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Canyon Fuel  
Company, LLC.  
Sufco Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

Kenneth May  
General Manger  
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CP

July 11, 2007

Coal Regulatory Program  
Attn.: Pam Grubaugh-Littig  
Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801

RECEIVED  
JUL 17 2007  
DIV. OF OIL, GAS & MINING  
Jrcain  
C/041/0002

Re: Additional Piezometer Installations Proposed for North Water Spring and Joes Mill Pond Areas, Canyon Fuel Company, LLC, Sufco Mine C/041/002

Dear Ms. Grubaugh-Littig:

Sufco Mine is currently planning to install additional piezometers in the area of the North Water Spring (Pines 105) and the Joes Mill Pond area beginning on or shortly after July 30<sup>th</sup>, 2007. Also, the mine will attempt to install a grout curtain in the alluvium in a narrow portion of the canyon a short distance downstream of the North Water Spring. The installation of the additional piezometers and the "test" grout curtain are detailed in the plan submitted by Sufco to the Division under a cover letter addressed to Wayne Hedberg dated January 26, 2007. The mitigation proposals are contained in Section 10 of the submitted plan titled "Investigation of Subsidence-Related Impacts to Groundwater Systems in the North Water and Joes Mill Pond Areas and Proposed Groundwater Mitigation Activities, Sufco Mine".

A few minor modifications to the proposed mitigation activities have been made. First, the project was delayed from spring until mid-summer to avoid impacts to wildlife during the critical spring – early summer mating, nesting, calving, and fawning period. Second, a resistivity survey is proposed instead of a VLF survey. Sufco believes the resistivity survey will be more effective in potentially locating fractures in the bedrock beneath the alluvium in the bottom of the canyon. The resistivity survey does not require ground disturbance, similar to the benefit of a VLF survey. Finally, Sufco and its drilling contractor propose to inject an intra-alluvial bentonite slurry grout instead of the previously proposed AquaBlok® grout. Bench-scale tests using AquaBlok® as the grout material indicated the costs would be excessive. Additionally, the disturbance related to injecting the AquaBlok® material would be significantly greater than that related to injection of a simple bentonite grout.

The driller intends to access the drill sites using the same low-impact equipment and a similar route as was used last year during the initial drilling and piezometer installation project.

Deadfall in a few locations will need to be cut and set aside to allow for the passage of the drill rig. Water for the installation of the grout curtain will be brought in using a water truck and a temporary-placed small water tank. The tank will likely be placed at the rim of the canyon near the existing permanent water troughs and a small diameter water hose will be placed on the ground surface from the tank to the grout curtain area. Grout mixing tanks will be placed on plastic tarps or other suitable material to minimize impacts to the soils and vegetation. All trash associated with this project will be removed from the area during and following the drilling activities. No roads or trails will be constructed as part of this project. Materials required for piezometer and grout curtain installation will be carried in by the low-impact drill rig or hand carried in over existing trails. If available, a helicopter that will be working in the area supporting approved mine exploration drilling activities may be used to lower a pallet or two of supplies into the grout curtain project area. Use of the helicopter on a limited basis will minimize the impacts to the area trails and vegetation as well as reduce the potential for injuries to drilling or mine personnel carrying supplies to the site down the steep canyon walls. The helicopter time on site would be minimal, probably measured in minutes rather than hours.

Based on the findings of the geophysical survey, water levels in the additional piezometers, and success of the "test" grout curtain installation, the remainder of the proposed mitigation may be implemented in September 2007. Assuming the proposed plan can be followed, additional grout curtains will be installed and the groundwater capture and discharge systems as described in the January 2007 plan will be constructed.

If you have any questions regarding this project plan or the intended start date, please give Mike Davis (435 286-4421) or Chris Hansen (435 448-2669) a call.

Sincerely,  
CANYON FUEL COMPANY, LLC  
SUFCO Mine



Kenneth May  
General Manager