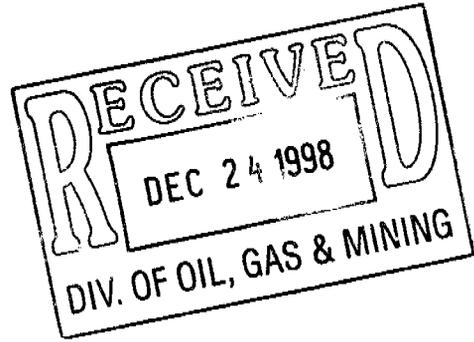


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Canyon Fuel Company, LLC
Skyline Mines
H.C. 35 Box 380
Helper, Utah 84526
435/448-6463 Fax: 435/448-2632



December 21, 1998

Coal Regulatory Program
Attn: Mr. Daron Haddock
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

ACT/041/002 #7

RE: Third Quarter 1998 Water Monitoring Report for the SUFCo Mine

Dear Mr. Haddock:

As required by the SUFCo Mining and Reclamation Plan, the results of the 1998 third quarter water monitoring effort are being hereby reported. No new sites have been identified nor have any monitoring sites been discontinued. If you have questions regarding this report, please contact either Mike Davis at (435) 636-4421 or me at (435) 448-2669.

Sincerely,

A handwritten signature in cursive script that reads 'Chris D. Hansen'.

Chris D. Hansen
Environmental Coordinator
Canyon Fuel Company, LLC

cc: Mike Davis, SUFCo