



JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director
JOHN R. BAZA
Division Director

UTAH DIVISION OF OIL, GAS AND MINING
FACSIMILE COVER SHEET

DATE: JUNE 9, 2006
FAX#: (435) 286-4499
ATTN: Mike Davis
COMPANY: Canyon Fuels Co., LLC
NUMBER OF PAGES (INCLUDING THIS ONE): 3
FROM: Wayne Hedberg

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MESSAGES: Approval letter for temporary
water replacement and subsidence
crack repair plans.

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State of Utah

Department of Natural Resources

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June 9, 2006

Kenneth E. May, General Manager
Canyon Fuel Company, LLC
397 South 800 West
Salina, Utah 84654

Subject: Conditional Approval to Proceed, Pines Tract Spring 105, Temporary 2006 Stock Watering Plan & East Fork Box Canyon Rim Subsidence Crack Repair Plan, Canyon Fuel Company, LLC, SUFCO Mine, C/041/0002, Special Project -Task ID #2547, Outgoing File

Dear Mr. May:

The above referenced plans received on May 22, 2006 and May 31, 2006 respectively, have been reviewed by the Division. These proposals were provided in response to the Division's May 22, 2006 finding of material damage. Certain water sources (Pines 105 and Joes Mill Pond spring) have been affected by subsidence from the underground mining of the Pines East 5L longwall panel. Copies of the proposals were forwarded and reviewed by the U.S. Forest Service and the Bureau of Land Management. The respective agency review comments have been emailed to you. We also verbally expressed our preliminary concerns directly with your staff.

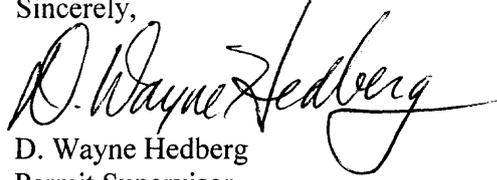
The cracking repair plan is hereby approved. You may proceed with the repairs as proposed. Division approval of the temporary stock-watering plan is conditioned as follows:

1. CFC must obtain appropriate road use authorization from the Manti-La Sal National Forest (if required) before the plan is implemented.
2. CFC must obtain proof of authorization for the right to use water from the North Fork of Quitchupah Creek (or other alternative source) as the temporary source of water for the cattle.
3. CFC must coordinate with Russ Jensen (Emery Cattleman's Association) and Lance Sudweeks (USFS contact) on establishment of the proper locations for the cattle troughs.
4. Five clean copies of the updated and finalized temporary water replacement plan should be provided to the Division by June 30, 2006.

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Ken May
June 9, 2006

We look forward to meeting with you to discuss your ideas and plans for long-term water replacement on June 22, 2006, at 9:30 a.m. at the Division's Price field office. Amendments to the approved mining and reclamation plan may be required upon submission and approval of a long-range water replacement plan. If you have questions, please contact me at (801) 538-5286, or Steve Fluke at (801) 538-5259.

Sincerely,



D. Wayne Hedberg
Permit Supervisor

an

cc: Jim Kohler, BLM (State Office)
Steve Rigby, BLM (Price)
Mesia Nyman, MLSNF (Ferron)
Tom Lloyd, MLSNF (Ferron)
Dale Harber, MLSNF (Price)
Mary Ann Wright, OGM
Pam Grubaugh-Littig, OGM
Susan White, OGM
Steve Fluke, OGM
Derris Jones, DWR
Pete Hess, OGM (PFO)

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FOR: OIL, GAS & MINING

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*Outgoing
4/24/06*



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