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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 20, 1999

Kenneth E. May, General Manager
Canyon Fuel Company, LLC
SUFCO Mine
397 South 8th West
Salina, Utah 84564

Re: Completion of Midterm Review, Canyon Fuel Company, LLC, SUFCO Mine,
ACT/041/002-MT99, File #3, Sevier County, Utah

Dear Mr. May:

The Division has completed the midterm review of the SUFCO Mine. The items which were reviewed were identified in our October 6, 1999 letter to you and the results are listed below.

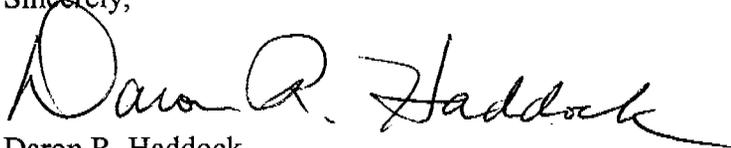
1. An AVS check was conducted and returned with a system recommendation of "Issue". There are no NOV's or CO's which are not corrected for the SUFCO Mine. There are no finalized civil penalties which are outstanding or overdue in the name of Canyon Fuel Company, LLC. Canyon Fuel Company, LLC does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures fan any operation in the state of Utah.
2. A review of division records did not identify any approved division orders, notice of violation abatement plans, or plan changes that have not been incorporated into the Plan document.
3. A review of the applicable portions of the MRP has found that the SUFCO plan contains adequate information to meet the regulatory requirements for hydrology and mine is currently using the Best Technology Currently Available (BTCA). A check of the water monitoring data submitted by the mine, and regular inspections reports, showed the water monitoring data are being sent to DOGM as required. As a reminder, the Division has indicated to all coal mines that Electronic Data Input will be mandatory when mine permits are renewed. SUFCO should be planning toward this requirement.

4. A technical site visit was conducted on December 10, 1999. The site was well kept with no indication of any performance standard violations. One concern was noted near the coal storage and loading area next to the road leading to the office. Coal has been pushed over the cement barrier and onto the road which then is crushed by traffic on the road. While this area reports to the sediment trap and ultimately to the sediment pond, there seems to be some coal getting into the drainage and sedimentation system needlessly. Again, there is no violation of performance standards, but this practice could lead to the need for more frequent sediment trap and pond cleaning.
5. The reclamation bond was evaluated and was found to be adequate. No adjustment will be needed at this time.

This concludes the midterm review of the SUFCO Mine. Thank you for your cooperation during the review.

Please call if you have any questions.

Sincerely,



Daron R. Haddock
Permit Supervisor