

CASTLE GATE HOLDING COMPANY

Castle Gate Mine
P.O. Box 30
847 NW HWY 191
Helper, Utah 84526
(435)472-4737
Fax: (435)472-4782

January 31, 2005

Ms. Pamela Grubaugh-Littig
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RECEIVED
FEB 0 / 2005
DIV. OF OIL, GAS & MINING

*Meeting
2/007/2005*

Re: **Phase I Bond Release Application, Sowbelly Substation Area, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Task ID #2038**

Dear Ms. Grubaugh-Littig:

Castle Gate Holding Company (CGHC) is herewith addressing the Divisions finding regarding the aforementioned. In keeping with past practice, Permittee will list the deficiency in italics followed by its response in regular type. All of the Permittee responses were discussed and jointly agreed to in a meeting held in the Division office in SLC on December 16, 2004. Present at this meeting were Dennis Ware (CGHC), Layne Jensen (Earthfax Engineering), Priscilla Burton, Wayne Western, Steve Fluke and Jerriann Ernstsen from the Division.

R645-301-121.200; Show in Table 3.2-9, Reclamation As-Built Hydrology Culvert Summary, that culverts SBRC-2 and SBRC-3 were removed from the reclamation design by extending drainages SBRD-5 and SBRD-3, respectively;

A statement has been added to Table 3.2-9 to the effect that; culvert SBRC-2 was replaced by extension of channel SBRD-5 and culvert SBRC-3 was replaced by extension of channel SBRD-3.

Consistently state the date of reclamation for the substation and access road in Section 3.2-5(4), Section 3.2-6, and Ex. 3.2-13;

The Permittee believes that the Division incorrectly identified Section 3.2-5(3) as Section 3.2-5(4). The dates of reclamation in Section 3.2-5(3) on page 3.2-17 and in Section 3.2-6 on page 3.2-20 have been corrected, the date of reclamation in Exhibit 3.2-13 contained the correct date.

Using the symbols in the legend, illustrate the sediment control measures used in the substation area on Map 3.2-13

The legend of Map 3.2-13 already indicates the sediment control measures used in the substation area therefore it was jointly agreed that the map need not be changed.

Ms. Pamela Grubaugh-Littig
January 31, 2005
Task ID #2038
Page 2

Clearly state in 3.2-5(4) that culvert SBRC-3 was removed during reclamation and construction of reclamation channel SBRD-3.

Permittee has included a statement in section 3.2-5(4), on Page 3.2-19 that, "As part of the reclamation of the substation area culvert SBRC-2 was replaced by an extension of channel SBRD-5 and culvert SBRC-3 was replaced by an extension of channel SBRD-3."

R645-301-542.200; As-Built Reclamation Topography and Cross-section Location Map, Exhibit 3.2-13 must have a notation indicating the location of all cross sections identified on the map.

The lines thought (by the Division) to be locations of cross sections on Exhibit 3.2-13 are, in fact, station points and not cross-sections. A statement has been placed in section 3.2-5(3), page 3.2-18 indicating that no cross sections were generated.

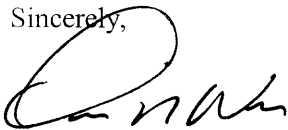
R645-301-761; The Permittee needs to include the riprap and channel certification statements for drainages SBRD-3 and SBRD-5 in Exhibits 3.2-15 and 3.2-16, respectively as referenced in section 3.2.

Permittee had included a statement in the text in section 3.2-5(3), page 3.2-17 stating that the certification statements for the ditch sections and rip-rap in the substation area are provided in Appendix 3.2G.

The C1 and C2 as well as the required revisions as discussed above are enclosed.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



Dennis Ware
Controller and Administrative Manager

Enclosures

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Castle Gate Holding Company

Mine: Castle Gate Mine

Permit Number: C/007/004

Title: Sowbelly Substation Area Phase I Bond Release Response to Technical Analysis

Description, Include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

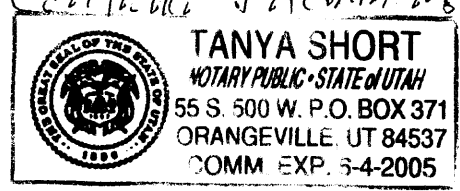
Dennis Ware
Print Name

[Signature]
Sign Name, Position, Date

Subscribed and sworn to before me this 31st day of January, 2008

Contractor & Admin. Utr. 1/31/2008

Tanya Short
Notary Public



My commission Expires: 6-4, 2008
Attest: State of Utah) ss:
County of Emery

| | | |
|-----------------------------|----------------------------------|--|
| For Office Use Only: | Assigned Tracking Number: | Received by Oil, Gas & Mining |
|-----------------------------|----------------------------------|--|

APPLICATION FOR COAL PERMIT PROCESSING

Detailed Schedule Of Changes to the Mining And Reclamation Plan

Permittee: Castle Gate Holding Company
Mine: Castle Gate Mine **Permit Number:** C/007/004
Title: Sowbelly Substation Area Phase I Bond Release Response to Technical Analysis

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED

| | | | |
|------------------------------|---|---------------------------------|--|
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | <u>Chapter 3, Section 3.2, Pages 3.2-17, 3.2-18, 3.2-19 and 3.2-20</u> |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | <u>Chapter 3, Section 3.2, Table 3.2-9</u> |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input checked="" type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |
| <input type="checkbox"/> Add | <input type="checkbox"/> Replace | <input type="checkbox"/> Remove | |

| | |
|---|---|
| <p>Any other specific or special instruction required for insertion of this proposal into the Mining and Reclamation Plan.</p> | <p>Received by Oil, Gas & Mining</p> |
|---|---|

Rip-rap sizes and depths have also been verified in the field. Certification statements for the various ditch sections and rip-rap, except for the substation area, are provided in Appendix 3.2C. Certification statements for the ditch sections and rip-rap in the substation area are provided in Appendix 3.2G.

Detailed reclamation hydrology data is provided in Tables 3.2-2 through 3.2-9. Reclamation "As-Built" Hydrology calculations are provided in Appendix 3.2G.

Filter Blanket - Soil tests were performed on all ditch sections in 1994 by EarthFax Engineering, Inc., and previously provided to the Division. Based on these tests, filter blanket was required only on the areas of SBRD-1 using the larger rip-rap. Therefore, the only areas of reclaimed channel which have filter blanket beneath the rip-rap are sections SBRD-1A, SBRD-1B, and SBRD-1C. In all other reclaimed channels, and on section SBRD-1D, the rip-rap was placed directly on the native soil. (See Appendix 3.2D).

Substation Area - This area was reclaimed in 2002~~3~~. The affected area was reshaped, mulched with approximately 2-ton per acre of noxious weed-free hay, deep gouged, reseeded, mulched with approximately 1.5 ton per acer noxious weed-free straw and 500 pounds per acre of a hydromulch and tackifier mix.

SBRD-5 - This diversion was constructed along the entire slope, thereby removing the need for the installation of culvert SBRC-2.

SBRD-3 - This diversion was also extended thereby removing the need for the installation of culvert SBRC-3.

SBRD-6 - This diversion was constructed.

SBRD-7 - This diversion was divided into two segments, 7A and 7B, to account for an additional watershed due to the existing culvert SBRC-1 being located further down the county road.

As-built reclamation conditions and certification of diversions and culverts is presented in Appendix 3.2 G. The location of the reclamation features is shown on Exhibit 3.2-13. As with the rest of the reclaimed site, no cross-sections have been generated for the substation area.

3.2-5(4) Alternate Sediment Control Measures

After the initial reclamation was performed in 1993-1994, a number of deficiencies remained unresolved, preventing issuance of Phase I Bond Release. Based on discussions with UDOGM, the company agreed to re-reclaim a substantial portion of the site. This reclamation was completed in 1995, and included the following significant items:

- (1) Reconstruction and/or repair of most of reclaimed channel SBRD-1 and all of SBRD-4;
- (2) Removal of Reclaimed Ponds 016 and 017;
- (3) Removal of the temporary access road (A-2);
- (4) Regrading of approximately 75% of the reclaimed site;
- (5) Heavy surface roughening with hay mulch incorporation of the reclaimed areas;
- (6) Broadcast reseeding and straw mulching of the re-reclaimed areas.

The main effect of the elimination of the sedimentation ponds and re-reclamation was to convert the entire reclaimed site into an Alternate Sediment Control Area or ASCA. The alternate sediment control has been accomplished by the application of the following methods:

- (1) Deep surface ripping and roughening;
- (2) Mulch and/or chemical tacifier;
- (3) Erosion control netting (upper road);

Each of the separate areas and treatment methods are shown on Exhibit 3.2-13.

A summary and calculations for the "As-Built" Alternate Sediment Control measures is

provided in Appendix 3.2I.

The alternate sediment controls constructed during Phase II reclamation will be inspected quarterly or after every major storm event. Observations made during these inspections, as well as corrective actions taken, will be recorded. Corrections to any weaknesses in the implementation of the sediment control plan will be remedied immediately to prevent future sediment runoff into the main stream channel. Corrective action will be taken when a gully greater than nine inches in depth is created due to lack of vegetation establishment. Corrective action will consist of regrading of the ground surface only as necessary to fill in nine inch gullies caused by erosion, and reseeding and mulching, as necessary, to re-establish vegetation.

As part of the reclamation of the substation area culvert SBRC-2 was replaced by an extension of channel SBRD-5 and culvert SBRC-3 was replaced by an extension of channel SBRD-3.

3.2-6 Reclamation Timetable

Phase I

- | | |
|---------------------------------|---------------------|
| 1. Demolition-structure removal | Completed Fall 1988 |
| 2. Portal sealing | Completed Fall 1988 |

Phase II

- | | |
|--|-----------------------|
| 3. Installation of reclamation sediment control structures | Completed Summer 1994 |
| 4. Grading and removal of Ponds 003, 004 and 005 | Completed Summer 1994 |
| 5. Soil Testing | Completed Summer 1995 |
| 6. Addition of soil amendments Removal or burial of toxic and acid forming material | Completed Fall 1995 |
| 7. Seed bed preparation | Completed Fall 1994 |

- | | |
|---|---------------------|
| 8. Seeding and mulching | Completed Fall 1994 |
| 9. Reclamation to resolve deficiencies prior to Phase I Bond Release. | Completed Fall 1995 |

Phase III

- | | |
|--|---------------------------------|
| 9. Vegetation and pond maintenance | Until vegetation is established |
| 10. Reclamation and water quality monitoring | Until bond release |

Phase IV

- | | |
|--|----------------------------------|
| 12. Reclamation of electrical substation area, including grading, seeding and mulching | Completed Fall 2002 3 |
| 13. Monitoring of substation reclamation | Until bond release |

3.2-7 Reclamation Costs

Reclamation costs are included in Section 3.1-10, Table 3.1-2.

3.2-8 Stream Buffer Zone

Castle Gate Mine has Valid Existing Rights to perform underground mining and reclamation activities within 100 feet of the Sowbelly Canyon Stream Buffer Zone. The original construction within 100 feet of the intermittent stream was done prior to SMCRA. The latest construction consists of the reclamation of the main channel. However, if a disturbance is planned in an area not presently within the disturbed area boundary and falling within a stream buffer zone, then a variance will be applied for, as required by R645-301-731-600.

3.2-9 Transportation Facilities

Castle Gate Mine has Valid Existing Rights to perform underground mining and reclamation

TABLE 3.2-9
SOWBELLY CANYON
RECLAMATION AS-BUILT HYDROLOGY
CULVERT SUMMARY

| CULVERT | CONTRIBUTORY WATERSHEDS | TOTAL DRAINAGE AREA (ACRES) | DESIGN DISCHARGE ^(d) (CFS) | SIZE (CMP) | INLET TYPE | SLOPE (%) | PEAK VELOCITY (FPS) | RIPRAP REQUIRED ^(a) D50 (IN) |
|-----------------------|-------------------------|-----------------------------|---------------------------------------|------------|------------|-----------|---------------------|---|
| SBRC-1 ^(a) | SBRWS-U1,U2,U12 | 27.1 | 1.75 ^(e) | 36" | PROJ. | 1 | 2.6 | NONE |

^(a) Operational phase culvert SBC-10 renamed SBRC-1.

^(d) Peak discharge flow calculated using the 10 year-6 hour storm event.

^(e) Culvert has the capacity to pass the peak flow from a 100 year-6 hour storm event.

Note: SBRC-2 was replaced by extension of channel SBRD-5. SBRC-3 was replaced by extension of channel SBRD-3.