

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
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**Division of
Oil, Gas & Mining**

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Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 25, 2007

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

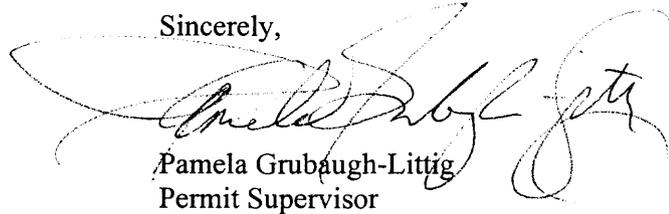
Subject: Denial of 600 - Acre Permit Area Expansion, Canyon Fuel Company, LLC,
Dugout Mine, C/007/0039, Task ID #2730

Dear Mr. Sass:

The 600-acre permit area expansion is denied and the application is being returned to you. On a conference call on January 19, 2007 this application was discussed and it is our understanding that new areas will need to be included as part of the application. The new application will need to be complete and accurate and include the necessary resource and operation information.

If you should have any questions, please call me.

Sincerely,



Pamela Grubaugh-Littig
Permit Supervisor

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cc: Price Field Office
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