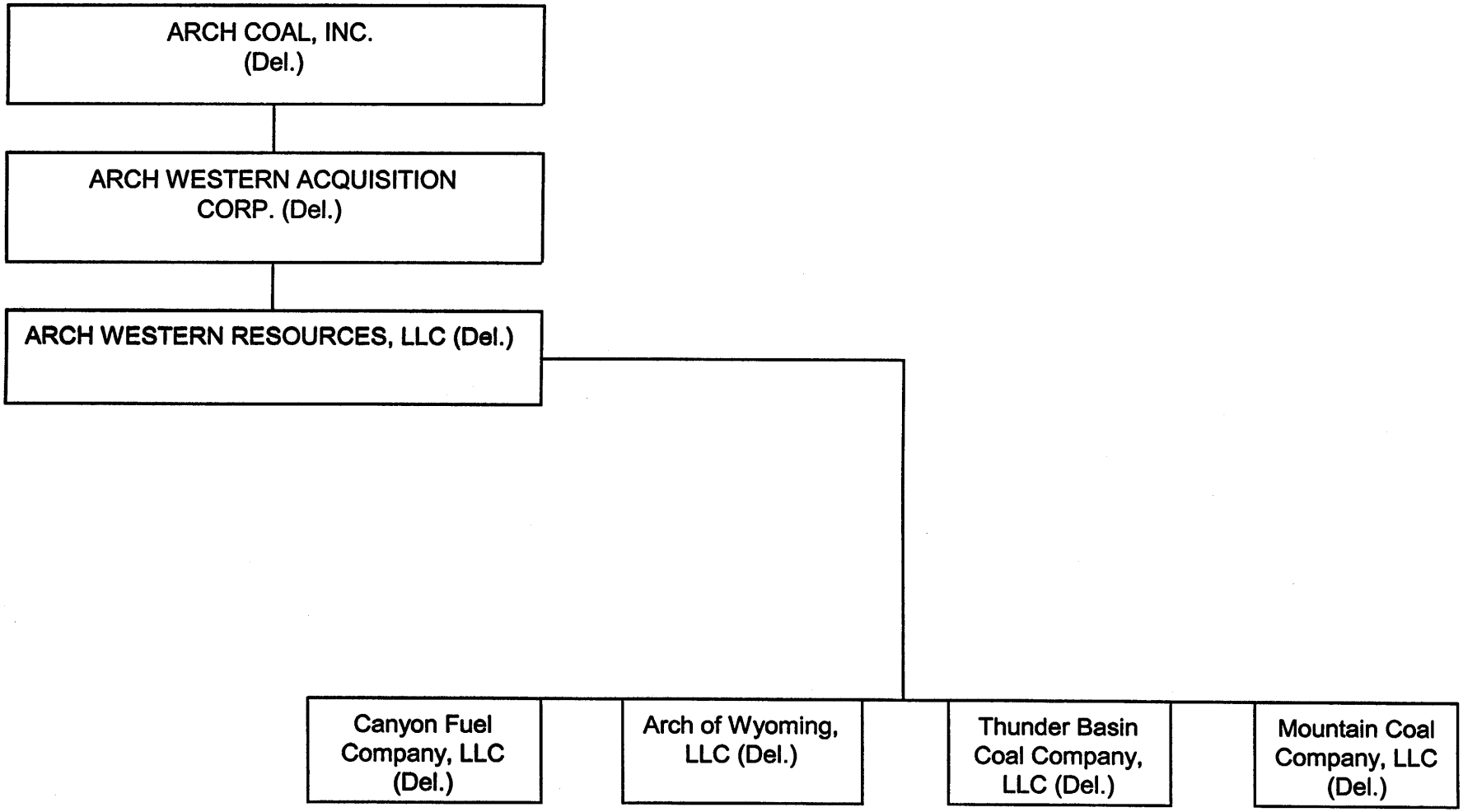


FIGURE 1-1. CORPORATE STRUCTURE (Continued).

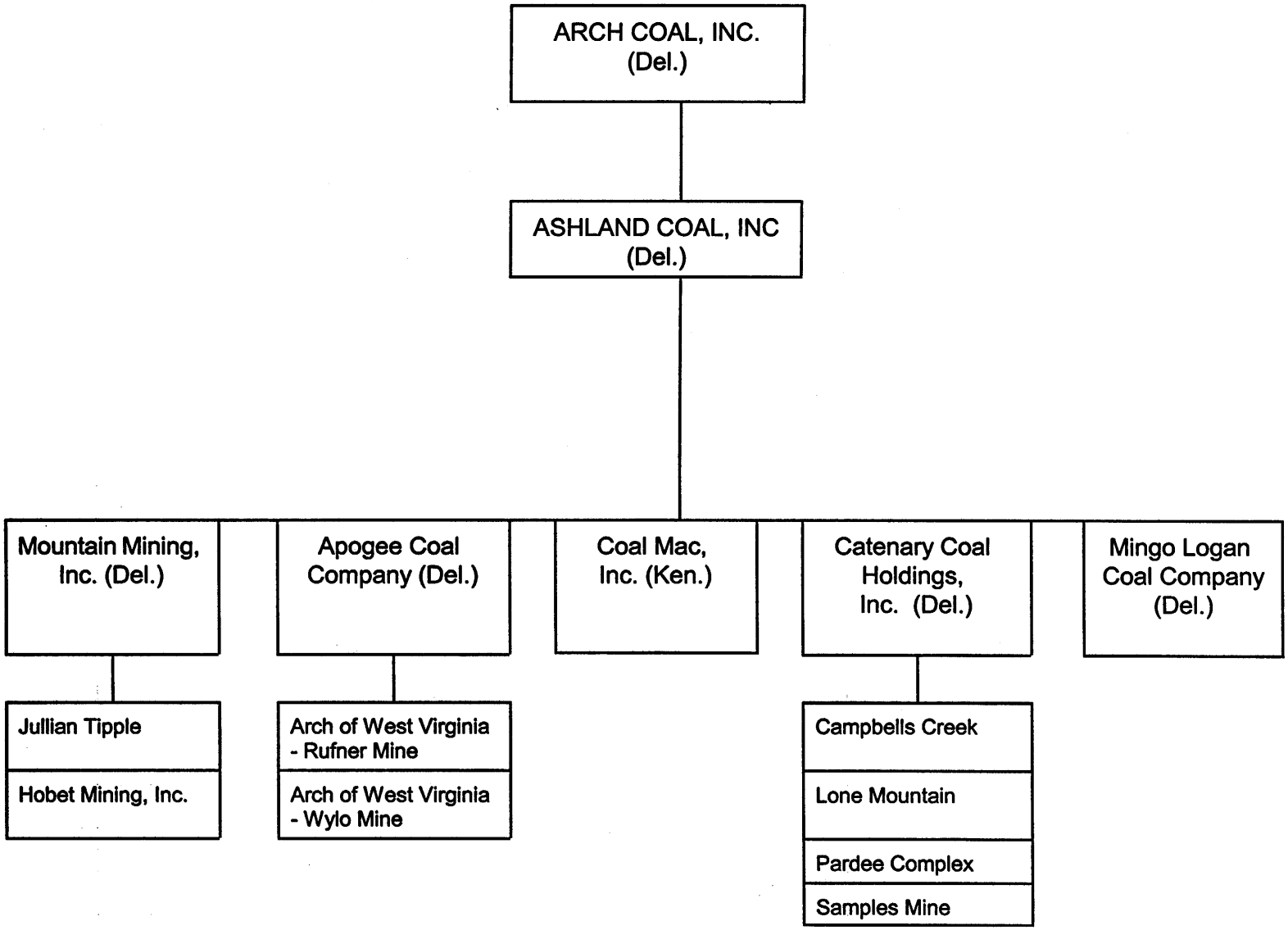


FIGURE 1-1. CORPORATE STRUCTURE (Continued).

TABLE 1-2
THREE YEAR VIOLATION HISTORY June 2000 - 2003
MINING AND RECLAMATION OPERATIONS

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Dugout Canyon Mine	Canyon Fuel Company, LLC 6955 South Union Park Center, Suite 540 Midvale, UT 84047	ACT/007/039	7/1/03	N03-46-3-1 Failure to minimize contributions of sediment to runoff outside the permit area.	Terminated 7/30/03, Assessment Paid
Skyline Mine		ACT/007/005	9/06/01	N01-39-1-1 Release of coal fines to Eccles Creek.	Terminated 12/10/01, Assessment Paid
Soldier Canyon Mine		ACT/007/018	None		
Banning Loadout		ACT/007/034	None		
SUFCO Mine		ACT/041/002	None		
Black Thunder Mine	Thunder Basin Coal Company, LLC P.O. Box 406 Wright, Wyoming 82732	233-T5 00977	7/11/01	100163 Flyrock on topsoil.	Abated 8/16/01
			4/25/02	100164 Ground vibration at a pipeline.	Abated 5/20/02
			5/7/03	100172 Location of TC diversion 3 and sediment control for diversion.	Abated 7/16/03
			6/20/03	100147 Removal of dragline crossing culverts and low pH soils in diversion.	Abated 7/22/03
Coal Creek Mine		483-T3	None		

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
West Elk Mine	Mountain Coal Company West Elk Mine P.O. Box 591 Somerset, CO 81434	C-80-007	None		
Gordon Creek No. 2, 7, 8		ACT/007/016	None		
Gordon Creek No. 3, 6		ACT/007/017	**BOND RELEASED**		
Huntington Canyon No. 4 Mine		ACT/015/004	**BOND RELEASED**		
Medicine Bow Mine	Arch of Wyoming P.O. Box 460 Hanna, WY 82327	377-T5	5/03/02	MV 400028 Failure to mark a topsoil stockpile with a sign.	Terminated 6/5/02
		378-T3	8/8/00	100541 Erosion of designated drainage.	Terminated 9/8/00

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
Apogee Coal Company	Arch of West Virginia HC 61, Box 156 Yolyn, WV 25654	S-75-85	7/23/02	29 - Failed to minimize air pollution.	Terminated 8/8/02
		S-5006-91	7/1100	24 - Failure to clean out sediment structure.	Terminated 9/8/00
		S-5005-93	10/5/00	22 - Exceeded airblast level.	Terminated 10/5/00
			3/7/01	23 - Failure to protect off site areas.	Terminated 6/1/01
			5/23/01	24 - Material placed downslope.	Terminated 6/22/01
			8/9/01	25 - Failure to protect off site areas.	Terminated 10/18/01
			11/29/01	26 - Failure to record information in blast record.	Terminated 11/29/01
			1/17/02	27 - Failure to protect off site areas.	Terminated 3/14/02
			1/23/02	28 - Failure to protect off site areas.	Terminated 5/30/02
			3/12/02	29 - Exceeded airblast level.	Terminated 3/21/02
			8/1/02	30 - Failed to maintain drainage system.	Terminated 10/3/02
			3/13/03	31 - Failure to protect off site areas.	Terminated 5/7/03

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
Apogee Coal Company	Arch of West Virginia HC 61, Box 156 Yolyn, WV 25654	S-5079-86	12/14/00	39 - Placed debris on downslope.	Terminated 1/10/01
			8/02/01	40 - Failure to protect off site areas.	Terminated 8/9/01
			4/11/02	41 - Failure to protect off site areas.	Terminated 5/2/02
			11/2/02	42 - Failure to protect off site areas.	Terminated 11/20/02
			1/29/03	43 - Failure to protect off site areas.	Terminated 2/27/03
			3/6/03	44 - Failure to protect off site areas.	Terminated 3/13/03
			3/25/03	45 - Exceeded airblast level.	Terminated 4/17/03
			6/17/03	46 - Failed to maintain haul road.	Terminated 7/10/03
		O-163-83	8/2/02	15 - Disturbance to hydrologic balance.	Terminated 11/20/02
		S-5007-001	4/10/03	1 - Failed to follow ground water plan.	Terminated 4/24/03
			4/10/03	2 - Failed to follow permit conditions.	Terminated 4/24/03
			4/22/03	3 - Failed to follow permit conditions.	Terminated 5/6/03

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
Coal Mac Inc	P.O. Box 436 Williamson, WV 25661	S-5019-94	2/23/01	9 - Failure to maintain sediment control.	Terminated 3/27/01
			2/27/01	10 - Failed to monitor NPDES outfalls.	Terminated 4/16/01
			6/6/02	11 - Access road damaged.	Terminated 8/23/02
			6/6/02	12 - Spillway washed out.	Terminated 11/7/02
			6/6/02	13 - Failed to clean pond.	Terminated 11/7/02
			12/17/02	14 - Off site slide damage.	Terminated 3/27/01
		S-5016-93	2/27/01	9 - Failed to monitor NPDES outfall.	Terminated 4/16/01
			3/1/01	10 - Fly rock damage.	Terminated 4/23/01
			5/23/01	11 - Failure to maintain diversions.	Terminated 5/23/01
			5/23/01	12 - Failure to maintain diversions.	Terminated 6/4/01
			9/28/01	13 - Filled ditch with debris.	Terminated 10/29/01

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
Coal Mac Inc	P.O. Box 436 Williamson, WV 25661	S-5016-93	9/28/01	14 - Failed to guard shot.	Terminated 9/28/01
			11/16/01	15 - Fly rock damage.	Terminated 1/31/02
			1/30/02	16 - Sediment control failure.	Terminated 1/31/02
			3/18/02	17 - Sediment pond repair.	Terminated 4/2/02
			5/29/02	18 - Off site erosion.	Terminated 8/21/02
			10/01/02	19 - Off site erosion.	Terminated 10/16/02
			11/19/02	20 - Failure to record static groundwater levels.	Terminated 11/21/02
			11/19/02	21 - Incorrect blasting logs.	Terminated 2/26/03
			11/20/02	22 - Erosion.	Vacated

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
Coal Mac Inc	P.O. Box 436 Williamson, WV 25661	S-5066-92	2/27/01	7 - Failed to monitor NPDES outfall.	Terminated 4/16/01
			2/27/01	8 - Failed to maintain pond.	Terminated 5/22/01
			11/27/01	9 - Debris downslope.	Terminated 11/27/01
			3/26/02	10 - Groundwater static levels not recorded.	Terminated 5/22/02
			3/26/02	11 - Iron staining below pond.	Terminated 7/24/02
			6/03/02	12 - Sediment Pond damage.	Terminated 8/23/02
			7/8/02	13 - Pond spillway damaged.	Terminated 8/23/02
		S-5019-98	12/11/01	1 - Cast fly rock off permit area.	Terminated 1/23/02
			12/17/02	2 - Failed to do pre-blast survey.	Terminated 1/14/03
			4/28/03	3 -Debris downslope.	Terminated 6/9/03
		P-609	11/04/02	54 - Groundwater static levels not recorded.	Terminated 12/4/02
			6/16/03	55 - Failed to submit permit renewal.	Terminated 6/16/03

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
Coal Mac Inc.	P.O. Box 436 Williamson, WV 25661	S-5074-92	2/21/03	8 - Erosion on hollow fills.	Terminated 3/11/03
		S-5015-98	7/21/03	1 - Failed to protect off site areas.	Pending
			7/21/03	2 - Disturbed hydrologic balance.	Pending
			4/13/02	3 - Failed to protect hydrologic balance.	Terminated 8/1/02
			6/12/03	4 - Failed to protect hydrologic balance.	Terminated 6/12/03
			7/28/03	3 - Discharge to stream	Pending
Mingo Logan Coal Company	1000 Mingo Logan Avenue Wharncliffe, WV 25651	O-5013-91	9/6/01	40 - Disturbed to off site hydrologic balance.	Terminated 9/28/01
			9/6/01	41 - Failure to notify landowners.	Terminated 9/6/01
			10/9/02	42 - Disturbed to off site hydrologic balance.	Terminated 1/15/03
		U - 5073-88	8/7/02	6 - Failure to protect off site areas.	Pending
			8/13/02	7 - Failed to protect hydrologic balance.	Terminated 12/31/02

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
Mingo Logan Coal Company	1000 Mingo Logan Avenue Whamcliffe, WV 25651	U-5038-97	12/1/00	1 - Drill cuttings flowed into channel.	Terminated 12/5/00
			6/12/03	4 - Failed to protect hydrologic balance.	Terminated 6/12/03
		U-5044-91	5/7/03	2 - Material discarded outside designated area.	Terminated 6/11/03
		U-5038-97	7/28/03	3 - Untreated water discharged to stream.	Pending
		S-4013-95	8/22/00	6 - Failure to clean sediment pond.	Terminated 8/29/00
		S-5019-94	2/2701	10 - Failed to monitor and report NPDES outfalls.	Terminated 9/28/01
		S-5066-92	2/27/01	8 - Outfall bypassed spillway.	Terminated 5/22/01
		S-5016-93	9/8/00	7 - Failure to clean sediment pond.	Terminated 10/10/00
Lone Mountain Processing	Catenary Coal Holding, Inc P.O. Box 109 Appalachia, VA 24216	1201390	3/21/02	CDB0002723 Failed to do water monitoring.	Terminated 3/21/02
Catenary Coal Company		S-3035-93	06/26/00	18 - Failure to clean sediment structure.	Terminated
			06/26/00	19 - Failure to provide pre-blast survey.	Withdrawn

TABLE 1-2 (Continued)

Facility	Mailing Address	Permit Number	Date	Violation Description	Status
Catenary Coal Company	Catenary Coal Holding, Inc P.O. Box 109 Appalachia, VA 24216	S-3035-93	7/9/01	20 - Failure to protect off site areas.	Abated 7/10/01
			7/9/01	21 - Failure to protect off site areas.	Abated 7/10/01
		S-5007-90	9/27/00	9 - Failed to submit NPDES renewal.	Abated
			9/27/00	10 - Failed to submit drainage certificates.	Abated
		S-3004-95	10/13/00	8 - Failed to provide pre-blast survey.	Abated
		U-3001-98	10/27/00	1 - Placed spoil on downslope.	Abated
		S-6012-87	3/30/01	17-Failure to maintain drainage.	Abated
			3/30/01	18 - Failure to place refuse in a controlled manner.	Abated
		S-3023-90	4/11/01	1 - Failure to provide sediment control.	Abated
		U -3001-98	3/30/01	2 - Failure to construct and maintain drainage.	Abated

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Catenary Coal Company	Catenary Coal Holding, Inc P.O. Box 109 Appalachia, VA 24216	O-3012-98	5/7/01	1 - Air pollution control failure.	Abated
		S- 3023-90	5/17/01	2 - Failure to maintain sediment controls.	Abated
		O-3017-93	5/17/01	6 - Failure to meet effluent limits.	Abated
		S-3004-95	6/11/01	9 - Failure to comply with approved plan.	Abated
			7/10/01	10 - Placed spoil on downslopes.	Abated
			9/19/01	11 - Failure to protect off site areas.	Abated
			5/9/03	12 - Failed to maintain drainage system.	Pending
			5/29/03	13 - Placed spoil on downslopes.	Pending
		P-574	7/26/01	16 - Discharged water disturbed hydrologic balance.	Abated
		O-6009-86	12/7/01	10 - Failure to protect off site areas.	Abated

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Catenary Coal Company	Catenary Coal Holding, Inc P.O. Box 109 Appalachia, VA 24216	S-3020-90	8/10/01	3 - Failure to properly construct valley fill.	Withdrawn
			3/5/02	3 - Failure to protect off site areas.	Withdrawn
			2/21/03	5 - Placed spoil on downslopes.	Pending
		S -6012-87	1/28/02	19 - Failed to follow approved permit.	Abated
		O-3012-98	2/21/02	2 - Failed to maintain effluent limits.	Abated
			1/13/03	3 - Failed to maintain effluent limits.	Abated
		S-3010-00	3/25/02	1 - Failed to follow approved permit.	Abated
			8/14/02	2 - Failure to construct to approved plan.	Abated
			2/21/03	3 - Placed spoil on downslopes.	Pending
			5/29/03	4 - Placed spoil on downslopes.	Pending
			5/29/03	5 - Water Quality cessation order.	Pending

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Catenary Coal Company	Catenary Coal Holding, Inc P.O. Box 109 Appalachia, VA 24216	S-3024-90	4/1/02	32 - Failure to protect off site areas.	Abated
			3/19/03	33 - Placed spoil on downslope.	Pending
Cumberland River Coal Company		1601486	11/27/00	RDS1953 - Placed spoil on downslope	Abated 3/16/01
			2/21/01	RDS2114 - Disturbance outside permitted area.	Abated 3/9/01
			4/25/01	RDS2242 - Placed spoil on downslope.	Abated 5/30/01
			8/21/01	RDS2468 - Placed spoil on downslope.	Abated 1/29/02
		1301533	3/21/02	RDS2800 - Exceeded water quality limits.	Abated 3/21/02
		1301561	12/06/00	RDS2002 - Exceeded slurry solids level.	Abated 3/23/01
			2/25/01	RDS2112 - Sediment pond not certified.	Abated 5/25/01
		1301623	7/24/01	RDS2436 - Under drain not functioning properly.	Abated 9/25/01
		867-0382	7/21/03	001 - Pond reached capacity.	Pending

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Jullian Tipple (IDLE)	Mountain Mining, Inc P.O. Box 305 Madison, WV 25130	None			
Hobet Mining, Inc		S-5003-96	10/17/00	12 - Violated air blast regulation.	Abated
			10/17/00	13 - Violated air blast regulation.	Abated
			6/29/01	14 - Failure to comply with reclamation plan.	Abated
			6/29/01	15 - Failure to construct according to plan.	Abated
			9/14/01	16 - Failure to maintain sediment control.	Abated
			1/31/02	17 - Violated air blast regulation.	Abated

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Hobet Mining, Inc	Mountain Mining, Inc P.O. Box 305 Madison, WV 25130	S-5003-96	3/27/02	18 - Failure to meet effluent standards.	Abated
			7/12/02	19 - Blasting poundage in excess.	Abated
			8/21/02	20 - Failed to protect off site areas.	Abated
			1/3/03	21 - Spoil material outside permit area.	Abated
			2/18/03	22 - Spoil material slide.	Abated
			2/24/03	23 -Placed spoil downslope.	Abated
			3/26/03	24 -Placed spoil downslope.	Abated
			3/26/03	25 - Overshot permit area.	Abated
			3/26/03	26 - Erosion.	Abated
			3/26/03	27 - Failure to report groundwater standards.	Abated
			5/22/03	28 - Failure to meet effluent standards.	Abated

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Hobet Mining, Inc	Mountain Mining, Inc P.O. Box 305 Madison, WV 25130	S-5003-96	6/26/03	29 -Failure to inform occupants of blasting.	Abated
			7/9/03	30 - Untreated discharge to stream.	Pending
			7/9/03	31 -Untreated discharge to stream.	Pending
			7/31/03	32 - Air blast accedence.	Pending
		S-5020-95	11/9/00	13 - Failure to establish a permanent vegetation.	Abated
			11/9/00	14 - Failure to clean pond.	Withdrawn
			6/29/01	15 - Placed spoil on downslope.	Abated
			9/18/01	16 - Failed to protect off site areas.	Abated
			6/13/02	17 - Failed to protect off site areas.	Abated
			6/16/02	18 - Failure to maintain drainage system.	Abated
			7/10/02	19 - Placed spoil on downslope.	Vacated
			10/21/02	20 - Failure to certify sediment structures.	Abated

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Hobet Mining, Inc	Mountain Mining, Inc P.O. Box 305 Madison, WV 25130	S-5020-95	10/21/02	21 - Failed to construct or maintain drainage.	Abated
			11/6/02	22 - Failure to follow permit conditions.	Abated
			3/13/03	23 - Sediment Pond structure not certified.	Abated
		S-5062-86	10/25/00	26 - Failed to minimize disturbance to hydrologic balance.	Abated
		O-5056-92	6/23/00	12 - Failed to protect off site areas.	Abated
			3/12/03	13 - Failed to protect off site areas.	Abated
		S-5024-86	10/31/00	58 - Failed to construct or maintain pond.	Withdrawn
			10/31/00	59 - Ceased reclamation activities for more than 30 days.	Abated
		O-13-81	6/21/01	30 - Failed to follow permit conditions.	Abated
		S-5063-91	7/31/01	46 - Failed to minimize impact to hydrologic balance.	Abated
			5/13/03	47 - Failed to compact and stabilize fill.	Abated

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Hobet Mining, Inc	Mountain Mining, Inc P.O. Box 305 Madison, WV 25130	S-5070-91	5/21/01	8 - Failure to treat discharge water.	Abated
		128-78	11/26/01	26 - Failed to perform water monitoring.	Abated
		U-5007-98	11/14/01	1 - Caused off site damage.	Abated
		S-5052-86	11/2/01	9 - Failure to eliminate highwall.	Abated
		O-5010-97	11/28/01	1 - Stockpiled coal outside permit area.	Abated
			8/8/02	2 - Dust suppression.	Abated
			8/19/02	3 - Failed diversion ditch.	Withdrawn
			8/19/02	4 - Contributed suspended solids to stream.	Abated
		P-495	6/15/02	10 - Slurry line break.	Terminated
			6/11/02	11 - Failure to clean sediment structure.	Abated
			6/11/02	12 - Failed to maintain sediment system.	Abated

TABLE 1-2 (Continued)

Facility	Parent Mailing Address	Permit Number	Date	Violation Description	Status
Hobet Mining, Inc	Mountain Mining, Inc P.O. Box 305 Madison, WV 25130	S-5016-92	10/21/02	11 - Failed to control or prevent erosion.	Withdrawn
		U-5088-86	9/10/02	11 - Failed to manage opening.	Abated
		O-6-81	12/19/02	15 - Failed to protect slopes.	Abated
		R-405	3/13/03	1 - Failure to compact refuse material.	Withdrawn
		S-5052-86	5/9/03	10 - Failure to give notice.	Abated
		O-5105-86	7/30/01	4 - Failed to reclaim road.	Abated
		S-5011-01	7/3/03	1 - Failed to construct approved drainage system.	Pending
		H-695	6/26/03	13 - Failed to protect off site areas.	Pending

ATTACHMENT 4-2

SURFACE LAND OWNER AGREEMENT

Drilling Notification Letter

Ark Land Company
c/o Canyon Fuel Co., LLC
Skyline Mines
HC35Box 380
Helper, Utah 84526
435-448-2634

June 28, 2003

Milton and Ardith Thayn Trust
Attn: David Thayn
7730 East Highway 6
Price, Utah 84501

RE: Dugout Canyon Mine 2003 Drilling Activities

Dear David:

Per the agreement between the Milton and Ardith Thayn Trust and Ark Land Company and as a follow-up to our telephone and personal conversations, this letter is provided to notify you of the drilling and associated activities that the Dugout Canyon Mine proposes to perform on the Thayn Lands during 2003.

I have enclosed two maps identifying the affected areas. Map 1 identifies the general area including the roads to be used/constructed, the locations of the proposed drilling activities, and the proposed locations for withdrawing water from the various streams to be used for drilling and dust suppression. Map 2 is a larger scale map of the work area.

Two types of drilling are planned for completion in 2003—exploration and gob-venting as described below.

Exploration Drilling:

Three exploration drill holes are planned to intercept the Gilson Seam to provide in-seam parting, quality, and seam thickness information. Although five locations are identified on the maps, see maps, only holes Dug0103, Dug0203, and Dug0303 are currently being considered. Holes A and B would only be drilled if the results from hole Dug0103 are not favorable.

Gob-Vent Drilling:

As you are aware, the coal seams in the Book Cliffs have the potential to release large volumes of methane. To date, the Dugout Canyon Mine has encountered methane but not

in significant volumes. As the mine moves from the Rock Canyon Seam into the Gilson Seam, the mine expects the amount of methane that could potentially be released from the longwall gob to increase.

Therefore, the mine has elected to permit and drill gob-vent boreholes to drain methane away from the mine to the surface to increase safety and maintain production. Currently, the permitting of six gob-vent holes, see maps, is being pursued. Dugout hopes to drill the GIL3 hole this year, see maps.

As the mine is unsure as to the amount of methane that may be liberated from the gob in the future, only six holes are currently planned. If less or more methane is encountered in the Gilson Seam, the number of holes would be decreased or increased accordingly.

All of the proposed holes, except Dug0203, are currently in the process of permitting. Hole Dug0203 was previously permitted. As environmental concerns continue to increase, additional studies are required to permit drilling activities. Therefore several contractors will be accessing the Thayn Lands to study soils, plant, animals, etc. Dugout Canyon Mine will assure that all contractors will abide by the agreements between the Thayn Trust and Ark Land Company by limiting access to Thayn Lands and requiring that all contractors use only designated access routes and behave responsibly to maintain the quality of the area.

Efforts have been made to keep the disturbance to a minimum by placing drill sites on or in close proximity to existing roads. As identified on the maps, some roads will require grading to provide access to the drill sites while some may require new roads. All efforts will be made to limit the width of the roads and reclaim the sites and roads in a timely and quality manner.

The exploration drilling is slated to begin early August while the gob-vent drilling depends more on permit approval and may begin late August to mid September.

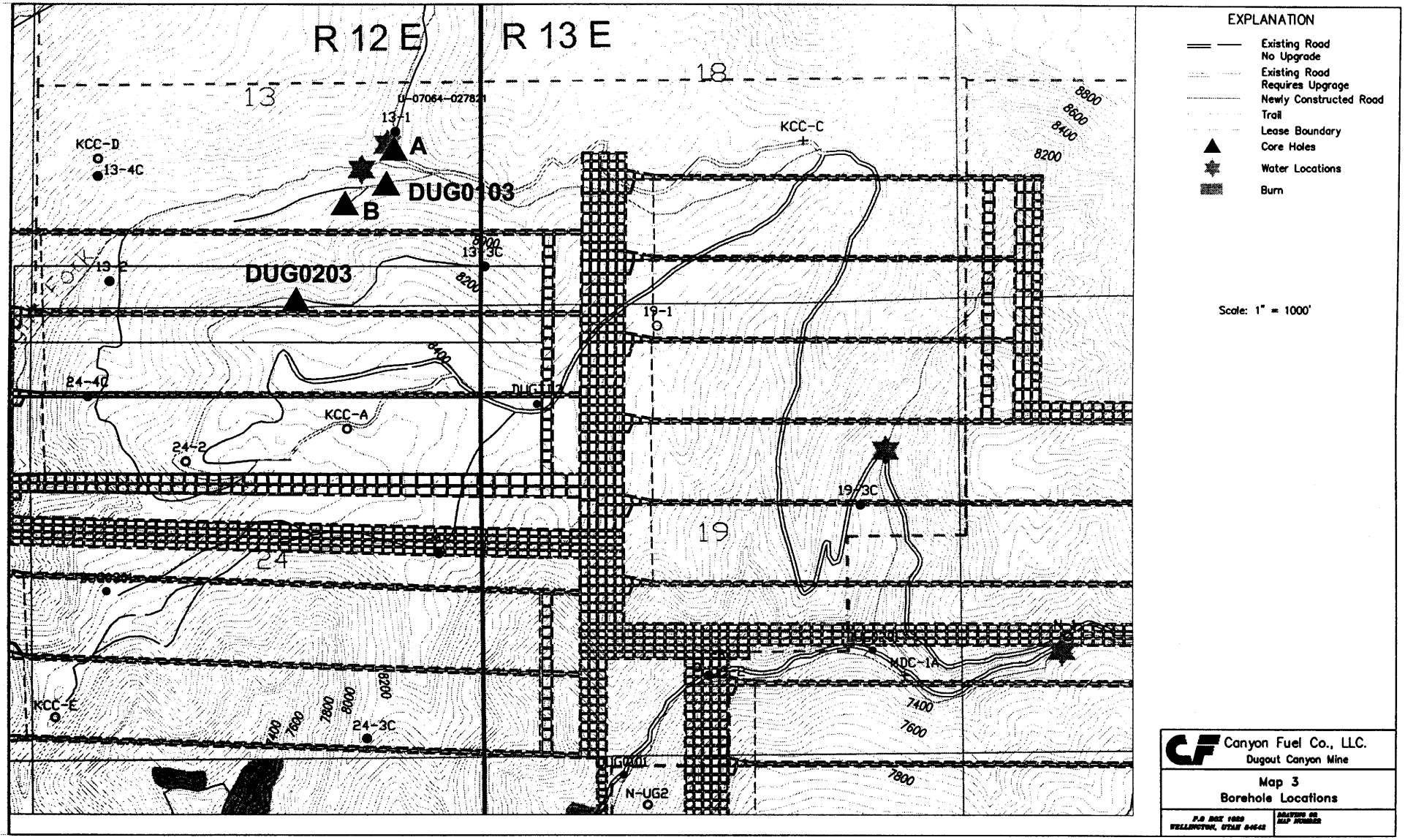
As you are aware, the TD-3 Well (gas well) was plugged and abandoned earlier this month. Reclamation and seeding of the site will take place this fall in conjunction with the other drilling reclamation activities.

If you have any questions regarding the information or the maps or have concerns please contact me at (435)448-2634.

Sincerely,

Mike Stevenson
Sr. Geologist

cc: Doug Downing (Ark Land)
Dave Spillman (Dugout Canyon Mine)


R 12 E
R 13 E
13
18
19
24
U-07064-027821
13-1
A
B
DUG0103
DUG0203
KCC-D
13-4C
KCC-C
13-2
13-3C
19-1
24-4C
KCC-A
24-2
19-3C
KCC-E
24-3C
MDC-1A
N-UG2
8800
8600
8400
8200
8000
7800
7600
7400
7200
EXPLANATION
Existing Road No Upgrade
Existing Road Requires Upgrage
Newly Constructed Road
Trail
Lease Boundary
Core Holes
Water Locations
Burn
Scale: 1" = 1000'
Canyon Fuel Co., LLC.
Dugout Canyon Mine
Map 3
Borehole Locations