

April 24, 2006

Erwin Sass, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: Refuse Pile Expansion, Canyon Fuel Company, LLC, Dugout Canyon Mine, C/007/0039, Task ID #2418, Outgoing File

Dear Mr. Sass:

The Division has completed its technical review of the proposed Dugout Canyon Mine Refuse Pile Expansion. There are a number of deficiencies that must be adequately addressed before we can consider granting approval of this application. Summaries of the technical deficiencies are identified by the reviewer's initials: [pwb] Priscilla Burton, [whw] Wayne Western, and [dwd] Dave Darby. Specific questions regarding these deficiencies may be directed to these individuals. In order for us to continue to process your application in a timely manner, please respond to these deficiencies by May 21, 2006.

If you have any questions, please feel free to call me at (801) 538-5286 or Priscilla Burton at (435) 613-1146, Ext 207. Thank you.

Sincerely,

D. Wayne Hedberg
Permit Supervisor

PWB/sd
Enclosure
cc: Price Field Office
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SUMMARY OF DEFICIENCIES

Task ID #2418

R645-301-121.200, There is no change to the disturbed area with this amendment. However, existing page 1-9, sec 114, Vol 1., MRP incorporated 6/24/2005 does not correctly state the disturbed acreage. Volume 1, MRP page 1-9 must indicate the currently approved disturbed acreage. [PWB]

R645-301-233, •The plan does not indicate the maximum depth or horizon of soil recovery. •Because the plan suggests there is the potential to recover 106,000 yd³ from the borrow area (RA Table 2-2), the Division calculates that the maximum depth of recovery will be 3.325 ft or 39 inches from the entire 19,8 acres. Further discussion is required on the procedure to be used to ensure adequate revegetation potential at the borrow area as well as at the refuse site. [PWB]

R645-301-512.260, The Permittee must remove the request for an AOC variance. See Section 512.200 of the submittal. [WHW]

R645-301-553.252, The plan in RA Attach 2-2 describes blending of six inches of waste with six inches of soil to create an amended layer of waste rock that will serve as a transition layer. •The plan should further describe the method of mixing the cover material and the surface six inches of refuse. •The plan must also specify that this reduced cover allowance is contingent upon continued evidence (through sampling and analysis) of the waste non-toxic and non-acidic nature of the waste rock. [PWB]

R645-301-720, R645-301-730, and R645-301-760, The Permittee shall submit baseline, operational and reclamation hydrology information pertaining to the Borrow Area. [DWD]