

March 30, 2009

Arizona Department of Water Resources
Adjudications Section
3550 North Central Avenue, 4th Floor
Phoenix, AZ 85012

**RE: PRELIMINARY HYDROGRAPHIC SURVEY REPORT FOR THE HOPI
INDIAN RESERVATION**

Dear Sirs:

Peabody Western Coal Company (PWCC) has reviewed the preliminary Hydrographic Survey Report for the Hopi Indian Reservation (Hopi Preliminary Report) released on December 31, 2008 for inspection and comment. PWCC's comments on the Hopi Preliminary Report are provided in the following sections.

Chapter 6: Economic Base

1. Page 6-5, Second Paragraph: The Office of Surface Mining Reclamation and Enforcement (OSM) issued the LOM Permit to PWCC on December 22, 2008. This fact should be included in this paragraph.

Tables

1. Table 7-4: Table 7-4 indicates surface water sampled at CG85 exceeded numerous trace element standards associated with Primary and Secondary Drinking Water quality standards, as well as several trace element standards for Livestock Water. Water samples collected by PWCC at CG85 were collected from runoff events that typically featured very high concentrations of suspended sediment. These samples were analyzed by a contract laboratory using both the dissolved and total analytical method. The total method typically results in high concentrations of trace elements for un-filtered samples collected from water with high sediment loads, as the acid digestion process breaks down the suspended silts and clays. PWCC's review of the data collected at CG85 indicates trace elements analyzed using the dissolved method were very low concentrations, and most met all of the standards compared in Table 7-4. PWCC recommends using the dissolved analyses collected at CG85 for comparing water quality standards as shown in Table 7-4, and questions whether samples collected at the other sampling sites had high suspended solids concentrations and which analytical method was used for the trace elements compared against the standards.

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Appendix C

1. Table C-1: Table C-1 shows PWCC's sediment pond WW-9 has a claimed capacity of 21.21 acre-feet, and the ADWR regression analysis indicates a capacity of 2.53 acre-feet. There are two ponds in series at the location of pond WW-9, WW-9#1, and WW-9#2, both with a combined capacity of 21.21 acre-feet. Also, PWCC believes the pond associated with Hopi Claim No. 1-3-302 is a pre-existing stock pond within the PWCC leasehold and is not a PWCC permanent or temporary sediment pond.

2. Table C-2: The ponds associated with ADWR ID No.'s UNC-M-14 through UNC-M-17 are pre-existing stock ponds within the PWCC leasehold and are not PWCC permanent or temporary sediment ponds.

Appendix D

1. Sand Spring is a developed spring located on southwestern portion of the PWCC leasehold, and review of the springs in Tables D-1 and D-2 indicate this spring has not been identified. The coordinates to Sand Spring are 551960 (easting) and 4029066.8 (northing).

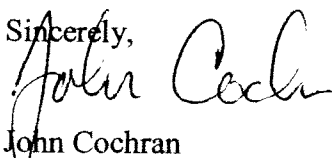
2. Table D-1: PWCC believes the spring listed as Hopi Claim No. S-3-226 no longer exists, as recent site investigations have yielded no evidence of its existence.

Appendix E

1. Table E-1: Table E-1 lists Hopi Claim No. W-3-8, and indicates the ADWR could not find the well. PWCC is aware of the location of this well, as it is within sight of the coordinates provided in Table E-1. PWCC is willing to provide assistance to the ADWR finding the location of this well in the future.

If you have any questions or require additional information, please do not hesitate to contact me via phone at (928) 913-9218 or via email (jcochran@peabodyenergy.com).

Sincerely,



John Cochran
Manager Environmental Hydrology
Peabody Investments Corporation

C: Gary Wendt (PWCC)
Jim Ohlman (PWCC)