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*JK C/007/039 Incoming
cc: Joe*

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



September 10, 2008

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

RE: Permit Area Expansion – Task ID #2958, Addition of 240 Acres of Federal Lease U-07064-027821 to Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Sirs:

Attached please find four copies of revisions to the M&RP associated with the addition of 240 acres to the permit area (Federal Lease U-07064-027821) for Dugout Canyon to accommodate a revised mine plan. The attached revised text will be located in Chapter 3 of the M&RP.

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,

A handwritten signature in cursive script that reads "Vicky S. Miller".

Vicky S. Miller

cc: Dave Spillman
Steve Christensen
Joe Helfrich
Pete Hess

RECEIVED
SEP 10 2008

DIV. OF OIL, GAS & MINING

SUFCO Mine

□

Skyline Mines

□

Dugout / Soldier Canyon Mines

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: Task Id # 2958 - Address Deficiencies to Permit Area Expansion, Addition of 240 Acres Federal Lease U-07064

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

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

- Yes No 1. Change in the size of the Permit Area? Acres: 240 Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?

Explain: _____

- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes 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

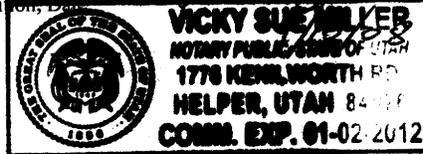
David Spillman, Engineering Manager
Sign Name, Position, Date

Subscribed and sworn to before me this 10 day of SEPT, 2008

Vicky Sue Miller
Notary Public

My commission Expires: 1-2, 2012

Attest: State of UTAH } ss:
County of CARBON



For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

RECEIVED
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DIV. OF OIL, GAS & MINING

NOTARY PUBLIC - STATE OF UTAH
MY COM. EXPIRES 01-15-2011
SUE ANN WICKY
HELPER, UTAH



habitat for or encounter *Euderma maculatum* by mist net, via detectors or during audible bat transects".

Windy Gap Process as it Applies to Existing Coal Mines in the Upper Colorado River Basin

Per meetings with Division of Water Quality personnel during application for a UPDES permit in 2004, "there is no data supporting the premise that surface waters associated with the area of the mine operations reached the Price River or Colorado River prior to or since mining disturbance".

Mining Consumption:

Culinary Water is purchased by Lee Water Management from Price River Water Improvement District (PRWID) and hauled and sold by Lee Water Management to Dugout Canyon Mine.

Estimated **Purchased** Gallons/yr: (Used in Longwall) 3,239,700

Ventilation Consumption/Evaporation (source Phil Patton, Ventilation Engineer):

52,790 gallons x 365 days = 19,268,350 gallons/yr

Coal Producing Consumption/Coal Moisture Loss:

	Gallons water/yr	19,638,091
Projected Tonnage Annually 2008 - 2012		4,500,000 tons
Water added to coal produced -	4.03% inherent moisture - source Dugout Geologist	
	5.80% run-of-mine moisture - year to date average	
	1.77% moisture added to coal by cutting operation	

Mine Discharge: Average 0.65 mgpd of which 3,000,000 gallons per year are purchased culinary water from Lee Water Management.

Sediment Pond Evaporation:

Mine Site Pond	0.107 acres (surface area)
	18.1 in/yr precipitation (high estimate based on HCl Technical Memo, August 22, 2002)
	0.16 ac/ft = 7030 gallons/yr
Refuse Pile Pond	0.41 acres (surface area)
	9 in/yr precipitation
	0.31 ac/ft = 5612 gallons/yr (five month period, high estimate)

Dust Suppression - 3,500 gallons per truck load, 3 loads per day, for 30 days = 315,000 gallons plus 3,000 per truck load, 1.25 loads per day, for 45 days = 168,750. Total: 483,750 gallons per year.

The Following are **Not Applicable**: Spring and Seeps Effects From Subsidence, Alluvial Aquifer Abstractions into Mines, Alluvial Well Pumpage, Deep Aquifer Pumpage, Postmining Inflow to Workings and Direct Diversions.

Should it be determined in 2008 as defined by United States Fish and Wildlife Service's (USFWS) protocol that a fee is warranted for the consumption of water as calculated above by Dugout Canyon Mine, the permittee will comply with the payment of the fee.