

June 22, 2006

Mark Bunnell, Senior Geologist
Ark Land Company
C/O Skyline Mines
HC 35 Box 380
Helper, Utah 84526

Subject: Minor Coal Exploration, Muddy Tract & ML 494430BA, Canyon Fuel Company, LLC, SUFCO Mine, C/041/002, Task ID #2390

Dear Mr. Bunnell:

The minor coal exploration application submitted by ARK Land Company in December of 2005 is approved, effective June 22, 2006.

The State of Utah, School and Institutional Trust Lands Administration approved your application for a right-of mineral entry into the SITLA owned coals on January 27, 2006.

The USFS granted a modification and extension of Road Use Permit (RUP) #0410-02-8 for commercial use of National Forest System Roads on the Manti La Sal National Forest on June 8, 2006. The modification added FSR 50044 (Link Canyon), 52006 (Muddy Creek Knoll) and 52007 (Muddy Forks Overlook) to your current RUP. Also, the permit was extended until October 31, 2006.

The USFS / Manti-La Sal National Forest signed a Record of Decision on June 12, 2006. The USFS completed the issuing process for the Special Use Permit for the two proposed holes on June 22, 2006.

As this minor coal exploration does not reflect any changes to the master technical analysis for the SUFCO Mine, that document remains unchanged.

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A copy of the Division's technical analysis for this project is enclosed for your use.

If you have any questions, please call me at (801) 538-5286 or Peter Hess at (435) 613-1146 ext 203.

Sincerely,

D. Wayne Hedberg
Permit Supervisor

PHH/sd
Enclosure

cc: Ranvir Singh, OSM w/o
Jim Kohler, BLM w/o
Alice Carlton, USFS w/o
Mark Stillson, Water Rights w/o
Dave Ariotti, DEQ w/o
Derris Jones, DWR w/o

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