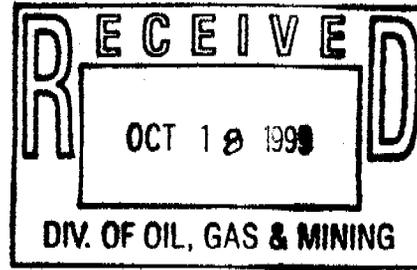




Canyon Fuel Company, LLC
SUFCO Mine
397 South 800 West
Salina, Utah 84654
(801) 637-4880 Fax: (801) 636-4499

0071



October 12, 1999

Ms. Janette S. Kaiser
U. S. Forest Service
Manti-LaSal National Forest
599 Price River Drive
Price, UT 84501

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

Re: Link Canyon Substation

ACT/04/002 # 2

Dear Ms. Kaiser/Permit Supervisor:

SUFCO Mine permitted and constructed the Link Canyon Substation Pad with associated boreholes for a power supply into the mine. As you are aware underground difficulties have made it impossible to go ahead with the project as permitted. The first in mine borehole to the surface encountered a hot void 650 ft from its collar location in the 4 East mains. This area was underneath the Upper Hiawatha Coal Seam and was believed to be in one of the Lower Hiawatha Coal Seams. Temperatures in excess of 180°F were encountered. These temperatures are higher than allowable for the power cable so this hole was abandoned and plugged with cement.

Because the power supply is critical for longwall mining in our next longwall panel and the Pines Lease, we are continuing to pursue drilling a hole to the surface in Link Canyon. Currently the horizontal drillers have been setup in the Pines North entries and are drilling toward the location shown on the enclosed map. A void was encountered in the Upper Hiawatha Coal Seam at a distance of 1140 ft from the entry. This void was drilled under and the coal zone reentered at 1239 ft which also showed a void. This process was repeated a third time with reentry at 1430 ft with a void zone. The coal is believe to be burned in this area and further attempts to drill in the coal seam were abandoned. The hole was redirected at about 875 ft into the rock below the coal seam and has been drilled to 1600 ft. We believe we can finish drilling the hole the additional 800 ft to the punch out point indicated on the enclosed map by staying in the rock below the coal seam.

SUFCO requests that the location of the punch out be moved about 0.4 miles up the canyon to the site indicated on the enclosed map and that the hole be allowed to punch out as previously approved. The punch out site is adjacent to the Link Canyon Road and is located on the old tramway bench of the Link Canyon Mine just south of the road. A pile of wood debris would be cleaned up and disposed of at the site. It would also be necessary to lengthen the existing turn out off the road at the site by about 30 ft to construct a 20 ft wide x 30 ft long pad at the south end of the turn out. Soils in this area have all ready been disturbed and disseminated. A conscientious effort would be made to store soil material where it

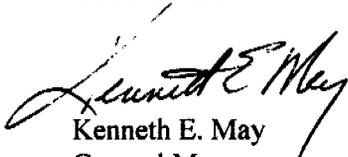
can be reclaimed. This pad would have an earthen berm constructed around it to contain drilling water that would be released when the hole is punched out. A silt fence would be used to drain the water from the pad area across the road into the existing drainage channel. It is estimated that the volume of water to be released during the punch out would be 1,000 gallons. Permission is also requested to pull a 2" HDPE casing into the hole to preserve it as a communication hole to the substation. If this can be done successfully, it is further requested that two additional boreholes as originally permitted be allowed to be drilled while the drilling contractor is on site. These holes would be back reamed with the cuttings being collected outside and the drilling fluid being pumped back into the mine through the 2" HDPE casing for proper treatment prior to being discharged through the approved NPDES point as previously approved.

Quick approval is requested for this action because of the horizontal drilling contractor being onsite. The punch out could be made with your permission as early as Thursday, October 14, 1999. The drilling contractor is one of only a few specialists in this area of expertise, and as such, they are in constant demand. They are based out of Pennsylvania and have been mobilized here at considerable expense. They have other drilling commitments in Pennsylvania and West Virginia over the next couple of months.

SUFCO commits to reclaim the punch out site regardless of whether it can be used. The area of disturbance is small, less than 0.02 acres. The existing bond is adequate to cover this amount of disturbance. If the punch out is successful SUFCO would like to extend the power line the additional 0.4 miles up the canyon and build a substation pad on the existing tramway bench. In an onsite discussion with representatives of the USFS and DOGM today, it is believed that the power line extension and substation relocation could be part of a modification to the EA for the existing project. If this modification is not approved SUFCO will reclaim the punch out site and plug and reclaim any boreholes that may be at the site. Of course if the new site is approved, SUFCO would reclaim the existing substation pad.

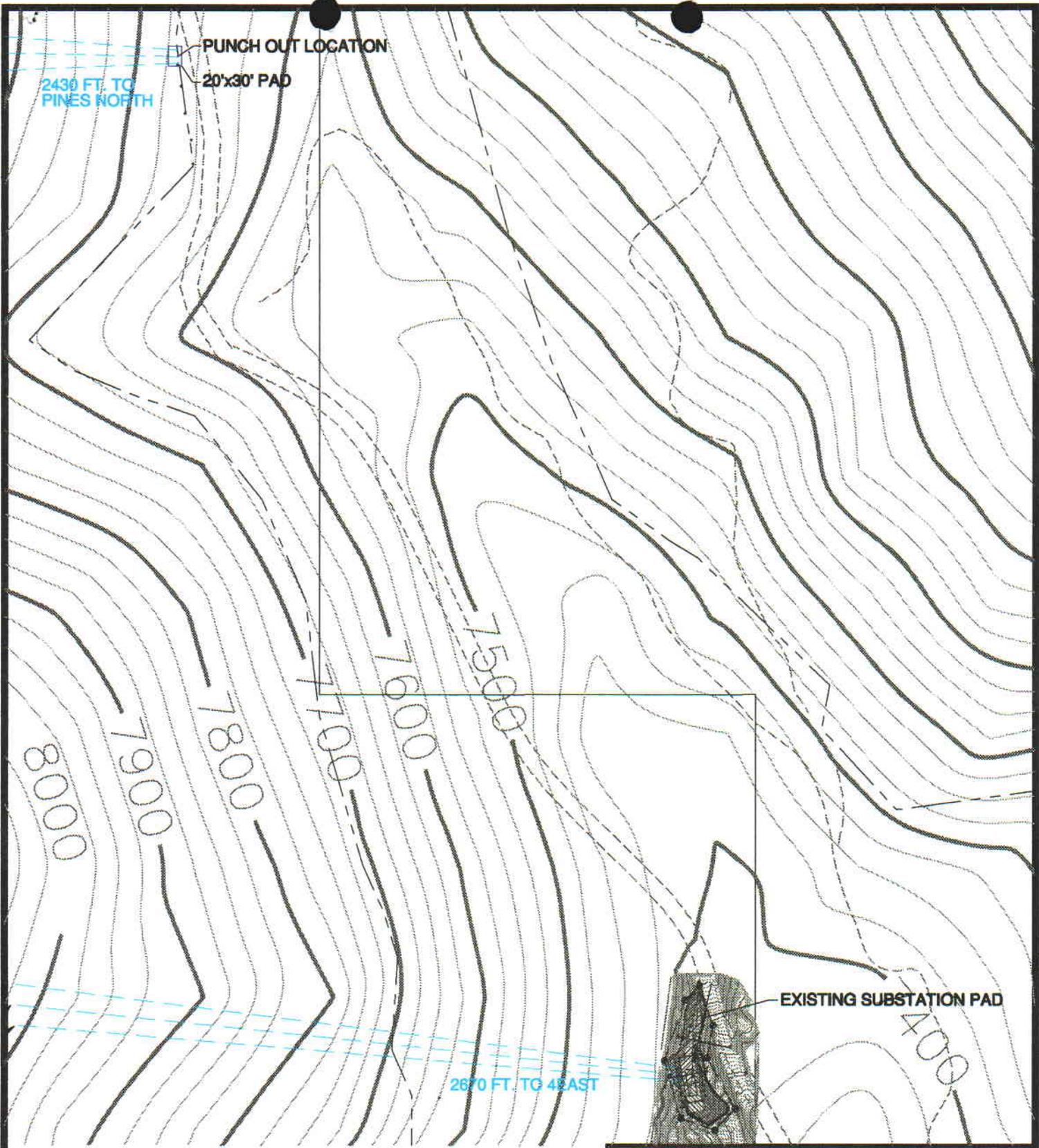
If you have any questions, please contact Wess Sorensen at (435) 637-4880.

Sincerely,
CANYON FUEL COMPANY, LLC
SUFCO Mine



Kenneth E. May
General Manager

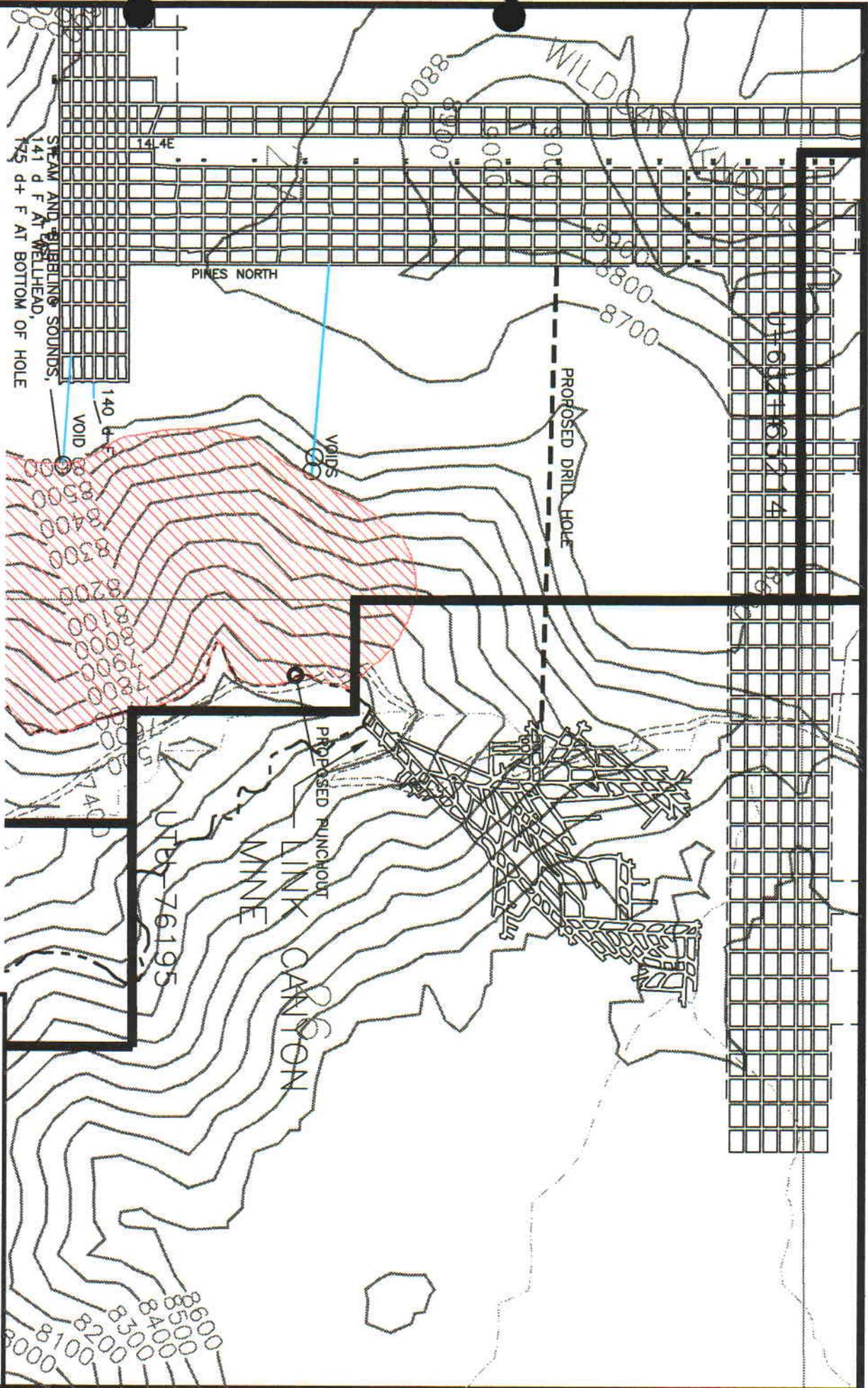
cc: Jeff DeFreest - USFS, Price
Will Wilson - USFS, Ferron
Pete Hess - DOGM, Price Field Office



----- BOREHOLES



 Canyon Fuel Company, LLC SUFCO Mine	
LINK CANYON SUBSTATION AND BORE HOLE LOCATION	
DATE: OCT. 06, 1999	SCALE: 1" = 200'
397 SOUTH 800 WEST SALINA, UTAH 84654	DRAWN BY: BDH
FILENAME: H:\DRAWINGS\MRP\PALTES\SUBSTATION.DWG	



Canyon Fuel Company, LLC
SUF00 Mine

LINK CANYON BURN AREA

DATE: OCT. 13, 1999 SCALE: 1" = 800'

397 SOUTH 800 WEST DRAWN BY: BDH
SALINA, UTAH 84654

FILENAME: H:\CAMDRAW\EXPLORAT\4E BURNDWG