

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

April 20, 2005

INCOMING
C0070004

RECEIVED

MAY 02 2005

DIV. OF OIL, GAS & MINING

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

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. On January 31, 2005 the Permittee responded to the Divisions findings but, do to an oversight, did not address the Divisions fourth comment in the summary of deficiencies. In keeping with past practice, Permittee will list the deficiency in italics followed by its response in regular type.

R645-301-761; The Permittee needs provide the as-built cross sections and profiles for drainages SBRD-3 and SBR-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 3.2-16 stating that the Cross-sections and profiles for SBRD-3 and SBRD-5 can be found in Appendix 3.2G.

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

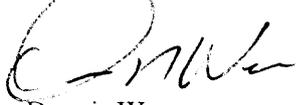
Permittee has also included the notarized certification statement indicating that the applicable reclamation activities have been accomplished for the Sowbelly Substation as requested by the Division at the March 31, 2005 meeting with the Permittee.

The Permittee herby confirms to the Division that the letters to agencies and land owners that were a part of the Permittee's original submittal requesting phase I bond release dated September 21, 2004 were in fact mailed to the agencies and landowners in September of 2004.

Further, the Public Notice for the Sowbelly substation phase I bond release applications which was verbally approved by the Division on March 31, 2005 has been submitted for publication. The publication dates are April 7, 14, 21 and 28, 2005.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Ware". The signature is written in a cursive style with a large, prominent initial "D".

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 M Ware
Print Name

[Signature] Controller & Admin Mgr
Sign Name, Position, Date
04-18-05

Subscribed and sworn to before me this 19th day of April, 2005

Janya Short
Notary Public

My commission Expires: 6-4, 2005 } ss:
Attest: State of Utah
County of Emery



For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining
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Access Road (A-2) - The access road has also been eliminated and regraded during the 1995 reclamation improvements.

Berms - Berms directing drainage to the ponds have been eliminated.

Rip-rap Soiling - In areas where rip-rap was replaced or repaired, approximately 6 inches of soil was placed over the rip-rap and reseeded. This will serve 2 purposes: (1) to fill voids within the rip-rap, and (2) to promote vegetation and channel stability. This procedure was used primarily on channel sections SBRD-1B and SBRD-1C, and on all of SBRD-4.

Deep Gouging - The entire regraded surface area has been deep gouged with 2 tons per acre of hay mulch incorporated during gouging using the trackhoe bucket. The areas were then reseeded and mulched with 1 ton per acre of straw. This procedure is intended to promote water retention and vegetation and minimize erosion and sediment transport off-site.

Culvert SBRC-4 - This culvert was removed along with access road A-2.

Low Areas - Low areas along channel SBRD-1 have been regraded, and all slopes now drain to the reclaimed channels.

The entire reclaimed area has been surveyed, and existing reclamation treatments and conditions are shown on Exhibits 3.2-13 and 3.2-14, respectively. All reclaimed channels have also been surveyed. Channel cross-sections are shown on Exhibit 3.2-15 and profiles are shown on Exhibit 3.2-16 except for the substation area. Cross-sections and profiles for SBRD-3 and SBRD-5 can be found in Appendix 3.2G. Channel certifications are provided in Appendix 3.2H.

Castle Gate Holding Company
Castle Gate Mine
C/007/004

Phase I Bond Release on 1.84 acres of disturbed lands associated with the substation
located in Sowbelly Canyon

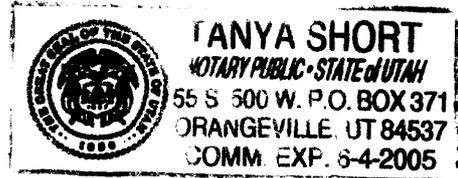
I hereby certify to the best of my information and belief that all applicable reclamation activities have been accomplished in accordance with the requirements of the Act, the regulatory program, and the approved reclamation plan.

Dennis N Ware
Print Name

[Signature] Controller & Admin. Mgr.
Sign Name, Position, Date
04-18-05
19

Subscribed and sworn to before me this 19th day of April, 2005

[Signature]
Notary Public



My Commission Expires: 6-4, 2005

Attest: State of Utah } ss:
County of Emery