



Canyon Fuel
Company, LLC.
Sufco Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

Incoming

0410002

#3942

R

F. Leland Roberts
Environmental Engineer
597 South SR 24
Salina, UT 84654
(435) 286-4483 - Office
(435) 286-4499- Fax

October 20, 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

Re: West Lease Bore Holes, Canyon Fuel Company, LLC, Sufco Mine, Permit Number C/041/0002

Dear Permit Supervisor:

Please find enclosed the document describing drilling activities for 4 bore holes to collect data from a sealed part of the West Lease are of Sufco Mine along with completed C1 and C2 forms.

Prompt approval is needed as weather that allows safe operations to be conducted on the surface surrounding the minesite cannot be depended on this late in the year.

If you have any questions regarding the information submitted please call me at (435) 286-4483.

Sincerely,
CANYON FUEL COMPANY, LLC
SUFSCO Mine

F. Leland Roberts
Environmental Engineer

Encl.

cc: DOGM Correspondence File

sufpub\govt2011\dogmmrp\West Lease Bore Holes ltr.doc

file In C 0410002 Incoming
Date: 10/24/2011, Refer to:

Confidential
 Shelf
 Expandable

For additional information

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DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: CANYON FUEL COMPANY, LLC

Mine: SUFCO MINE

Permit Number: C/041/002

Title: Bore holes into West Lease area of mine

Description, Include reason for application and timing required to implement:

4 helicopter supported drill rig bore holes to collect data from sealed section of the West Lease area of mine

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

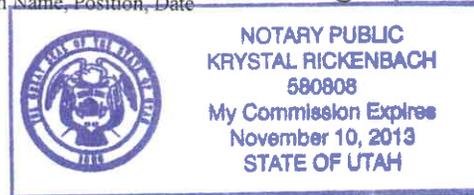
KENNETH E. MAY, MINE MANAGER
Print Name

JL D Ryan, Engineering Mgr. 10-20-11
Sign Name, Position, Date

Subscribed and sworn to before me this 20 day of October, 2011

Krystal Rickenbach
Notary Public

My commission Expires: _____, 20____ }
Attest: State of _____ } ss:
County of _____



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West Lease Bore Hole Drilling Activities

Canyon Fuel Company, LLC. Sufco Mine, Permit
Number C/041/0002

October 2011

Background

Sufco Mine is currently in the process of developing the West Lease reserves. Access for mining is through previously sealed workings. These workings were sealed in the 1970's. Sufco has opened these workings and is currently ventilating and rehabbing them. The need has arisen to collect data from behind seals in these workings. Sufco is proposing to use helicopter supported drill rigs to place up to 4 holes into the workings to collect air samples and possibly send a camera down to view the condition of the mine.

Sufco uses this type of drill rig regularly in its exploratory drilling program. They have many advantages over conventional drill rigs due to size and mobility. These rigs do not require construction of pads or roads to access sites thus making ground disturbance very minimal.

Bore Hole Locations

The 4 bore hole location are located approximately 700 feet northwest of Sufco's main mine site disturbed area boundary (DAB) in Mud Springs Hollow, see West Lease Proposed Drilling Exhibit Sheets 1 & 2. Bore holes have been designated WL-1 through WL-4 from northwest to southeast. Latitude and longitude for each hole along with depth and estimated disturbance in acres has been included in table 1.

Table 1

| Drill Site | Location | Total Depth (ft) | Disturbed Area (ac) |
|------------|---------------------------------|------------------|---------------------|
| WL-1 | 38.9174626131 -111.419495794 | 350 | 0.003 |
| WL-2 | 38.9174681918 -111.419304597 | 365 | 0.003 |
| WL-3 | 38.9159551281 -111.41975226 | 260 | 0.003 |
| WL-4 | 38.9159551082 -111.419563884 | 240 | 0.003 |
| | | TOTAL | 0.012 |

Drilling Procedure

Helicopter-assisted wireline drilling general follows this procedure: 1) fly drilling equipment to drill sites, 2) prepare drill sites as shown on Fig. 1, 3) set temporary water tanks, pumps, and water lines, 4) drill holes, and 5) reclaim drill sites as needed and remove all waterlines, tanks, and pumps.

Equipment used will involve one to two skid-mounted 2200 ft rated core drills, one or two 1000 gal. poly water tanks for each drill rig, two water trough-type mudtanks for each rig, and 4 to 6 drill rod trays for each rig.

Earth excavation for the drill sites will be minimal using hand tools only. Some minor leveling for placement of wood crib blocking for leveling of the heliportable drill platform may be required. Minor amounts of topsoil that may be removed will be stored and replaced upon completion of drilling. No mud pits will be excavated. Portable mudtanks will be utilized. Cuttings will be stored and hauled away to an approved waste disposal site by helicopter and/or truck upon completion of drilling.

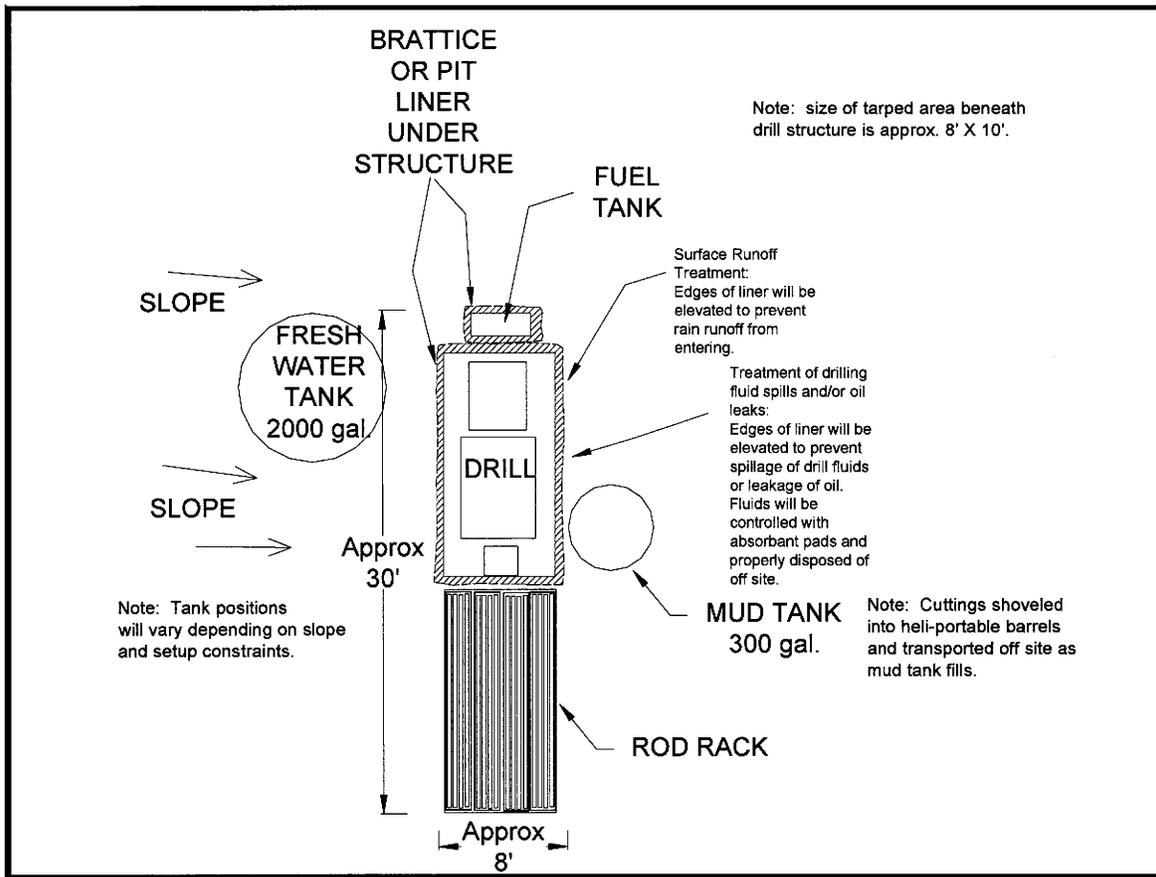
Water for drilling will come from the mine site. A Triplex pump or equivalent will be located at the minesite within Sufco's current DAB for pumping water to the drill sites. Water will be pumped via 1, 2, and 3 inch HDPE waterline and/or high pressure yellow mine hose. This hose will be placed by hand from the minesite to drill sites.

Access to drill sites will be on foot from the minesite. Loading/unloading activities of equipment and parking of vehicles will all occur at the minesite.

It is anticipated that 4" steel casing will be left in each of the holes. A cement collar will be placed around the casing at the surface and a lockable cap will be installed.

Reclamation of drill sites will be done promptly after removal of equipment utilizing Sufco's approved reclamation seed mixture from its M&RP.

Figure 1 Typical heli-portable drillsite setup.



Bonding

Sufco's current posted bond is \$2,874,000.00 this is \$306,000.00 over the current cost estimate. Using the cost per acre for seeding from Sufco's current bond of 405.05 per acre at .012 acres and labor at \$57.30 an hour for 4 hours, the total cost of bonding would be \$234.06. Sufco's current bond is sufficient to cover this cost.

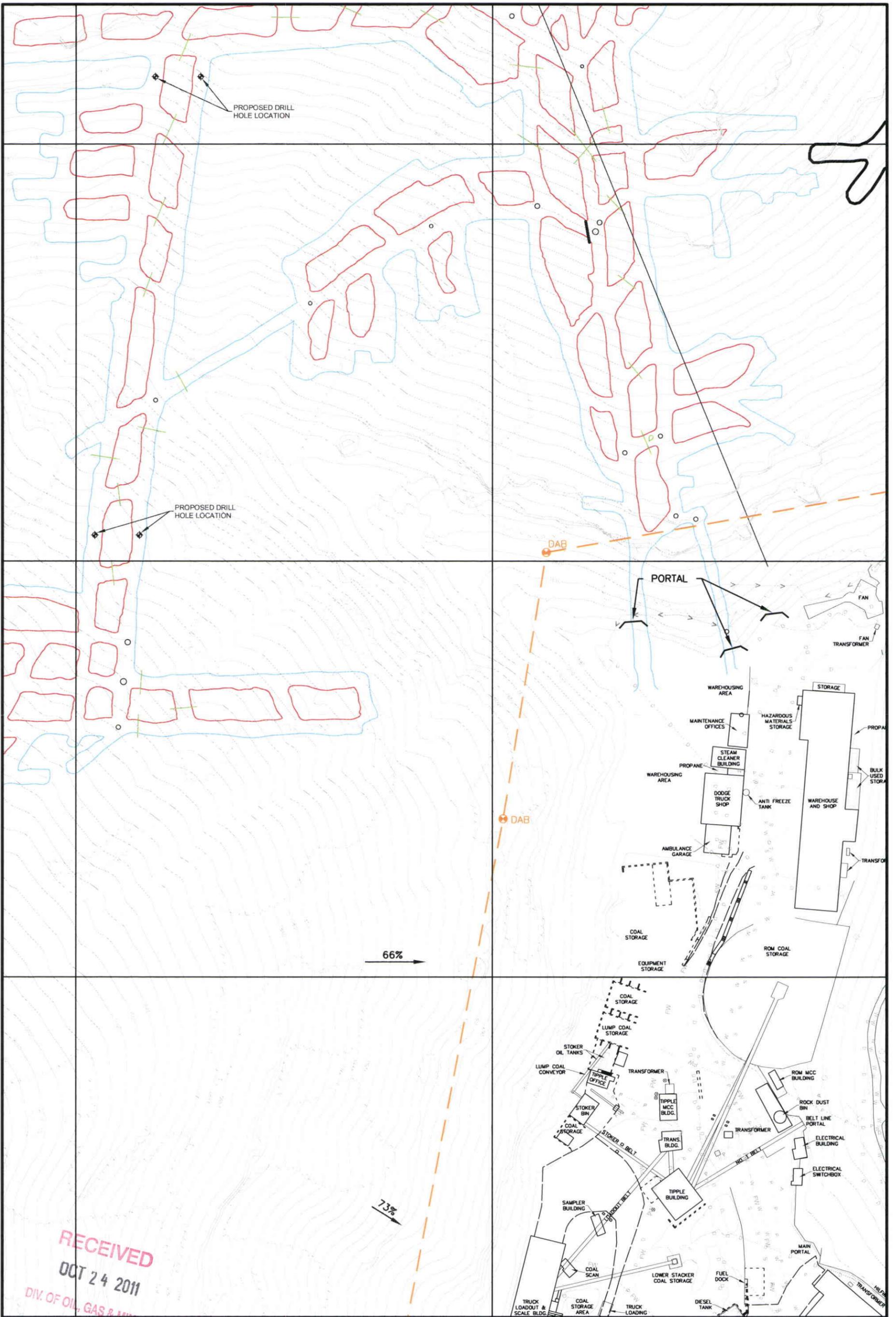
Cultural Resources

In anticipation of the possibility of disturbance in the general location of the bore holes Sufco contracted EarthTouch inc. to conducted a site specific survey in 2009 (Utah SHPO Project Authorization No. U-09-EP-0634f). This survey reports that no cultural resources properties were found and that no previously identified sites are present close to the project area. This report has been included and is marked **Confidential**.

Biological Surveys

No site specific surveys have been done on the bore hole locations. Vegetation is comprised of a mix of aspen, mixed conifer, and pinyon-juniper woodland and mountain brush communities. Due to time of year little to no impact is anticipated on both vegetation and wildlife in the area of the bore holes. Hole locations are generally in grass and low sagebrush areas. Streams in the exploration area are ephemeral and intermittent in nature and are not considered habitat for endangered Colorado River drainage fish species and none are known to occur. The streams are not capable of supporting game fish. The exploration area is habitat for raptors, elk, mule deer, cougar, bobcat, black bear, and other small mammals. The area is habitat for a limited number of reptiles and amphibians.

Threatened, endangered, or special interest species in the exploration area include the sage grouse, bald eagle and peregrine falcon. Drilling and reclamation activities will not occur within one half mile of known breeding and nesting areas during breeding or nesting periods. A site specific raptor survey had been conducted for 2011 exploratory drilling in the immediate area of the bore holes. No northern goshawk, nesting raptors, or special status species of flora or fauna on the Forest Service management indicator species list were found within this area. General information concerning threatened and endangered species is included in the Pines Tract Project Final Environmental Impact Statement, Jan. 1999. The U.S. Forest Service also completed wildlife and BEBA analyses of the Muddy Tract area which were included in the U.S.F.S. decision document relative to Ark Land Company's approved 2004 Muddy Drilling project to the northeast of current project area. These reports will be made available upon request.



Canyon Fuel Company, LLC
SUFCO Mine
 597 South SR 24 - Salina, UT 84654
 (435) 286-4880 Phone
 (435) 286-4499 Fax

| | | |
|----------------------------------|----------------|------------------|
| West Lease | | |
| Proposed Drilling Exhibit | | |
| SCALE: | DATE: 10/19/11 | DRAWN BY: F.L.R. |
| ENGINEER: | CHECKED BY: | |
| FILE NAME: | | |

SHEET NO.
2



SCALE: 1" = 60'

PROPOSED DRILL HOLE LOCATION

PROPOSED DRILL HOLE LOCATION



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| | | |
|--|--------------------|------------------|
| West Lease | | |
| Proposed Drilling Exhibit | | |
| SCALE: 1" = 60' | DATE: 10/19/11 | DRAWN BY: K.B.B. |
| ENGINEER: | CHECKED BY: K.B.B. | |
| FILE NAME: H:\DRAWINGS\MINE2\dwg\WLease_SealDrilling.dwg | | |

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