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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 27, 1989

Mr. Loren Morton
Division of Environmental Health
Bureau of Water Pollution-Control
288 North 1460 West
P.O. Box 16690
Salt Lake City, Utah 84116

Dear Mr. Morton:

Re: Slurry Injection Wells, Castle Gate Coal Company, Castle Gate Complex, ACT/007/004-88(H), Folder #2, Carbon County, Utah

This letter is to document that the Division of Oil, Gas and Mining (DOGM) currently holds a reclamation bond which is sufficient to cover the costs of plugging and abandonment of the two proposed slurry injection wells at the Castle Gate Complex.

DOGM currently holds a bond in the amount of \$2,683,603.00 for reclamation of surface disturbances at the Castle Gate Complex. While the costs for plugging these two wells, estimated at \$4,000.00 by the Division, is not specifically itemized in the bond estimate, it is felt that Castle Gate Coal Company is currently overbonded, due to the facts that some reclamation work has been accomplished in Sowbelly Canyon and part of the bonded acreage is the reclamation responsibility of Blackhawk Coal Company.

DOGM is currently involved in processing a repermit application for Castle Gate Coal Company. Before a new permit is issued, the bond liability will be recalculated for the specific disturbance existing at the site, including the costs for plugging of the wells. If additional bond should be needed, it will be required to be posted prior to a new permit being issued.

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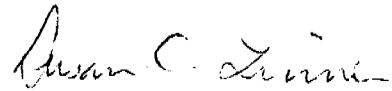
Mr. Loren Morton

Division of Environmental Health

February 24, 1989

Please contact me if you need any further information.

Sincerely,



Susan C. Linner
Reclamation Biologist/
Permit Supervisor

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cc: R. Allison

D. Darby

R. Harden

BT45/177-178