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Canyon Fuel Company, LLC
SUFCO Mine
397 South 800 West
Salina, Utah 84654
(435) 637-4880 Fax: (435) 636-4499

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DIV. OF OIL, GAS & MINING

November 23, 1998

Ms. Mary Ann Wright
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, UT 84114-5801

Copy this letter & letter to Steve Falk (2-sided) ACT/041/002 #2 to Mary Ann / Pamon & Joe

Re: Application for Underground Exploration Access to Westerly Entries on 150 Acre Lease Modification toU-63214

EXPLORATION

Dear Ms. Wright:

Enclosed is a copy of an application for underground exploration access to the Westerly entries on the 150 acre Lease Modification to U-63214. Canyon Fuel Company, LLC, applied for a lease modification in December, 1997 for 150 acres of reserves that are isolated by Lease U-63214, the Pines Tract and Box Canyon.

SUFCO is preparing an Incidental Boundary Change Amendment to include the 150 acre lease modification to U-63214 in the permitted area of the SUFCO Mine M&RP.

If you have questions or need additional information, please contact myself or Wess Sorensen at the SUFCO Mine, (435) 637-4880.

Sincerely,
CANYON FUEL COMPANY, LLC
SUFCO Mine

Kenneth E. May
General Manager

Encl.

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Canyon Fuel Company, LLC
SUFCO Mine
397 South 800 West
Salina, Utah 84654
(801) 637-4880 Fax: (801) 636-4499

November 20, 1998

Mr. Steve Falk
Bureau of Land Management
125 South 600 West
Price, UT 84501

Dear Mr. Falk:

Canyon Fuel Company, LLC applied for a lease modification in December 1997 for 150 acres of reserves that are isolated by Lease U-63214, the Pines Tract and Box Canyon. This reserve block is estimated to contain 3.4 million tons of recoverable reserves. If these reserves are not recovered as an extension of the 14L4E longwall panel at the SUFCO Mine they will most likely be bypassed because of their location. In any case maximum economic recovery of these reserves would best be implemented from the 14L4E longwall.

The 13L4E mining section is currently developing gate entries near the end of the 13L4E longwall. This activity and the associated bleeder entries is expected to be completed in December 1999. The westerly entries along the 150 acre lease modification need to be driven as an extension of the 13L4E gate road. This activity could start as early as January 5, 1999, if permission to mine on the lease modification was in hand. Because the 150 acre lease modification was included with the Pines Tract EIS as a connected action this will not be possible. An optimistic date for a Record of Decision on the Pines Tract EIS and the 150 acre lease modification is the end of January 1999, with the associated appeal period and approvals, permission before April 15, 1999 is unlikely.

Meetings between Canyon Fuel Company, Manti-LasSal National Forest and the Bureau of Land Management concluded that the most expeditious way to obtain access would be to apply for a exploration access for the westerly entries through the BLM. The Manti-LaSal Forest would handle scoping of the action. If no adverse comments were received regarding the issuance of an exploration access, the BLM could approve such an access.

Enclosed is an application for the underground exploration access on Standard Form 299.

If you have questions or need additional information, please contact myself or Wess Sorensen at SUFCO.

Sincerely,
CANYON FUEL COMPANY, LLC
SUFCO Mine

Kenneth E. May

Kenneth E. May.
Mine Manager

WKS:kb

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