



Ark Land Company
 c/o Canyon Fuel Co., LLC
 Skyline Mines
 HC35Box 380
 Helper, Utah 84526
 435-448-2633

Dec. 18, 2006

Pam Grubaugh-Littig
 Permit Supervisor
 Utah Coal Regulatory Program
 Division of Oil, Gas & Mining
 1594 West North Temple, Suite 1210
 PO Box 145801
 Salt Lake City, Utah 84114-5801

Jacobs
C/041/002
Copy Pam
(attch)
F. Wayne

Re: Suspension of Exploration Drilling Operations in 2006 and Extension of Minor Coal Exploration Permit into 2007, Utah State Coal Lease ML 49443-OBA, and SITLA Muddy Tract; C/041/002, Task ID #2390

Dear Pam:

Due to adverse drilling conditions coupled with severe weather conditions, exploration drilling operations on the SITLA Muddy lease (ML 49443-OBA) and the adjacent SITLA Muddy tract had to be suspended in November. We are planning to resume operations again next summer as early as our USFS Special Use permit will allow. We were able to complete one of the two permitted boreholes but we still need to complete the second borehole as well as reclamation work. I added a short section on the last page of our approved plan that states our need for extension of operations into 2007.

Enclosed are a C-2 form and five copies of the revised page. I will also be forwarding one copy of the page revision to SITLA. We have applied to SITLA for an extension of our right of mineral entry, ML 50186-ROME, into 2007. If you have any questions, please contact me at (435-448-2633). We would like to initiate drilling in mid-June, 2007. The necessary USFS Special Use and Road Use permits will be in place prior to startup of operations. I appreciate your consideration of this revision.

Sincerely,

Mark Bunnell

Mark Bunnell
 Geologist
 Ark Land Company

Encl.
 MDB:mdb

RECEIVED
 DEC 22 2006

DIV. OF OIL, GAS & MINING

R645-301-742.410 thru 742.420

Minimal surface disturbance will be required for the drilling project. Disturbance will be limited to temporary access routes and drillpads. Changes to drainage patterns will be minimal and temporary. Access roads and drillpads will be constructed to prevent significant changes to drainage patterns. Water flows on temporary roadways will be controlled with proper use of temporary water bars and drainouts. Silt fence will be installed at locations along temporary roads where siltation of natural drainages could occur. As shown on Figure 1, drillpads will be surrounded by a berm and constructed such that water and drill fluid drainage will report to the mudpit. No perennial or intermittent stream drainages will be crossed. Excess water will be removed and placed in the drill water tank for use in the drilling process or hauled to an approved waste water disposal site. Contributions of suspended solids during any pumping activity from the stream will be minimized by placing native stream gravel or rocks beneath the screens and suction hoses wherever they can potentially stir up sediment at pump-pickup points.

The potential for water pollution will be minimized by keeping pollutants away from the drill hole and in their containers. Materials used during drilling operations will be selected to be as non-polluting as possible. All spills of polluting materials will be removed from the area and properly disposed of.

2. No mixing of surface and ground waters is possible because all drill sites will be above perennial and ephemeral stream drainages.
3. Drill fluids and/or cuttings will be contained within mudtanks. If necessary, excess fluids will be pumped out and excess drill cuttings and core will be hauled off Forest Service land and disposed of properly.
4. SUFCO will retain all drill and geophysical logs. Copies of the drill and geophysical logs will be provided to the School and Institutional Trust Lands Administration.

Extension of Work into 2007:

Due to difficult drilling and weather conditions, drilling was suspended in Nov. 2006. Drillhole A-05 was completed but drilling of hole B-05 and reclamation work will be completed during the 2007 drilling season. All required USFS Special Use and Road Use permits will be obtained and/or extended. SITLA ROME (ML 50186-ROME) will also be extended.

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