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**Procedures for Cooperatively Releasing Bond
From Federal Lands Coal Mining Operations
In the State of Utah**

August 31, 2011

Guidance Document between the Division of Oil, Gas and Mining and
the Office of Surface Mining Reclamation and Enforcement

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DIV. OF OIL, GAS & MINING

This bond release procedures document applies to Federal Lands coal mining operations, both surface and underground, which are regulated under the Cooperative Agreement between the State of Utah and the Secretary of the Interior. This Cooperative Agreement can be found at 30 CFR 944.30. For the purposes of this document, a Federal Lands coal mining operation is one that extracts federally owned coal or includes federally owned surface lands within the permit area.

Performance bonds for Federal mines in Utah are jointly payable to Utah and the United States. Article IX of the Cooperative Agreement states that Utah's Division of Oil, Gas and Mining (DOGGM) will obtain Office of Surface Mining Reclamation and Enforcement (OSM) concurrence prior to releasing bonds. OSM's primary role in bond release actions on Federal Lands in Utah is to ensure reclamation is consistent with the approved mining plan for non-SMCRA issues. OSM's concurrence with DOGGM's bond release action is complimentary to, not duplicative of, DOGGM's activity.

The Secretary of the Interior has designated DOGGM as the primary agency responsible for implementing the coal mining regulatory program in the state of Utah. This delegation of SMCRA responsibilities includes bonding and bond release responsibilities. Therefore, DOGGM assumes the lead role whenever bond release is sought on coal mining operations within the state of Utah and is responsible for coordinating with and obtaining formal written concurrence from other state or federal agencies as applicable. This document is intended to clarify the process for initiation, follow-up, and completion of the various stages in the bond release process.

OSM's Western Region, Denver Field Division (DFD) is located in Denver, Colorado. The DFD has oversight responsibility for the DOGGM coal regulatory program. The United States Department of the Interior Bureau of Land Management (BLM) authorizes federal coal leases on all federal lands. The BLM, along with other state and federal land management agencies, is also responsible for authorizing leases or permits for disturbance of surface lands under their jurisdiction which will be affected by coal mining operations. Federal coal lease bonds and state or federal bonds for leasing or permitting surface lands are in addition to performance bonds required by DOGGM and are not the subject of this bond release procedures document.

The DOGGM and DFD have agreed upon the following bond release procedures in an effort to both clarify and expedite the mutual concurrence process required for partial or full release of performance bonds on Federal coal mining operations in the state of Utah.

Procedures for Processing Bond Release

Actions on Federal Coal Mines in Utah

1. A permittee submits an application to DOGM and DFD for full or partial bond release at a federal coal mine.
 - Five or six copies (depending on land ownership) of the application are submitted to DOGM (Salt Lake City)
 - DOGM forwards one copy of the application to DFD
2. DOGM conducts an administrative completeness review and works with the operator to ensure application adequacy. DOGM follows its internal procedures to notify water users, municipalities, landowners, and other non-Federal interested parties, open a public comment period, etc.
3. DOGM and/or DFD acknowledge(s) receipt of the application through the DOGM/DFD Oversight Team (Team) via telephone or email.
4. DOGM informs the BLM / Resource Area Office (BLM) and Forest Service (FS), as applicable, of the bond release application via telephone, mail or email and specifies both the nature of the bond release and pending notification of the bond release inspection date. DOGM provides these interested parties copies of the bond release application materials.
5. DOGM notifies DFD, BLM, and FS / other interested parties of the scheduled bond release inspection date via telephone, mail or email at least two weeks in advance.
6. DFD, BLM, and FS / other interested parties notify DOGM via telephone or email prior to the inspection date and indicate if they will participate in the inspection. The Team agrees on logistics for the inspection (time, meeting place, transportation, equipment needs, etc.).
7. The bond release inspection is conducted. DOGM assumes the lead during the inspection and inspection participants follow DOGM's direction. DOGM determines when the inspection is completed after consulting with all participants. DOGM provides an on-site inspection close out meeting with all participants and requests preliminary questions and comments concerning the inspection. As the lead agency, DOGM assumes control over the length and depth of the close out meeting. If DFD is unable to attend a scheduled DOGM bond release inspection and schedules a separate inspection, DFD will provide DOGM, BLM and FS (as applicable) with at least two weeks advance notification of the inspection and an opportunity to attend.
8. If DFD participates in the DOGM inspection or conducts a separate inspection, it will provide one copy of the Mine Site Evaluation Inspection Report for the bond release

inspection to DOGM, BLM, FS (as applicable) and the permittee. DFD, BLM and FS acknowledge that technical review issues and / or any other problems identified with the bond release application or inspection will be provided to DOGM as soon as they are identified with the intention being to provide DOGM this information prior to drafting its decision document.

9. DOGM drafts its decision document for the bond release action. DOGM transmits a copy of its Findings and Decision document to the BLM / FS and requests concurrence with the bond release action via letter. If no issues were identified by BLM or FS, or issues noted have been resolved, BLM and FS (as applicable) will provide concurrence with DOGM's decision to release bond.
10. DOGM transmits a copy of the Findings and Decision document including copies of BLM / FS concurrence letters to DFD. DFD must receive a copy of the applicable BLM / FS concurrence letter(s) before providing its concurrence with the bond release action. BLM / FS concerns would constitute non-SMCRA issues DFD is responsible for identifying prior to concurring with a bond release action.
11. If technical review issues and/or other problems identified remain unresolved at the time DOGM distributes its Findings and Decision document, DFD, BLM, and / or FS will submit to DOGM a current written assessment of those issues including timelines for both additional review and resolution of the issues. If necessary, the Team will request BLM / FS participation in any issue resolution meetings.
12. When all applicable agencies have provided concurrence, DOGM transmits a copy of the Findings and Decision document to the permittee. The physical bonding instruments may then be appropriately revised or released.


Signatures

Representing the Utah Division of Oil, Gas and Mining, and the Office of Surface Mining Reclamation and Enforcement, Denver Field Division, the following parties agree to the purpose, goals, and anticipated actions proposed in this informal guidance document.

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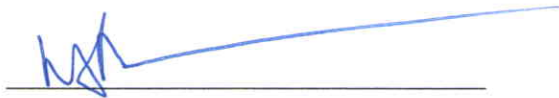
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