

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

C0070039, Incoming Joe H.

R CC: Damon
Steve C.
#3724 

January 21, 2011

Assessment Officer
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 Violation #10072, Fine Assessment and Abatement Action
Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Sir:

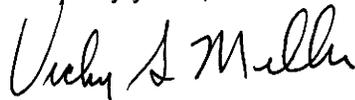
Information has been submitted under separate cover to the coal regulatory program designating a monitoring location as required for abatement action. We would appreciate your considering this action as the fines are assessed for the above referenced Notice of Violation. Upon approval of the submitted information, Dugout will begin to monitor the "MP" site.

Dugout personnel are working closely with hired chemists, scientists and engineers to develop a system and refine the treatment(s) of water currently being encountered underground. The process is ongoing and will continue until the water being discharged is compliant with UPDES limits.

We have met the requirements of the Division of Water Quality (DWQ) and are working closely with their personnel to develop and implement a treatment plan. At the time of this letter, DWQ has not approved the treatment plan we submitted or agreed upon a compliance schedule. To enable Dugout to meet the treatment plan requirements for both DOGM and DWQ, we are waiting for approval by DWQ and additional information to be supplied by our consultants. We will then be prepared to provide the plan to the Utah Division of Oil, Gas and Mining to address the remaining actions for abatement.

If you have questions or need clarification of what has been written, please call me at (435)636-2869.

Sincerely yours,



Vicky S. Miller

cc: Dave Spillman

RECEIVED

JAN 24 2011

DIV. OF OIL, GAS & MINING