

0007

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



January 24, 2005

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

King OK
C/007/039
#2418

RE: Refuse Pile Amendment – Expansion Deficiencies, Task ID # 2156, Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find four copies of a revision to the Bond to include the transport of borrow soil to the refuse pile site. In addition, text, tables, attachments and plates have been revised to reflect the expansion and construction of the refuse pile. A copy of this submittal has been delivered to the Price field office.

Thank you for your assistance and if you have any questions, please call me at (435) 636-2869.

Sincerely yours,

Vicky S. Miller

Vicky S. Miller

cc: Dave Spillman
Pete Hess

Mine # C/007/0039
File Incoming
Record # 0007
Doc. Date 1.24.06
Recd. Date 1.24.06

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JAN 24 2006

DIV. OF OIL, GAS & MINING

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: Refuse Pile Amendment - Expansion, Task ID #2156

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: _____ 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.

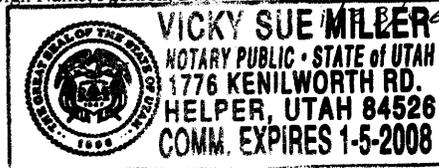
David Spillman
Print Name

David Spillman, Engineering Manager
Sign Name, Position, Date

Subscribed and sworn to before me this 23 day of JANUARY, 2006

Vicky Sue Miller
Notary Public

My commission Expires: 1-5, 2008 } ss:
Attest: State of UTAH }
County of CARBON



For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

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DISPOSAL

TECHNICAL DEFICIENCIES

R645-301-114.100, The plan must include a description of the legal document and date of execution that provides the Permittee with right of entry. [PWB]

The surface owner is Canyon Fuel Company, LLC. See Sections 112.500 and 114 of the refuse pile amendment.

R645-301-121.200, MRP page 1-9 must indicate the currently approved disturbed acreage. [PWB]

The disturbed area will not change with the proposed action. The action is within the currently approved disturbed and permitted area. Is there an area outside our currently approved disturbed/permitted area which I have over looked or put on the new drawing?

R645-301-341.300, The permittee must provide additional specifics of the study plan by providing a contour map showing locations and dimensions of all the treatment sites, reference area, access roads/traffic flow on the site and the locations of the different piles as proposed. [JAE, PWB]

Since the permittee is required to provide a "borrow area" to cover the pile with four feet of growth material, no test plots studies are proposed at this time. However, the permittee may determine at a later date that test plot studies will be beneficial to the project.

R645-301-356, The Permittee will monitor the study at the refuse pile for six years, and then evaluate their supporting evidence to apply less than 4 ft. of cover.[JAE, PWB]

Since the permittee is required to provide a "borrow area" to cover the pile with four feet of growth material, no test plots studies are proposed at this time. However, the permittee may determine at a later date that test plot studies will be beneficial to the project.

R645-301-521.130, The surface ownership map is found in the MRP volume 1, but it does not include information on the refuse site in the N1/2 of the NE ¼ of Section 18, T14 S R 12 E. This map must be updated to include the refuse site. [PWB]

Please refer to RA Figure 1-1B of the Refuse Pile amendment for the surface and coal ownership associated with the refuse pile site. See Section 112.600 of the M&RP for a reference to this drawing.

R645-301-521.131, The Permittee must show the subsurface ownership for refuse site. [WHW]

Please refer to RA Figure 1-1B of the approved Refuse Pile amendment for the surface and coal ownership associated with the refuse pile site.

R645-301-521.141 and R645-301-521.190, The Permittee must update RA Plate 1-1 to show the leach field disturbed area and the Pace Canyon portal breakout disturbed area. [WHW]

The leach field disturbed area is shown on the currently approved RA Plate 1-1. The revision date on my copy is 01/06/03. The fan portal breakout has been added to RA Plate 1-1.

R645-301-521.150 and R645-301-521.190, The Division requires a map that show the surface configuration before the site was permitted. The Division requires cross sections on 100-foot intervals and covers the entire refuse site.[WHW]

Refer to RA Plate 5-1A, provided.

R645-301-521.165, The Permittee must provide a commitment in the plan to update RA Plate 2-2 within 6 months of stock pile after construction of the new stockpiles. [PWB]

Refer to Section 241-100 for the commitment.

R645-301-521.190, The Permittee must provide the following: 1) Lease acreage must be broken out into federal, state, fee, and other and 2) The location must be given according to the Township, Range and Section down to the quarter-quarter section. [WHW]

Per the currently approved permit, Section 112.500 of the refuse pile amendment, all the subsurface belongs to the United States of America, there is no lease associated with the refuse pile, since no coal will be mined and subsurface property will not be affected. Therefore, no description is available. Refer to RA Figure 1-1B for surface and subsurface ownership.

R645-301-534.120, The Permittee must use nonacid-and nontoxic forming substance for road surfaces and discuss those characteristics in the amendment. [WHW]

See "Road Surfacing" in Section 534.100

R645-301-534.130, The Permittee must show/discuss what all road embankments have a static safety factor of 1.3 or greater. [WHW]

Refer to Section 534.100

R645-301-527 and R645-301-534, The Permittee must include detailed plans and cross sections for each primary road, label on Plate 5-1, and certify designs. Discuss sediment pond access. Make road names in sections 512 and 527.200 match. [WHW]

Refer to RA Plate 5-1, Sections 527, 527.200, 512 and 534. Also, see figures RA 5-2 and 5-3 for road details and cross sections.

R645-301-536.200, The Permittee must clarify the compaction procedure. [WHW]

Refer to section for clarification of compaction procedures.

R645-301-536.510, The Permittee must clarify statement regarding placement of material from other sites. [WHW]

Refer to Section 536.510 for clarification.

R645-301-542.200, The Permittee must include final reclamation maps and cross sections and provide volumes for the anticipated earthwork at final reclamation. [WHW]

Refer to RA Plate 5-2. Earth work volumes are provide in the bond calculation in the M&RP, Appendix 5-6.

R645-301-542.300, The Permittee must provide the Division with cross sections on 100 foot intervals. [WHW]

Refer to RA Plates 5-1 through 5-3.

R645-301-553.110, The Permittee must design the reclaimed slopes to not be susceptible to the formation of rills and gullies. Reclaimed slopes must be similar to slopes in surrounding areas and preferably concave. [WHW]

See Section 553.100 and RA Plate 5-2.

R645-301-553.140, The Plan must indicate that the steepness of the slopes be reduced at the base, to provide a concave slope. [PWB]

See Section 553.100 and RA Plate 5-2.

R645-301-553.140, The Plan must describe a source of suitable substitute topsoil to augment final reclamation coverage of the refuse to a depth of four feet. [PWB]

See Section 553.100 and 233

R645-301-830.140, The Permittee must include reclamation cost estimates for the refuse site. [WHW, PWB]

Refer to MRP Appendix 5-6 for reclamation cost estimates.

R645-301-302.270, The Permittee request for variance from the approximate original contour requirements is unnecessary. [WHW}

Refer to Sections 512.200 and 553.100.