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Outgoing 00070039

From: Pete Hess
To: John Blake
Date: 8/28/2006 8:04:45 AM
Subject: Re: Degas Well G-7 @ Dugout Canyon Mine

There is no coal recovery involved...

>>> John Blake 08/25/06 10:03 AM >>>

Will the scope of work preclude the recovery of any coal from the property? If not, then SITLA has no concerns with the project. Thank you.

>>> Pete Hess 8/25/2006 9:18 AM >>>

Gentlemen...

Canyon Fuel Company reported the discovery of some surface cracks which are obviously the result of the extraction of the GIL-3 longwall panel at degas well site G-7 on June 27, 2006. The surface location of G-7 is on private land, but the two borings installed assist in the extraction of Federal coal on the west boring and SITLA coal on the east boring.

The cracks were inspected by the Division on June 28, 2006. Based on that inspection, the OGM inspector made a determination that material damage had not occurred in the area.

The G-7 well site sits right in the tension zone of the panel adjacent to a barrier pillar.

The DOGM requested that the Permittee submit a plan to repair the cracks, which they did on July 28, 2006.

The Utah DWR inspected the cracks on July 11, 2006 and determined that only one of them was a concern to wildlife.

The Division has reviewed the submitted plan and is ready to approve same for implementation. However, the Division would like to offer your agencies the opportunity to review this same Scope of Work proposal to repair the cracks, prior to sending out the DOGM approval.

We sincerely apologize for not forwarding this Scope of Work proposal to your agencies in a timely manner for review. If you feel your agencies should review the plan, please let me know ASAP. As the Scope of Work proposal is only three pages, I can FAX your agencies a copy of same if you feel there is a need to review the Scope of Work document.

Thank you.