

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



Incoming
C/007/0039

May 23, 2006

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

RE: Degas Well Amendment – Inclusion of Vegetation Production Letters from NRCS, Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find four copies of information to be placed in Attachment 3-1 of the Methane Degas Well Amendment. The Degas Well Amendment is several stand alone volumes.

Although, the letter dated March 21, 2006 from the NRCS mentions that Well G-14 has not yet been visited, if you reference the previous letter dated June 3, 2005, G-14 (DUG0105/DUG0205) was visited during 2005. Site G-14 had been inventoried using the DUG labeling and then changed to G-14 when it was decided to put a well site at that location. We realize this has caused confusion, however if you reference other consultant reports you will find that their labeling references the DUG0105 and DUG0205 site as well.

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

Sincerely yours,

Vicky S. Miller

cc: Dave Spillman
Pete Hess

RECEIVED

MAY 23 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: Inclusion of Vegetation Production Letter from NRCS for Degas Wells

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.

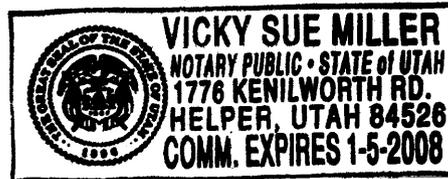
Erwin Sagg
Print Name

Erwin Sagg - General Manager
Sign Name, Position, Date

Subscribed and sworn to before me this 22 day of MAY, 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 RECEIVED MAY 23 2006 DIV. OF OIL, GAS & MINING
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Canyon Fuel Company, LLC
Dugout Canyon Mine

Methane Degassification Amendment
March 23, 2006

**ATTACHMENT 3-1
VEGETATION INVENTORY
NRCS LETTER**

add to the back of existing information



Natural Resources Conservation Service
540 West Price River Drive
Field Office
Price, UT 84501
(435) 637-0041
FAX (435) 637-3146

June 3, 2005

REC'D JUN - 6 2005

Ms Vicky Miller
Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, UT 84542

Re: Vegetation Production of Proposed Degas Wells G7-G13 and GUG0105/DUG0205

Dear Ms Miller,

Following our visit to the proposed degas wells for Dugout Canyon Mine, I have made the following determinations for vegetative production and overall, health and trend of the sites. The three ecotypes that will be described in relation to these proposed well sites are sagebrush/grass and browse. It is noted that all of the sites have previously been disturbed (except G13) with differing levels of success in the reestablishment of the Potential Natural Community (PNC).

For a high seral (good condition) rating to be obtained in the *shallow loam sagebrush areas* (Well G7), percent air-dry weight for the primary functional groups should be as such; herbaceous 55-65%, forbs 5-15% and shrubs 25-35%. Although the site had already been disturbed, it was apparent that it was similar to the surrounding undisturbed areas of the same soil mapping unit and Ecological Site Description (ESD). It is apparent that past management practices (grazing and/or fire management) have allowed the shrub (mainly mountain sage brush) to surpass the 25-35%, while the herbaceous production has declined. Although the annual production for the site (1,200 lbs acre⁻¹) is representative of the recent climatic conditions we have experienced, there has been a slight shift in functional group composition (i.e. increase in shrub biomass with a decline in herbaceous biomass).

Well locations G9-13 & DUG0105/DUG0205 are all located in *very steep stony loam browse areas* that have all been previously disturbed (with the exception of G13) and show little resemblance to the PNC for the sites. For this reason, I will reference surrounding areas that have not historically been disturbed and use these values for production estimates. In a high seral state (good condition), this site would demonstrate the following characteristics in regards to annual production; herbaceous 20-30%, forbs 10-15% and shrubs 60-70%. Due to the nature of these sites (high shrub component) and resilience to drought (compared to sites with a higher herbaceous component), production (1,000 lbs acre⁻¹) and functional groups are more representative to the PNC.

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Well location G8 is located within *stony loam browse* that has been previously disturbed, but has shown a higher success in reaching the PNC for the site. In a high seral state (good condition), this site would demonstrate the following characteristics in regards to annual production; herbaceous 15-25%, forbs 10-15% and shrubs 65-75%. Similar to well sites G9-13, the nature of this site along with the higher success of vegetative reestablishment, production (1,200 lbs acre⁻¹) and functional groups are more representative to the PNC.

Please feel free to contact me if you have any further questions or concerns.

Sincerely,



M. Dean Stacy
Range Management Specialist
USDA-NRCS, Price FO

cc: Barry Hamilton, Assistant State Conservationist for Field Operations, Price AO
Gary Roeder, Area Resource Conservationist, Price AO
Wayne Greenhalgh, District Conservationist, Price FO

United States Department of Agriculture



Natural Resources Conservation Service
540 West Price River Drive
Field Office
Price, UT 84501
(435) 637-0041
FAX (435) 637-3146

March 21, 2006

Ms Vicky Miller
Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, UT 84542

Re: Vegetation Production of Proposed Degas Wells G11-G17

Dear Ms Miller,

Following our visit to the proposed degas wells for Dugout Canyon Mine last year and the review of the photos you have provided, I have made the following determinations for vegetative production and overall, health and trend of the sites. The three ecotypes that will be described in relation to these proposed well sites are, *browse/grass*, *Douglas-Fir* and *Pinyon-Utah Juniper*. It is noted that all of the sites have previously been disturbed (except G13 and G16) with differing levels of success in the reestablishment of the Potential Natural Community (PNC).

For a high seral rating to be obtained in the *shallow loam Pinyon-Utah Juniper areas* (Well G16), percent air-dry weight for the primary functional groups should be as such; herbaceous 30-40%, forbs 10-15%, shrubs 40-50%, and trees 10-20%. This site is one that I have not been to, however from the photos provided it appears that the site is representative of the PNC. With recent climatic conditions and present management of the area I believe that the site is in a mid to high seral state with an average annual production rate between 500 and 600 lbs acre⁻¹

Well locations G11-13, G15 and G17 are all located in *very steep stony loam browse and mountain loam salina wildrye areas* that have all been previously disturbed (with the exception of G13) and show little resemblance to the PNC for the sites. For this reason, I referenced surrounding areas that have not historically been disturbed and use these values for production estimates. In a high seral state, this site would demonstrate the following characteristics in regards to annual production; herbaceous 20-30%, forbs 10-15% and shrubs 60-70%. Due to the nature of these sites (high shrub component) and resilience to drought (compared to sites with a higher herbaceous component), production will be approximately 1,000 lbs acre⁻¹.

Well location G14 is located right on the border of three different Ecological Site Descriptions (ESDs). I have not been to this site and by looking at the photos I am not able to pinpoint exactly which ESD the well will be located. Therefore I will give productivity estimates for all three ESDs and will assign the most appropriate following a field visit this summer (2006).

The first site is a *very steep loam Douglas-Fir*. From the photos the site seems to be in a late seral state with a limited herbaceous/shrub understory due to the increased canopy cover of the Douglas-Fir, which would be expected in a later seral state for this ecotype. It is important to note that the understory component is inversely related to the amount of conifer canopy cover. It is because of this that I will give productivity estimates for a range of canopy covers. If this site is to be disturbed, it would bring it back down to an early seral stage (canopy cover 0-10%) which would have productivity (based on recent climatic conditions) of approximately 700 lbs acre⁻¹. If the site was in the mid seral stage, and based on recent climatic conditions, the site would produce approximately 300-500 lbs acre⁻¹. The state that I believe the site is currently in would be a late seral, with a higher canopy cover and associated productivity of approximately 200 lbs acre⁻¹.

The second possible site is a *loam aspen* site. As with the previous site (*Douglas-Fir*), the productivity of this site is dependent on the canopy cover of the tree species present. If the site were in a early seral state productivity would be approximately 1,000 lbs acre⁻¹. If the site were in a mid seral state productivity would be approximately 600-900 lbs acre⁻¹, and approximately 400 lbs acre⁻¹ in a later seral state (all based off recent climatic conditions). From the photos it appears that the site is in a mid-late seral state with the possibility of conifer encroachment. Therefore the productivity of this site would be approximately 500 lbs acre⁻¹.

The final possibility is a *very steep stony loam browse and mountain loam salina wildrye* site. As I stated in the above description for wells G11-13, G15 and G17, productivity for this site will be approximately 1,000 lbs acre⁻¹.

Please feel free to contact me if you have any further questions or concerns.

Sincerely,



M. DEAN STACY
Range Management Specialist
USDA-NRCS, Price FO

cc: Barry Hamilton, Assistant State Conservationist for Field Operations, Price AO
Gary Roeder, Area Resource Conservationist, Price AO
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