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Mary Ann -> Pan



United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
1999 Broadway, Suite 3320
Denver, Colorado 80202-5733

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JAN 16 2001

DIVISION OF
OIL, GAS AND MINING

IN REPLY REFER TO:

January 5, 2001

Mr. Lowell P. Braxton,
Division Director
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

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RE: Decision Document to Approve Phase I Bond Release at the Castle Gate Holding Company, Castle Gate Mine, Hardscrabble Canyon Area, ACT/007/004

Dear Mr. Braxton:

This letter acknowledges the Office of Surface Mining's (OSM) receipt and review of the subject Decision Document dated November 30, 2000, which was prepared by the Utah Division of Oil, Gas and Mining (DOG M). The Castle Gate Mine permit area, including the Hardscrabble Canyon area contains Federal lands. OSM is in agreement with the decision document and hereby provides OSM concurrence to release Phase I bond on portions of the Hardscrabble Canyon area as documented below and in accordance with the Federal regulations at 30 CFR 740.15 (d) (3), and 30 CFR 944.30, Article IX, section B, of the Federal-State, Federal lands cooperative agreement.

The decision document thoroughly recounts the permitting, operational, and regulatory history of the Castle Gate Mine including the Hardscrabble Canyon area and also documents actions required by the permittee, affected surface land owners, government land management agencies, and DOGM to process and approve the Phase I bond release application in accordance with Utah Rule R645-301-880 Requirement to Release Performance Bonds. The bond release application is for 27.7 acres in the Hardscrabble Canyon area. The bonded or disturbed area for the entire Castle Gate Mine is 63 acres, with 39 acres in Hardscrabble Canyon. The current surety bond is set at \$1,804,000 with \$1,305,000 attached to the reclamation of Hardscrabble Canyon. The Phase I bond release request is for \$783,000 (60 % of \$1,305,000 in accordance with Utah Rule R645-301-880.310). Reclamation cost calculations appear in DOGM's decision document on pages 20 and 21. DOGM proposes to retain \$83,100 for reclamation of a power substation and road in Hardscrabble Canyon. DOGM proposes to release \$733,000 for this Phase I application. OSM concurs with the amount proposed for release.

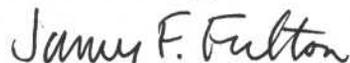
Castle Gate Mine Phase I, pg. 2

DOGM has received no public comments concerning the bond release request. DOGM conducted the bond release inspection required at Utah Rule R645-301-880.210 on September 20, 2000. OSM was notified of the inspection but did not participate. OSM inspected the mine on September 28, 1999. OSM has reviewed DOGM's September 20, 2000, bond release inspection report. The Bureau of Land Management (BLM) was also notified of the inspection but chose not to participate. BLM concurred with the proposed Phase I bond release via letter to DOGM dated December 8, 2000 (copy attached). The DOGM decision document at page 5 documents that all required public notices and surface landowner notifications were made in a timely manner prior to the bond release inspection.

OSM understands that DOGM has retained adequate monies to ensure final reclamation success on the areas proposed for Phase I bond release. The permittee has met the requirements of the approved Utah Coal Regulatory Program at R645-301-880 for release of performance bonds. The permittee has also exceeded reclamation requirements in many areas of Hardscrabble Canyon, and have been recognized by the Utah Board of Oil, Gas and Mining for their extra efforts and exemplary reclamation enhancements on these areas. OSM commends the permittee for its commitment to ensure successful reclamation in Hardscrabble Canyon, and other disturbed areas on the Castle Gate Mine.

Thank you and your staff for coordinating this Federal lands bond release with OSM's Denver Field Division. Please address any questions concerning this letter to Henry Austin, Senior Reclamation Specialist, at haustin@osmre.gov or to (303) 844-1400 X1466.

Sincerely,



James F. Fulton, Chief
Denver Field Division

cc: Castle Gate Holding Co.
BLM, Price Field Office



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, Utah 84501

3482
U-019524
U-25485
U-25484
U-05588184
SL-071737
SL-029093-046653
(UT-070)

Ms. Susan M. White
Permit Supervisor (Acting)
Utah Division of Oil, Gas and Mining
1594 West North Temple Street, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

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Incoming

Re: Phase I Bond Release, Castle Gate Holding Company, Castle Gate Mine, C/007/004-BR00B, Outgoing File

Dear Ms. White:

We have completed the review for the Phase I Bond Release, Castle Gate Holding Company, Castle Gate Mine. The following Federal coal leases are included in the Castle Gate Mine:

- U-019524
- U-25485
- U-25484
- U-05588184
- SL-071737
- SL-029093-046653

We have no objection to the Phase I bond release. If you have any comments or questions, please contact George Tetreault at 636-3604.

Sincerely,

Mark B. Bailey

For: Richard L. Manus
Field Manager

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