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

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AUG 01 2006



DIV. OF OIL, GAS & MINING

July 28, 2006

Mr. Wayne Hedberg
Coal Regulatory Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: Subsidence Crack Repair – Proposed Scope of Work
Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

J. Mead
C/007/0039
E-mail to Wayne H,
Wayne W, Pete,

Dear Mr. Hedberg:

As required by the Dugout DOGM Permit, a "Scope of Work" detailing the plans for repair of the surface subsidence cracks located in Section 24, Township 13 South Range 12 East is attached to this letter. A drawing showing the location of the cracks has been attached for your review.

Only one of the cracks is wide and open enough to be considered hazardous to wildlife, livestock or humans, all the other cracks are narrow and shallow. Leroy Mead, employee of the Division of Wildlife Resources, toured the crack areas on July 11th and concluded that the cracks were minor and that the only area of concern to wildlife was a twenty foot segment of a single crack in the road adjacent to degas well G-7.

If you have questions concerning the information provided, please call me at (435) 636-2869.

Sincerely yours,

Vicky S. Miller

Vicky S. Miller

cc: Dave Spillman
Pete Hess

AUG 01 2006

SUBSIDENCE CRACK REPAIR PROJECT, PACE CANYON AREA

DIV. OF OIL, GAS & MINING

Introduction

Several subsidence cracks were formed as a result of longwall mining of the GIL-3 panel in the last half of 2005. The cracks are located on private property belonging to the Thayn Trust. The cracks are in Section 24, Township 13 South, Range 12 East.

Only one crack is open enough to be considered hazardous to humans, wildlife or livestock (N1/2NE1/4SE1/4). This crack is across an existing road and immediately adjacent to the fence around the drill pad for degas well G-7. The crack is approximately 200' long, however only approximately 20 feet of the crack is open enough to be considered hazardous. A second crack has formed within the fenced area of the G-7 pad and another crack runs horizontal to this crack just outside the fenced pad. Canyon Fuel Company, LLC, Dugout Canyon Mine proposes to repair these open cracks using the methods described below.

There are additional cracks (N1/2SW1/4SW1/4), however they are not as deep or wide as described above. The cracks range in size from three feet to 30 feet in length and are five to fifteen inches deep. When necessary, smaller cracks will be filled with hand tools.

Methods

The site work will be accomplished using, hand tools a trackhoe, rubber tired backhoe, pickup truck, trailer and dump truck. The approximate twenty-foot crack will be filled with soil and rock and compacted when possible. The placed soil will be left in a roughened state and seeded using the reclamation seed mix specified for reclamation of well site G-7. When necessary, smaller cracks will be filled with hand tools and seeded.

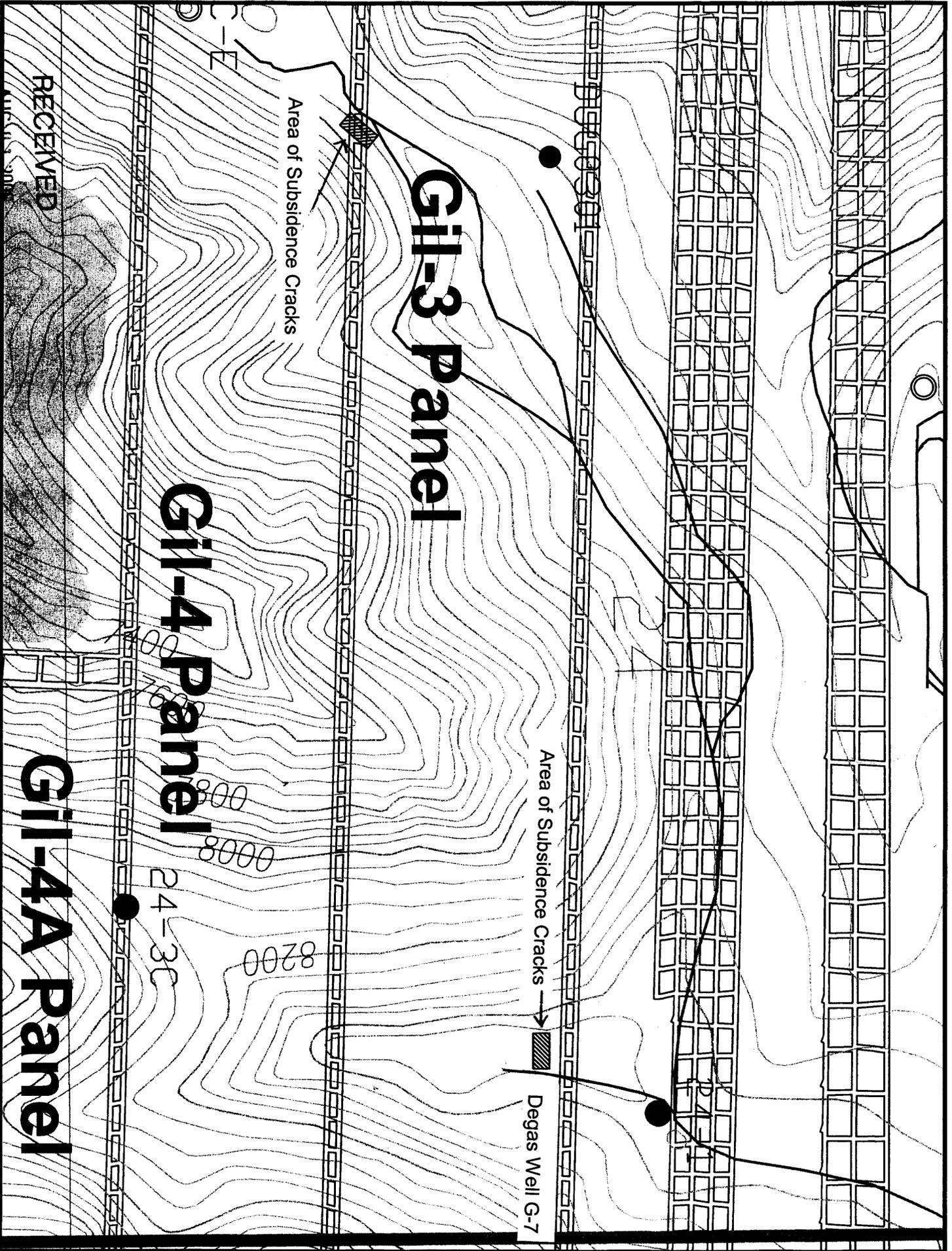
Care will be taken to disturb a minimal amount of soil and vegetation within the work area. Spills of hydrocarbons will be immediately cleaned up and the contaminated materials disposed of properly.

Timing

The field work will commence shortly after receiving approval from the Division to proceed. The anticipated completion will be within a month following approval. Seeding will be done in the Fall of 2006.

Location

A drawing showing the location of the cracks at G-7 has been attached to this document. A drawing showing the location of the both the cracks at G-7 and an adjacent ridge is also included. Access to the site will be on existing roads, no new roads will need to be created.



Gil-3 Panel

Gil-4 Panel

Gil-4A Panel

Area of Subsidence Cracks

Area of Subsidence Cracks →

Degas Well G-7

24-3C

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