

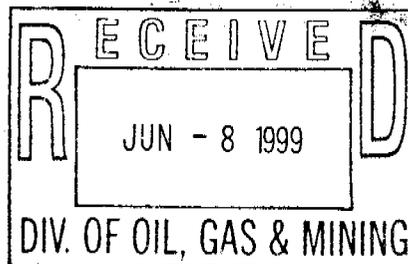


Canyon Fuel Company, LLC
SUFCO Mine
397 South 800 West
Salina, Utah 84654
(435) 637-4880 Fax: (435) 636-4499

C039

June 2, 1999

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



RE: 960-Acre Pines IBC Lease Modification, SUFCO Mine, ACT/041/002 #2

Dear Permit Supervisor:

Canyon Fuel Company, SUFCO Mine is pleased to submit this permit modification for the SUFCO Mine, ACT/041/002. Canyon Fuel Company was the successful bidder on the Pines Tract sale held May 20, 1999. This submittal is an application to modify the existing permit to incorporate 960 acres of the Pines Tract into the existing lease area as a IBC. The purpose of the expansion is to allow for the immediate construction of gate roads and entries for the future recovery of the resulting longwall panel. Because of current mining plans and the overall mine layout, this area must be permitted now by August 30, 1999 to allow mining of the modification area without disruption to mining operations at SUFCO in September 1999.

The Right of Entry from the Bureau of Land Management will be provided for the 960-Acre Pines IBC area as soon as SUFCO receives it from the BLM. The lease approval date will also be updated on page 1-35 at the same time. 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 permit and an explanation for those changes.

Chapter 1:

Pages 1-33 to 1-37 were modified to incorporate the additional 960-acre IBC into the existing permit. The description of the lease area and total acreage were modified as needed. Pages 1-24 to 1-29 were modified to update the List of Violations.

Chapter 2:

Pages 2-iii, 2-3, 2-8 and new Appendix 2-7 were modified to incorporate the additional 960-acre IBC into the existing permit. New Plate 2-2 "Soil Types Pines Tract" was added to include the 960 acres.

Chapter 3:

Pages 3-4 and 3-19 were modified to incorporate the additional 960-acre IBC into the existing permit. 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 960 acres.

Chapter 4:

The text of Chapter 4 was modified to incorporate the additional 960-acre IBC into the existing permit. Plate 4-1 "Land Uses" was modified to include the 960 acres.

Chapter 5:

The text of Chapter 5 was not modified since the area added to the permit is not unique and the descriptions and conclusions reached in this chapter are adequate for the lease modification. Plate 5-1 "Previously Mined Areas", Plate 5-2C "Detail of Portal Surface Facilities", Plate 5-5 "Existing Surface and Subsurface Facilities and Features", Plate 5-6 "Land Ownership and Permit Area Map", and Plate 5-10 "Potential Subsidence

Limits” were modified to either update them with new mining information and/or to include the 960 acres. New Plate 5-11 “Overburden Isopach Map” was added to the MRP.

Chapter 6:

The text of Chapter 6 was modified to incorporate the additional 960-acre IBC into the existing permit and to incorporate the heading name change from Coastal States Energy to Canyon Fuel Company. Plate 6-1 “Geology and Drillhole Location Map with Proposed Drill Holes” was updated to include the 960 acres. New Plate 6-3 “Geologic Cross-Section B-B’ ” and Plate 6-4 “Geologic Cross-Section C-C’ ” were added to illustrate the 960 acres.

Chapter 7:

The text of Chapter 7 was modified to incorporate the additional 960-acre IBC into the existing permit. 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 960 acres.

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 960-acre IBC. Since there is no surface facilities disturbance 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 “Alluvial Valley Floor Characteristics Determination”, however, was modified to illustrate the location of the 960 acres.

Appendix 7-17 PHC:

An addition to Appendix 7-17 is being submitted. This addition includes baseline information regarding additional groundwater monitoring locations. However, since the additional 960 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.

SUFCO is currently pursuing the permitting of the complete Pines Tract. 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 in the complete Pines Tract permit application.

Your timely review and approval of the 960-acre expansion into the Pines Tract as an incidental boundary change will be greatly appreciated. This action will allow continued operations of all mining sections at the SUFCO Mine.

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: 960-Acre Lease Modification to Lease UTU-76195, the Pines Tract. | | | | | | Mine: SUFCO MINE |
| | | | | | | Permittee: CANYON FUEL CO., LLC |

Description, include reason for application and timing required to implement: Lease Modification for 960 acres of reserves that are located in Lease UTU-76195, the Pines Tract. This permit amendment is needed by August 30, 1999 to meet planned mine development.

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"/> Yes | <input type="checkbox"/> No | 1. Change in the size of the Permit Area? 960 acres Disturbed Area? _____ acres <input checked="" type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO # _____ |
| <input checked="" type="checkbox"/> 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"/> No | 4. Does application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 5. Does application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice/publication? |
| <input checked="" type="checkbox"/> 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"/> 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"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input checked="" type="checkbox"/> 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"/> 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"/> 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"/> No | 15. Does application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 19. Does the application require or include certified designs, maps, or calculations? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 21. Have reclamation costs for bonding been provided for? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

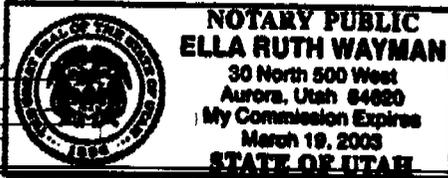
Attach 8 complete copies of the application.

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. (R645-301-123)

Signed - Kenneth E. May, General Manager - Date _____

Subscribed and sworn to before me this 7th day of June, 1999

Ella Ruth Wayman
Notary Public



My Commission Expires: STATE OF COUNTY OF

Received by Oil, Gas & Mining

R E C E I V E D

JUN - 8 1999

ASSIGNED TRACKING NUMBER

DIV. OF OIL, GAS & MINING

Application for Permit Processing Detailed Schedule of Changes to the MRP

Title of Application: **960-Acre Lease Modification to Lease UTU-76195, the Pines Tract.**

Permit Number: **ACT/041/002**

Mine: **SUFECO MINE**

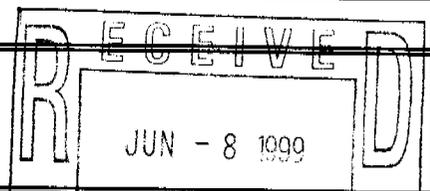
Permittee: **CANYON FUEL CO., LLC**

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

| | | | DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED |
|---|---|---------------------------------|---|
| <input type="checkbox"/> ADD | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Replace pages 1-24 to 1-31 with new pages 1-24 to 1-29 in Chapter 1, Volume 1 of MRP. |
| <input type="checkbox"/> ADD | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Pages 1-33 to 1-37 in Chapter 1, Volume 1 of MRP. |
| <input type="checkbox"/> ADD | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Pages 2-iii, 2-3, 2-8, and 2-9 in Chapter 2, Volume 1 of MRP. |
| <input type="checkbox"/> ADD | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Page 3-4 and 3-19 in Chapter 3, Volume 1 of MRP. |
| <input checked="" type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Page 3-4A in Chapter 3, Volume 1 of MRP. |
| <input type="checkbox"/> ADD | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Page 4-6A in Chapter 4, Volume 1 of MRP. |
| <input checked="" type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Page 4-6B in Chapter 4, Volume 1 of MRP. |
| <input type="checkbox"/> ADD | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Pages 5-vi in Chapter 5, Volume 1 of MRP. |
| <input type="checkbox"/> ADD | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Chapter 6 complete in Volume 2 of MRP. |
| <input type="checkbox"/> ADD | <input checked="" type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Page 7-7, 9, 13 to 16, 18, 20, 23, 29A, 30, 34, and 39 in Chapter 7, Volume 2 of MRP. |
| <input checked="" type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Page 7-7A, 7-9A, 7-16A, 7-20A, and 7-39A in Chapter 7, Volume 2 of MRP. |
| <input checked="" type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Add new Plate 2-2 in Chapter 2, Volume 1 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, and 5-10 in Chapter 5, Volume 1 of MRP. |
| <input checked="" type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Add new Plate 5-11 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 checked="" type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Add new Plates 6-3 and 6-4 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 | Right-of-entry addition at the back of Appendix 1-1 in Volume 4 of MRP. |
| <input checked="" type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | New Appendix 2-7 in Volume 4 of MRP. |
| <input checked="" type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | New Pines Water Right Data Sheets at the back of Appendix 7-1 in Volume 9 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 in Volume 10 of MRP. |
| <input type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | |
| <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?



DIV. OF OIL, GAS & MINING