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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

October 8, 1996

James Fulton, Chief
Denver Field Office
Office of Surface Mining
Reclamation and Enforcement
Western Regional Coordinating Center
1999 Broadway, Suite 3320
Denver, Colorado 80202-5733

Re: Phase I Bond Release, AMAX Coal Company, Sowbelly Gulch No. 5 Mine Area of the Castle Gate Mine, ACT/007/004 - 96K, Folder #2, Carbon County, Utah

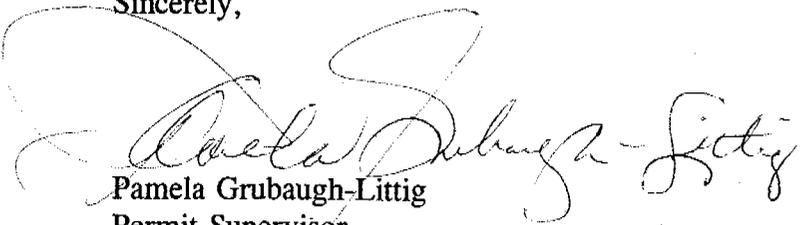
Dear Mr. Fulton:

This letter is to inform you that AMAX Coal Company has applied for Phase I bond release at the Sowbelly Gulch No. 5 Mine. The Division has scheduled a bond release inspection of this site pursuant to R645-301-880.200 on October 22, 1996 commencing at 10:00 a.m. at the mine site and OSM representatives are invited.

The bond posted for the Castle Gate Mine is \$6,757,451 of which \$770,721.00 is designated for the Sowbelly Gulch reclamation. AMAX Coal Company is seeking release of 60% of the Sowbelly Gulch portion of the bond, or \$462,433.00, which is structural removal (except an electrical sub-station) and earthwork (except the access road). The substation will be reclaimed when power transmission is no longer deemed necessary, but has not been included in this request for bond release.

If you have any questions, please call me.

Sincerely,


Pamela Grubaugh-Littig
Permit Supervisor

cc: Daron Haddock
Joe Helfrich
Paul Baker