

0077

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



September 8, 2006

*Heating
C/007/0039*

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

RE: Coring of Degas Well G-14A, Dugout Canyon Mine, Canyon Fuel Company, LLC,
C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find four copies of revisions to Chapter 6 of the M&RP and Chapter 6 of the Degassification Well Amendment. Due to a lack of coal information in the area adjacent to Well G-14A, we are intending to collect information from the coal seams in the hole being drilled for Degas Well G-14A. A letter requesting permission from SITLA to gather this information is included in this amendment. 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

cc: Dave Spillman
Pete Hess

Refer to Confidential 09082006
file in C/007/0039 2006.
for additional information

RECEIVED

SEP 12 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: Coring of Degas Well G-14A

Description, Include reason for application and timing required to implement:

Geology section of the both the M&RP and the Degassification Amendment have been revised.

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

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

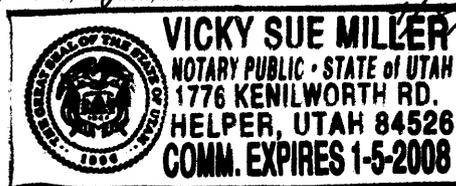
I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

David Spillman
Print Name

David Spillman, Engineering Manager
Sign Name, Position, Date

Subscribed and sworn to before me this 8 day of September, 2006

Vicky Sue Miller
Notary Public



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

For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

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SEP 12 2006

DIV. OF OIL, GAS & MINING

Mining and Reclamation Plan

CHAPTER 6

GEOLOGY

M&RP

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- 13-3C
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- 14-5
- 15-1
- 15-2
- 15-3
- 19-2
- 24-1
- 24-2
- 24-3C
- 24-4C
- HCC-4
- KCC-A
- KCC-E
- MDC-1A
- N-13
- N-14
- N-15
- N-18
- N-19
- N-20

No oil or gas wells are known to exist within the permit area. However, degassification wells have been drilled for releasing gas from the underground mine workings. Refer to the Degassification amendment for additional information.

623 Geologic Determinations

The information required by the Division to make a determination of the acid or toxic forming characteristics of the site strata is presented in Section 624.300 of this M&RP.

The information required by the Division to make a determination as to whether the reclamation plan, described in Section 540, can be accomplished is presented in Section 624.

The information required to prepare the subsidence control program is addressed in Section 624.

625 Additional Geologic Information

It is not anticipated that any additional geologic data will need to be collected for this site. During the drilling of degassification wells geologic data may be collected, refer to Chapter 6 of the Degassification amendment for details.

626 Sampling Waivers

A sampling waiver is not requested at this time for this site.

627 Description of the Overburden Thickness and Lithology

Overburden thickness above the coal seam ranges from approximately 600 feet in the southern portions of the permit area to over 2400 in the northern and northeastern portions (Plate 6-4). Stratigraphically, the overburden consists of the Upper Blackhawk Formation, which contains the coal seams, the Castlegate Sandstone, the Price River Formation, the North Horn Formation, and the Flagstaff Formation as described in Section 624.100 of this M&RP.

630 OPERATION PLAN

631 Casing and Sealing of Exploration Holes

The information addressing regulations for casing and sealing of exploration holes is found in Section 765 of this M&RP. This includes both the temporary and permanent casing and sealing of drilled holes and exploration holes and boreholes.

632 Subsidence Monitoring

Subsidence and subsidence monitoring points are discussed in detail in Section 525 of this M&RP.

Degassification Amendment

CHAPTER 6

GEOLOGY

**DEGAS
AMENDMENT**

Canyon Fuel Company, LLC
Dugout Canyon Mine

Degassification Amendment
~~September 2006~~ August 2003

CHAPTER 6

GEOLOGY

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610 INTRODUCTION

This chapter presents a description of the geologic resources in the area of the Dugout Canyon Mine. Most of this chapter has been compiled from the approved Geology section of the Dugout Canyon Mine, Mining and Reclamation Plan.

611 General Requirements

The geologic resources in the Dugout Canyon Mine area are discussed in Sections 621 through 627 of the M&RP. Information pertaining to the well sites is discussed below.

612 Certification

All maps, plans, and cross-sections presented in this chapter, required by the regulations, have been certified by a professional engineer.

620 ENVIRONMENTAL DESCRIPTION

This section presents a description of the geologic resources in the Dugout Canyon Mine well site areas.

621 General Requirements

This section presents the regional and site-specific geologic information for the Dugout Canyon Mine well sites.

622 Cross Sections, Maps and Plans

Refer to Plate 6-1 of the approved M&RP for geology associated with well site locations.

623 Geologic Determinations

The information required by the Division to make a determination of the acid and toxic forming characteristics of the well site strata is presented in Chapter 2, Appendix 2-4 of the approved M&RP. No acid or toxic forming materials will originate at the well sites.

624 Geologic Information

624.100 Regional Setting

Refer to Section 624 of the approved M&RP.

624.200 Test Boring and Drill Hole Data (overburden removed)

Data will be collected from the coring of Degas Hole G-14A, the information collected will include gas content of the coal, mechanical strength of the roof strata and mineable coal thickness. The coal sequence will be cemented upon completion of the drilling of G-14A. No additional test boring or drill cores are planned at the well sites.

624.300 Test Boring and Drill Hole Data (overburden not removed)

No test boring or drill cores are planned at the well sites.

625 Additional Geologic Information

Data as described in Section 624.200 will be collected. The geologic data collected will be included in Appendix 6-1 of the confidential binder. It is not anticipated that any additional geologic data will need to be collected at the well sites.

626 Sampling Waivers

A sampling waiver is not requested at this time for the well sites.

627 Description of the Overburden Thickness and Lithology

Not applicable to this amendment.

630 OPERATION PLAN

631 Casing and Sealing of Exploration Holes

Not applicable to this amendment.

632 Subsidence Monitoring

See Section 525 for additional information.

640 PERFORMANCE STANDARDS

641 Exploration and Drill Holes

The performance standards used in the casing and sealing of all exploration holes and drill holes are outlined in the approved M&RP, Section 542.700.

642 Monuments and Surface Markers of Subsidence Monitoring Points

The performance standards used in the reclamation of all monuments and surface markers used in subsidence monitoring points are outlined in the approved M&RP, Section 525.