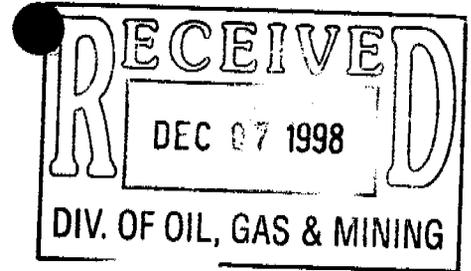




Canyon Fuel Company, LLC
 SUFCO Mine
 397 South 800 West
 Salina, Utah 84654
 (435) 637-4880 Fax: (435) 636-4499

0070



December 1, 1998

Utah Coal Regulatory Program
 Permit Supervisor
 Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 P.O. Box 145801
 Salt Lake City, Utah 84114-5801

*Sent fax to
 Ron Singh
 12/2/98*

RE: 150-Acre Lease Modification, SUFCO Mine, ACT/041/002

#2 Copy Aaron

Dear Permit Supervisor:

Canyon Fuel Company, SUFCO Mine is pleased to submit this permit modification for the SUFCO Mine, ACT/041/002. This submittal is an application to modify the existing MRP to incorporate a 150-acre expansion of the existing lease area. The purpose of the expansion is to allow for the immediate construction of gate roads and entries and future recovery of the resulting longwall panel extension with the 14L4E longwall panel in the year 2000. Because of current mining plans and the overall mine layout, this area must be permitted now to allow mining of the modification area without disruption to mining operations at SUFCO in early 1999.

This submittal includes modifications to several existing plates, text in several of the chapters, and the PHC. Following is a brief description of the changes made to the existing MRP and an explanation for those changes.

Chapter 1:

Pages 1-34 and 1-37 were modified to incorporate the additional 150-acre lease modification into the existing lease. The description of the lease area and total acreage were modified as needed.

Chapter 2:

Since no surface disturbance is planned for this area, no additional soils data was added to the MRP.

Chapter 3:

No text changes were made to this section since the area added to the permit is not unique to the existing lease and the descriptions and conclusions reached in this chapter are applicable to the lease modification area. However, Plate 3-1 "Plant Communities and Reference Areas, Plate 3-2 "Elk Range", and Plate 3-3 "Deer Range and Raptor Nests" were modified to include the lease modification area.

Chapter 4:

The text of Chapter 4 was not modified since, as described previously, the area is not unique and the descriptions already provided in this chapter are adequate for the lease modification. However, Plate 4-1 "Land Uses" was modified to include the new area.

Chapter 5:

The text of Chapter 5 was not modified since, as described previously, the area is not unique and the descriptions already provided in this chapter are adequate for the lease modification. Plate 5-1 "Previously Mined Areas", Plate 5-2C "Detail of Portal Facilities", Plate 5-5 "Existing Surface and

Subsurface Facilities and Features”, Plate 5-6 “Land Ownership”, Plate 5-7 “Upper Hiawatha Mine Plan-5 Year Projection”, Plate 5-8 “Lower Hiawatha Mine Plan”, and Plate 5-10 “Potential Subsidence Limits” were modified to either update them with new mining information and/or to include the lease modification area.

Chapter 6:

The text of Chapter 6 was not modified since, as described previously, the area is not unique and the descriptions already provided in this chapter are adequate for the lease modification. Plate 6-1 “Geology and Drillhole Location Map with Proposed Drill Holes” was updated to illustrate the lease modification area.

Chapter 7:

Page 7-39, Table 7-2 “Water Monitoring Program” was updated to include a new monitoring site in the lease modification area. The remainder of the text was adequate to describe the effects on mining the lease modification area without modifications. Plate 7-2 “Surface and Groundwater Rights”, Plate 7-3 “Hydrologic Monitoring Stations”, and Plate 7-8 “Watersheds Draining to the East Spring Canyon Surface Facility” were updated to include the lease modification area.

Chapter 8:

Chapter 8 was not modified since, as described previously, the area is not unique and the descriptions already provided in this chapter are adequate for the lease modification. Since there is no surface disturbance of surface facilities planned for this area, no additional bonding is required. No plates were modified.

Chapter 9:

No changes to the text were made since mining will not occur under any alluvial valley fills. Plate 9-1, however, was modified to illustrate the location of the lease modification area.

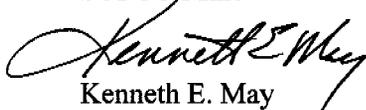
Appendix 7-17 PHC:

An addition to Appendix 7-17 is being submitted. This addition includes baseline information regarding an additional groundwater monitoring location, spring Pines-206. However, since the additional 150 acres is similar to the existing lease and is not unique, significant modifications to the PHC were not needed or made. The conclusion drawn in the PHC applies to the lease modification area.

As you know, SUFCO is currently pursuing the leasing of the Pines Tract which is east and northeast of the lease modification area. To date, extensive soils, biologic, wildlife, air quality, land use, subsidence, geologic, and hydrologic information has been gathered. Much of this information will be submitted to the Division when the permit for this area is completed.

Your timely review and approval of the 150 acre lease modification request as an incidental boundary change will be greatly appreciated. This action will allow continued operations of all mining sections at the SUFCO Mine and recovery of the reserves in lease modification area.

Sincerely,
CANYON FUEL COMPANY, LLC
SUFCO Mine


Kenneth E. May
General Manager

Encl.

APPLICATION FOR PERMIT PROCESSING

<input checked="" type="checkbox"/> Permit Change X	<input type="checkbox"/> New Permit	<input type="checkbox"/> Renewal	<input type="checkbox"/> Transfer	<input type="checkbox"/> Exploration	<input type="checkbox"/> Bond Release	Permit Number: ACT/041/002
Title of Proposal: 150-Acre Lease Modification to Lease U-63214						Mine: SUFCO MINE
						Permittee: CANYON FUEL CO., LLC

Description, include reason for application and timing required to implement: Lease Modification for 150 acres of reserves that are isolated by Lease U-63214, the Pines Tract and Box Canyon. Need approval by January 1999 to fit into mining schedule.

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? 150 acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	2. Is the application submitted as a result of a Division Order? DO # _____
<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	6. Does the application require or include public notice/publication?
<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	9. Is the application submitted as a result of a Violation? NOV # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	11. Does the application affect the surface landowner or change the post mining land use?
<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input checked="" type="checkbox"/> X Yes	<input type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

Attach 8 complete copies of the application.

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. (R645-201-123)

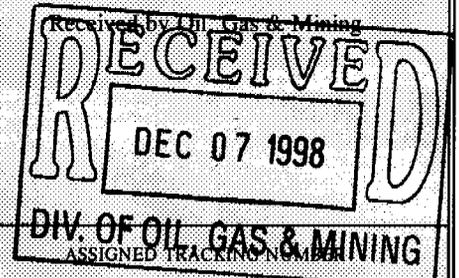
Kenneth E. May 12/2/98
 Signed - Kenneth E. May, General Manager, Date

Subscribed and sworn to before me this 2nd day of Dec., 1998.

Ella Ruth Wayman
 Notary Public

My Commission Expires: _____, 19____
 Attest: STATE OF _____
 COUNTY OF _____

Notary Public
 ELLA RUTH WAYMAN
 53 North 500 West
 Aurora, Utah 84620
 Commission Expires
 December 16, 1993
 State of Utah



Application for Permit Processing Detailed Schedule of Changes to the MRP

Title of Application: 150-Acre Lease Modification to Lease U-63214

Permit Number: ACT/041/002

Mine: SUFCO MINE

Permittee: CANYON FUEL CO., LLC

Provide a detailed listing of all changes to the mining and reclamation plan which will be required as a result of this proposed permit application. Individually list all maps and drawings which are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise the existing mining and reclamation plan. **Include page, section and drawing numbers as part of the description.**

			DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Pages 1-34, and 1-37 in Chapter 1, Volume 1 of MRP.
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Page 7-39 in Chapter 7, Volume 2 of MRP.
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plates 3-1, 3-2, and 3-3 in Chapter 3, Volume 1 of MRP.
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plate 4-1 in Chapter 4, Volume 1 of MRP.
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plates 5-1, 5-2C, 5-5, 5-6, 5-7, 5-8, and 5-10 in Chapter 5, Volume 1 of MRP.
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plate 6-1 in Chapter 6, Volume 2 of MRP.
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plates 7-2, 7-3, and 7-8 in Chapter 7, Volume 2 of MRP.
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plate 9-1 in Chapter 9, Volume 2 of MRP.
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Addition to Appendix 7-17 PHC at the back of Appendix 7-17, Volume 10 of MRP.
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
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<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

December 4, 1998

Ken May, General Manager
Canyon Fuel Company, LLC
397 South 800 West
Salina, Utah 84654

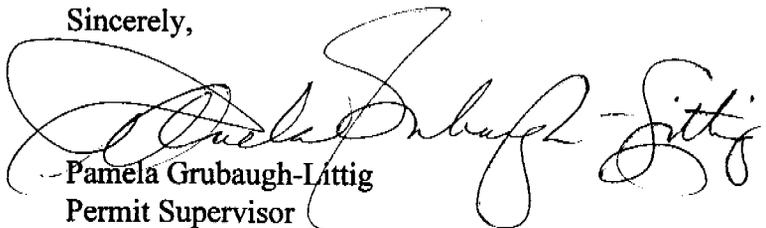
Re: Update of Binder Cover Sheets, Canyon Fuel Company, LLC, SUFCO Mine,
ACT/041/002-98G, File #2, Sevier County, Utah

Dear Mr. May:

The above referenced amendment has been approved. Enclosed are your copies of the binder covers.

If you have any questions, please call.

Sincerely,



Pamela Grubaugh-Littig
Permit Supervisor

tam

Enclosure: Updated Binder Covers

cc: Ranvir Singh, OSM
Richard Manus, BLM
Janette Kaiser, USFS, 2 copies
Rob Mrowka, USFS
Mark Page, Water Rights, w/o
Dave Ariotti, DEQ, w/o
Bill Bates, DWR, w/o
Price Field Office

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