

C/007/039 Incoming #3037

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



August 18, 2008

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

RE: Notice of Intent (NOI) to Conduct Minor Coal Exploration on behalf of Canyon Fuel Company, LLC – Dugout Canyon Mine

Dear Sirs:

Ark Land Company (a subsidiary of Arch Coal Inc.) and Dugout Canyon Mine are submitting this Notice of Intent (NOI) to Conduct Minor Coal Exploration to the Utah Division of Oil, Gas and Mining (Division) in order to obtain approval to conduct coal exploration in 2008. Two holes are planned to be drilled utilizing rubber-tired drilling rigs to obtain spot cores of the coal seams and associated strata. All exploration activities will occur on private surface held by the Milton and Ardith Thayn Trust. Coal ownership is leased through the State of Utah (SITLA ML-48435-OBA). The drill sites are located within the Mining Permit Boundary of the Dugout Canyon Mine (Permit number C/007/039). This NOI follows the format of the applicable parts of Division rules (R645-200 through R645-203) regarding the exploration of coal.

We will need to start the exploration drilling as soon as possible. We have selected and contacted a drilling contractor and would appreciate an estimated drilling approval/start date.

Ark Land Company has provided four copies of the NOI to the Division for review and distribution to other agencies. One of the four copies contains a confidential colored copy of the archeological report this copy should be given to Joe Helfrich for review. An additional copy has been delivered to the Price Field office.

Please call with questions (435) 636-2869 (Vicky Miller) or Alex Papp at (435) 613-2830.

Sincerely yours,

Vicky S. Miller

cc: Dave Spillman
Alex Papp

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DIV. OF OIL, GAS & MINING