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Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, Utah 84542

Please
File
Accordingly

Incoming
C/007/039
CF

November 14, 2005

Mr. Peter Hess
Utah Division of Oil, Gas and Mining
455 West Railroad Avenue
Price, Utah 84501

Post-it® Fax Note 7671

Date	11/14/05	# of	2
To	Wayne Hedberg	From	Peter Hess
Co./Dept.	DOG/M/SLC	Co.	DOG/M Price
Phone #	(801) 538-5286	Phone #	
Fax #		Fax #	

RE: Degassification Well Plugging and Reclamation, Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Mr. Hess:

Per our previous discussions the plugging and reclamation of Degas Wells G-3, 4 and 6 was scheduled for completion during 2005. We had a drilling company on site during October drilling degas well G-9, during that time in addition to drilling they were able to plug G-4 and G-6. However, prior to plugging G-3 the drillers were called away to take care of an emergency drilling project at West Elk in Colorado. West Elk is a sister mine belonging to Arch Western Bituminous Group, LLC.

A brief summary of the emergency follows:

"West Elk withdrew its staff from the mine on 10/27/05 after detecting elevated carbon monoxide, hydrogen and ethylene levels at a bleeder system monitoring point at the back end of a recently completed panel. Following this discovery MSHA issued an order requiring the MSHA approve all underground activities thereafter. Currently, MSHA is on site on a 24/7 basis and has prohibited all underground activities until an analysis of mine atmosphere indicates that the mine can be safely reentered.

West Elk mine has secured assistance from individuals with expertise in mine fires to assist in the development of a plan to address the suspected spontaneous combustion area. Phase 1 requires the drilling of a hole from the surface into the mine bleeder entries. A second drill hole will be constructed to provide information on the mine atmosphere to the west of the suspected spontaneous combustion area. A third drill hole will be drilled as a monitoring point and additional holes may be required depending on what is found in the first two holes."

Due to the emergency, the plugging of G-3 was delayed but we hope to have it plugged this month. The reclamation of G-4 will be completed during November and attempts will be made to also complete reclamation on G-3, weather permitting. Access to degas well G-6 has become very difficult due to precipitation events during November and reclamation is not possible in 2005. The G-6 site is on a north-facing slope and is very wet. Heavy equipment cannot access the site nor is it advisable to work the soil in it's wet condition.

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We will continue to keep you updated concerning the progress on these degas sites. Please call with any questions.

Sincerely yours,



Vicky S. Miller
Environmental Engineer
(435) 636-2869

cc: Dave Spillman

SUFCO Mine

Skyline Mines

Dugout / Soldier Canyon Mines