



Canyon Fuel  
Company, LLC.  
Sufco Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

C/041/002 Incoming  
cc: April

Ken May, General Manager  
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OK

September 30, 2011

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

RECEIVED

OCT 07 2011

DIV. OF OIL, GAS & MINING

Re: Mitigation Activities North Water Spring (Pines 105) Canyon Fuel Company, LLC,  
SUFCO Mine C/041/0002

Dear Permit Supervisor:

This letter is in response to the Division's request for Mitigation Proposals regarding North Water Springs (Pines 105) dated August 18<sup>th</sup> 2011. Sufco is in agreement with the Division in its desire to resolve the issues with the Northwater Area. Sufco has submitted a plan that required action by governing agencies and has had no formal correspondence regarding this plan until now. Currently, Sufco has no further updates to the plan that was submitted in June 2010.

In the summer of 2009 Sufco, in cooperation with the Forest and Emery Stock Growers Association (Cattlemen), installed a water line that would provide water back to the sump that the solar pump at Pines 105 used to fill the water to troughs at the rim of the canyon. The system uses a submersible solar pump installed in the creek at approximately the location of monitoring point EFB 11, with photovoltaic cells located on the canyon rim. In addition Sufco installed two additional sets of troughs to help disperse grazing in the area. One set of these troughs is supplied by the pump Sufco placed at EFB 11, the other is supplied by the pump already in place at Pines 105. This system was tested in September of 2011 prior to the use of the Pines Pasture in October of this year. The pump is providing approximately 6 gpm to the sump at Pines 105. Pump curves for the pump at Pines 105 show a maximum flow of 4.7 gpm. Since the new pump is producing more water than the Cattlemen's pump can handle Sufco plans to divert approximately .5 gpm of the 6 gpm to Joe's Mill pond. We will begin installation of this line the 1<sup>st</sup> week of October.

Sufco feels this system fulfills the Division's request that Sufco comply with R645 -737.530 rules pertaining to state-appropriated water supply replacement. Sufco will maintain the pump in the stream until cessation of mining activities at which time a new pump and photovoltaic cells will be purchased and given to the Cattlemen to maintain the system regardless of condition of the pump and cells in place at that time. Given the short duration of use (approximately 3 weeks every other year) we feel that the cells will last well past the manufactures warranty of 25 years of continuous use. Sufco recognizes that since an additional step will need to be taken in order to continue the use of the solar pump at Pines 105; however the two new trough location offsets any inconvenience that is created by this step.

In regards to Manti La Sal National Forest intention to the development of water resources in the North Water area Sufco has concerns with this plan. Sufco is unsure of the intentions of this action and views this as a possible avenue for the Forest to seek a claim of material damage in

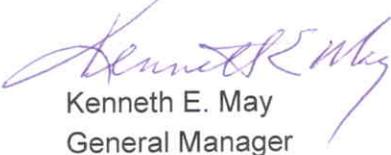
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the area. Sufco has stated that no material damage has occurred in the North Water area, based primarily on two points. The first is that no downstream water rights have been affected by the loss of water in the North Water area. Second, vegetation that is associated with riparian areas (willows, sedges) can still be found throughout the area, especially in areas that have been excluded from grazing. Sufco submits an annual photo survey which includes a point (photo point 10) that documents the enclosure at pines 105 and no visual change in vegetation has occurred.

The Division has also determined that material damage has not occurred, however If the Forest wants to pursue the option of Sufco purchasing these water rights as complete mitigation for the North Water area, Sufco would be interested in a discussion of this.

If you have any questions or need additional information, please contact Leland Roberts at (435) 286-4483. We would appreciate the opportunity to meet and determine the appropriate steps to take to bring this matter to a final conclusion.

Sincerely,  
CANYON FUEL COMPANY, LLC  
SUFCO Mine

  
Kenneth E. May  
General Manager

Encl.

cc: DOGM Correspondence File  
Tom Lloyd Minerals, Engineering, Lands Staff Officer Manti LaSal National Forest

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