

UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT

For
Phase I Bond Release

Plateau Mining Corporation
Willow Creek Mine
Gravel Canyon
C/007/0038
Carbon County, Utah

February 16, 2006

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- * Chronology
- * Findings
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- * Affidavits of Publication
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- * Phase I Bond Release Inspection Reports
- * BLM Concurrence Letter, October 20, 2005

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Confidential

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Refer to Record No. 0004 Date 02/15/2006
In C 0070004 Outgoing 0001
For additional information

ADMINISTRATIVE OVERVIEW

Plateau Mining Corporation
Gravel Canyon
Willow Creek Mine
C/007/0038
Carbon County, Utah

February 16, 2006

ACTION

Phase I bond release is requested for the Willow Creek Mine's Gravel Canyon site. This area was used as a borrow area for reclamation at the Willow Creek Mine Refuse Pile, Preparation Plant area and Willow Creek Mine highwall area. This site was reclaimed in the fall of 2004. The bond release amount is:

Gravel Canyon	5.75 (4.3 acres were disturbed)	\$95,400
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BACKGROUND

The Willow Creek Mine area is located approximately 10 miles north of the town of Price, Utah in Carbon County, with the mine surface facilities located adjacent to and north of Willow Creek and State Highway 191 in Willow Creek Canyon approximately one mile northeast of the junction of Highway 191 with U.S. Highway 6 and 50. The Willow Creek Mine permit area covers an area of approximately 23 sections extending north and south approximately 2.5 miles from the junction of the two highway and six miles to the east for a total of 14,670 acres.

This area is part of the Book Cliffs of Central Utah and is characterized by high plateaus to the north; steep narrow ridgelines cut by deep erosional drainages in the permit and adjacent areas to the east, west, and south; and the relatively flat, dry semi-desert areas of the Colorado Plateau to the south of the town of Price. Within the permit area, topographic relief ranges from 6200 feet, near the confluence of Willow Creek with the Price River, to over 8,600 feet along the ridgelines to the southeast.

There has been mining in this area since the late 1800's. Following initial settlement of this area, further settlement and development of the area occurred fairly rapidly with the discovery of extensive coal reserves in the late 1870's and construction of the railroad in the late 1870's and early 1880's. Active underground mining operations continued from the 1870's through the 1940's, when coal demand and production began to decline due to reduced postwar industrial production and the shift to diesel railroad engines. The Castle Gate Mines Nos. 1, 2, and 4, which were encompassed by the Willow Creek Mine permit boundary, were developed and operated from 1888 through 1972, when the last of the mines closed.

PHASE I BOND RELEASE FINDINGS

Plateau Mining Corporation
Gravel Canyon
Willow Creek Mine
C/007/0038
Carbon County, Utah

February 16, 2006

SUMMARY OF FINDINGS

The Phase I bond release findings for Gravel Canyon is in the attached Technical Analysis dated February 15, 2006. All landowners were notified on the Phase I bond release application and the bond release was advertised for four consecutive weeks in the local paper. No comments were received during the public comment period. A bond release inspection was conducted on September 8, 2005. No problems were identified. BLM concurrence was received on October 20, 2005.

PHASE I BOND RELEASE RECOMMENDATION

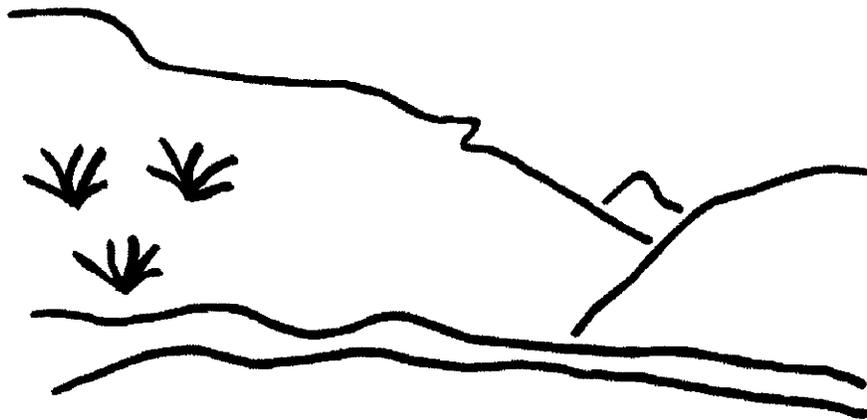
The Permittee has met the requirement by backfilling and grading, topsoil placement and seeding at Gravel Canyon. It is recommended that the following amount be released for phase I:

Gravel Canyon 5.75 acres \$95,400

On approval of this request, establishment of vegetation at this site will be required for Phase II bond release. The amount retained is \$63,600 for Gravel Canyon.

The bond amount for Willow Creek is currently \$7, 866,000 and will be reduced to \$7,770,600 with this phase I bond release.

State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Willow Creek Mine
Gravel Canyon Phase I Bond Release
Permit #C/007/0038, Task ID #2243
Technical Analysis
February 15, 2006

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TECHNICAL ANALYSIS

TECHNICAL ANALYSIS

The Division derives its authority from the Surface Mining Control and Reclamation Act of 1977(SMCRA). When companies submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the Permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings that comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

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C/007/0038

Task ID #2243

February 15, 2006

TECHNICAL ANALYSIS

INTRODUCTION

INTRODUCTION

On May 5, 2005, the Permittee submitted an application for Phase I bond release for the Gravel Canyon area of the Willow Creek Mine. The Gravel Canyon area contains 5.75 acres of which 4.3 acres as a barrow pit before the site was permitted under SMCRA. The site is located in SE1/4SE1/4 of Section 35, Township 12 South, Range 9 East, SLB&M, Utah. The Permittee reclaimed the site in the fall of 2004.

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Task ID #2243
February 15, 2006

INTRODUCTION

RECLAMATION PLAN

RECLAMATION PLAN

APPROXIMATE ORIGINAL CONTOUR RESTORATION

Regulatory Reference: 30 CFR Sec. 784.15, 785.16, 817.102, 817.107, 817.133; R645-301-234, -301-412, -301-413, -301-512, -301-531, -301-533, -301-553, -301-536, -301-542, -301-731, -301-732, -301-733, -301-764.

Analysis:

The Permittee meet the requirements to restore the site to the approximate original contours. Those requirements are a combination of performance standards for backfilling and grading, hydrology, postmining land use and revegetation. The performance standards include:

- Minimization off-site impacts.
- The final surface configuration closely resembles the general surface configuration of the land prior to mining.
- The topsoil/growth media are adequate to support the vegetation requirements.
- Erosion is minimized.
- The land is able to support the approved postmining land use.

The intent of the approximate original contour regulations is not to restore a site to the approximate premining elevation. Rather the intention of the regulations are to ensure that the reclaimed site has slope lengths and gradients that are within acceptable limits and similar to those in the surrounding areas.

Regulatory requirements that must be achieved include:

- Eliminate all highwalls, no highwalls existed at Gravel Canyon.
- Eliminate all spoil piles, no spoil piles existed at Gravel Canyon.
- Eliminate all depressions with the exception of small depressions needed to retain moisture, minimize erosion, create and enhance wildlife habitat or assist revegetation. No depressions except pocks remain on the site.
- Minimize erosion and water pollution both on and off site. The Permittee met all hydrology requirements.
- Support the postmining land use. The site is capable of supporting the postmining land use.

Exhibit 3.6-5AB provides reclamation topography and cross-section locations. The Permittee met the minimum requirements for achieving AOC because:

- There are no depressions at the site except for small depressions (pocks). The pocks are part of a standard surface roughening methods used to control erosion and water pollution.
- The slopes were reclaimed according to the approved reclamation plan
- The plan minimizes erosion and water pollution.
- The Division expects that the reclaimed site will support the postmining land use of grazing and wildlife habitat because the slopes blend with the surrounding area and the area was seeded.

Findings:

The information in the amendment is adequate to meet the minimum requirements of this section of the regulations.

BACKFILLING AND GRADING

Regulatory Reference: 30 CFR Sec. 785.15, 817.102, 817.107; R645-301-234, -301-537, -301-552, -301-553, -302-230, -302-231, -302-232, -302-233.

Analysis:

General

The Permittee meet the general backfilling and grading requirements because:

- The area was reclaimed to the approximate original contour requirements. See the Approximate Original Contour section of the TA for details.
- The reclaimed slopes have a safety factor of 1.3 or greater and do not exceed the angle of repose. See Exhibit 3.6-5AB for as-built certifications.
- The Permittee reclaimed the site using surface roughening techniques (pocking). Pocking is an effective means to control erosion and water pollution.

Previously Mined Areas

The R645 Rules allow the Division to enforce different standards to pre-SMCRA disturbed sites if highwalls or spoil piles are present. Since there are no highwalls or spoil piles associated with the substation area those rules do no apply for that area.

RECLAMATION PLAN

Findings:

The information in the amendment is adequate to meet the minimum requirements of this section of the regulations.

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-240.

Analysis:

Redistribution

The Permittee met the topsoil and subsoil requirements for Phase I bond release. Post mining topography is shown on Exhibit 3.6-5AB. MRP Table 3.6-6, Option B, describes the mass balance summary for reclamation. Approximately 65,000 yd³ of material was moved during regrading (App. 3.6D Sec. 3.6-4AB). Composite soil samples of the final graded surface were determined to be suitable for use as substitute topsoil (MRP, App. 3.4M).

The rip rap in the ephemeral channel was filled in with soil and seeded and mulched as described in the Earthfax Engineering reclamation filter design (MRP, Sec. 3.6, App. 3.6B).

Findings:

The information provided meets the minimum Topsoil and Subsoil requirements for Phase I bond release.

MINE OPENINGS

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

Analysis:

There are no mine openings associated with the Gravel Canyon area.

Findings:

The information in the amendment is adequate to meet the minimum requirements of this section of the regulations.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:

Hydrologic Reclamation Plan

The Permittee met the requirements for establishing the hydrological structures needed to for Phase I bond release. There will be one reclaim channel at Gravel Canyon. Since the channel in Gravel Canyon is ephemeral, the Permittee designed the reclamation channel to safely pass a 10-year 6-hour storm with a minimum freeboard of 1 foot. The 10-year 6-hour storm for this area is 1.4 inches. The channel will be 3-feet wide at the bottom and 1.5-feet deep with 3:1 side slopes. The D₅₀ riprap size is 4 inches.

The filter blanket and riprap design is in Appendix 3.6B. The filter blanket will be a 6-inch thick layer of UDOT 1" base mix; the Permittee will not use a synthetic fabric.

The Permittee used several measures to control sediment during reclamation:

- Placement/redistribution of topsoil.
- Mulching.
- Deep gouging.
- Seeding.
- Tackifying.

The Permittee performed Modified Universal Soil Loss Equation (MUSLE) calculations, which show that pre-mining conditions would have yielded 24.2 tons/acre/yr of sediment, while the site will yield just 0.14 tons/acre/yr immediately post-reclamation and 20.7 tons/acre/yr long-term post-reclamation.

RECLAMATION PLAN

Findings:

Information provided in the application is adequate to meet the minimum Hydrologic Reclamation Plan requirements of the regulations.

STABILIZATION OF SURFACE AREAS

Regulatory Reference: 30 CFR Sec. 817.95; R645-301-244.

Analysis:

The Permittee met the minimum stabilization of surface areas requirements for Phase I bond release. Two T /ac. of hay was scattered on the regraded surface. The hay was incorporated with gouging. Seed was broadcast over the site (MRP, Table 5.3-2b, Sec 5.3). Following the seeding, the site received an additional 1 to 1.5 tons per acre of straw mulch applied with mechanical blowers and then was sprayed with a hydromulch and tackifier at a rate of 500 lbs per acre (App 3.6 Sec 3.6-4(1)AB). The rip-rapped channel bottom was covered with soil and seeded and mulched as well.

After seeding and mulching, App. 3.6-C demonstrates, the amount of sediment estimated to leave the site drops to .14 Tons/acre/year. The field visit on September 8, 2005 confirmed that the Permittee has applied best management practices to control erosion and prevent sediments from leaving the site.

Findings:

The information provided in the bond release application meets the bond release regulations.

MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-323, -301-512, -301-521, -301-542, -301-632, -301-731.

Analysis:

Affected Area Boundary Maps

The affected area will not change because of the modification to the reclamation plan for Gravel Canyon.

Bonded Area Map

The bonded area will not change because of the modification to the reclamation plan for Gravel Canyon.

Reclamation Backfilling And Grading Maps

Exhibits 3.4-10 and 3.4-10a provide cross sections and Exhibit 3.4-12 provides station locations for the profile of Gravel Canyon drainage under reclamation Option A.

Exhibits 3.4-10 and 3.4-10a provide cross sections and Exhibit 3.4-12 provides station locations for the profile of the Gravel Canyon drainage under reclamation Option A.

Exhibit 3.6-4 (revised 08/23/04) illustrates the reclamation contours and cross-sections for Options B and C being proposed that would leave more soil material in the canyon. This exhibit presents cross-sections, and profiles of the proposed drainage configurations. Mr. Layne Jensen, a P.E. registered in the State of Utah prepared the map and certified it properly.

The Permittee indicated in a letter dated March 19, 2004 to Daron Haddock that an as-built topography map will be created from aerial photography of Gravel Canyon and the Willow Creek Mine site.

Reclamation Facilities Maps

No facilities were associated with the reclamation of the Gravel Canyon site.

Final Surface Configuration Maps

Exhibit 3.6-4 shows Scenario B and C for the reclamation of Gravel Canyon. Scenario A is shown in Exhibits 3.4-10 and 3.4-10a of the MRP. Exhibit 3.4-12 provides station locations for the profile of Gravel Canyon drainage under reclamation Option A.

Reclamation Monitoring And Sampling Location Maps

The Permittee indicated in a letter dated March 19, 2004 to Daron Haddock that an as-built topography map will be created from aerial photography of Gravel Canyon and the Willow Creek Mine site. Soil sampling locations should be indicated on the As-Built to document the sampling effort.

RECLAMATION PLAN

Certification Requirements.

Layne Jensen certified the revised reclamation maps for Gravel Canyon. He is a registered profession engineer.

Findings:

The information provided meets the requirements of the Regulations.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

The Permittee address the general procedures for bond release as follows:

- The Permittee described the area for which Phase I bond release is being sought as on 5.75 acres of which 4.3 acres were disturbed pre-SMCRA acres in SE1/4SE1/4 of Section 35, Township 12 South, Range 9 East, SLB&M, Utah.
- The Permittee provided as built drawing Exhibit 3.6-5AB that shows acreage of disturbed areas in Gravel Canyon topsoil storage site.
- Exhibit 3.6-5AB provides dates of completion for the reclamation work and status of bond release.
- The Permittee included a brief history of the mining and reclamation activities.
- There were no ponds within the substation area. The Permittee used surface roughening techniques, such as pocking for sediment control.
- The Permittee requested that the designated part of the bond for Gravel Canyon, which is \$159,000, be reduce to \$95,400. The Permittee is seeking a 60% bond reduction, which is the maximum allowed under R645-301-880.310.

Determination of Bond Amount

The current bond for the Willow Creek Mine is \$7,866,000, of which \$159,000 is for reclaiming Gravel Canyon. The Permittee requested that 60% (\$95,400) of the bond for Gravel Canyon be released. After Phase I Bond release, the Division will have \$63,600 to finish reclamation of the Gravel Canyon site. The only remaining reclamation activity is vegetation. The Division is confident that they can complete reclamation with \$63,600 (\$11,000/acres.)

Findings:

The information in the amendment is adequate to meet the minimum requirements of this section of the regulations.

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Price City will hold a community meeting for all persons owning property operating a business in downtown Price. The purpose of the meeting will be to discuss the feasibility of utilizing a business improvement district for the continue growth and organization of a Main Street program. The community meeting will be held on Tuesday, June 21st, from 6:00pm until 8:00pm in the lobby area of Price City Hall, located at 185 East Main Street, Price, Utah.

Published in the Sun Advocate June 14, 16 and 21, 2005.

PUBLIC NOTICE

On June 1, 2005, Educational Media Foundation filed an application with the Federal Communications Commission for renewal of license of FM translatio station K220ET, which is licensed to serve Price, Utah. The station transmits from County Road 2006 with an effective radiated power of 0.25 kW. The station rebroadcasts KLFV-FM, Channel 212, Grand Junction, Colorado. Individuals who wish to advise the FCC of facts relating to the renewal application and to whether this station has operated in the public interest should file comments and petitions with the FCC by September 1, 2005, by writing to: FCC, Washington, DC 20554.

Published in the Sun Advocate June 21, 2005.

PUBLIC NOTICE

APPLICATION FOR PHASE I BOND RELEASE

GRAVEL CANYON

PLATEAU MINING CORPORATION

WILLOW CREEK MINE

PERMIT C/007/038, APPROVED 04/24/2001

CARBON COUNTY, UTAH

Plateau Mining Corporation, P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

In accordance with the provision of R645-301-880, of the State of Utah R645-Coal Mining Rules, notice is hereby given to the general public that Plateau Mining Corporation is applying for partial release of the performance bond posted for this operation.

The surety bond posted for the Willow Creek Mine is \$7,866,000 of which \$159,000 is designated for the Gravel Canyon reclamation. Plateau Mining Corporation is seeking release of \$95,400 from the Gravel Canyon portion of the bond.

Gravel Canyon is located on the Helper, Utah, U.S. Geological Survey 7.5 minute quadrangle map. The site is located in Price Canyon approximately 3.5 miles north of Helper, Utah on the following described lands:

Township 12 South, Range 9 East, SLB&M, Utah
Section 85: SE1/4 SE1/4

The Utah Division of Oil, Gas and Mining will now evaluate the proposal to determine whether it meets all the criteria of the Permanent Program Performance Standards according to the requirements of the Utah Coal Mining Rules.

Written comments, objections and requests for public hearing or information conference on this proposal may be addressed to:

Utah Coal Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

Closing date for submission of such comments, objections and request for public hearing or information conference on this proposals must be submitted by August 12, 2005.

Published in the Sun Advocate June 21, 28, July 5 and 12, 2005.

NOTICE OF TRUSTEE'S SALE

The following described real property will be sold at public auction to the highest bidder without warranty as to title.

April 29, 2005

Mr Gary Harwood
Helper City
P.O. Box 221
Helper, Utah 84526

Re: Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah

Dear Mr. Harwood:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company , 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

In accordance with the provisions of R645-301-880, of the State of Utah R645-Coal Mining Rules, this letter will serve as notification that Plateau Mining Corporation intends to file an application with the Utah Division of Oil, Gas and Mining for partial release of the performance bond posted for this operation.

The surety bond posted for the Willow Creek Mine is \$7,866,000 of which \$159,000 is designated for the Gravel Canyon reclamation. Plateau Mining Corporation is seeking release of \$95,400 from the Gravel Canyon portion of the bond.

Gravel Canyon is located on the Helper, Utah, U.S. Geological Survey 7.5 minute quadrangle map. The mine site is located in Sowbelly Gulch, approximately 3.5 miles north of Helper, Utah on the following described lands:

Township 12 South, Range 9 East, SLB&M, Utah
Section 35: SE1/4 SE1/4

In accordance with the provisions of R645-301-880 of the State of Utah R645 Coal Mining Rules, this letter will serve as notification that Plateau Mining Corporation intends to file an application with the Utah Division of Oil, Gas and Mining for partial release of the performance bond posted for this operation.

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Comments concerning Phase I bond release from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies which would have to initiate, implement, approve, or authorize the proposed use of the land following reclamation should be mailed to: Plateau Mining Corporation, Attention: Dennis N. Ware, P.O. Box 30, Helper, Utah 84526.

If you have any questions or need additional information, please me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

April 29, 2005

Carbon County Commissioners
120 East Main Street
Price, Utah 84501

Re: Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah

Dear Commissioners:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company , 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

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Gravel Canyon is located on the Helper, Utah, U.S. Geological Survey 7.5 minute quadrangle map. The mine site is located in Sowbelly Gulch, approximately 3.5 miles north of Helper, Utah on the following described lands:

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If you have any questions or need additional information, please me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

April 29, 2005

Mr. Dave Levanger
Carbon County Planning and Zoning
120 East Main Street
Price, Utah 84501

Re: Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah

Dear Mr. Levanger:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company , 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

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Comments concerning Phase I bond release from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies which would have to initiate, implement, approve, or authorize the proposed use of the land following reclamation should be mailed to: Plateau Mining Corporation, Attention: Dennis N. Ware, P.O. Box 30, Helper, Utah 84526.

If you have any questions or need additional information, please me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

April 29, 2005

Mr. Harold Cunningham
Utah Power and Light – Carbon Plant
Helper, Utah 84526

Re: Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah

Dear Mr. Cunningham:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company , 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

In accordance with the provisions of R645-301-880, of the State of Utah R645-Coal Mining Rules, this letter will serve as notification that Plateau Mining Corporation intends to file an application with the Utah Division of Oil, Gas and Mining for partial release of the performance bond posted for this operation.

The surety bond posted for the Willow Creek Mine is \$7,866,000 of which \$159,000 is designated for the Gravel Canyon reclamation. Plateau Mining Corporation is seeking release of \$95,400 from the Gravel Canyon portion of the bond.

Gravel Canyon is located on the Helper, Utah, U.S. Geological Survey 7.5 minute quadrangle map. The mine site is located in Sowbelly Gulch, approximately 3.5 miles north of Helper, Utah on the following described lands:

Township 12 South, Range 9 East, SLB&M, Utah
Section 35: SE1/4 SE1/4

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Comments concerning Phase I bond release from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies which would have to initiate, implement, approve, or authorize the proposed use of the land following reclamation should be mailed to: Plateau Mining Corporation, Attention: Dennis N. Ware, P.O. Box 30, Helper, Utah 84526.

If you have any questions or need additional information, please me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

April 29, 2005

Mr. Roger Wheeler
Director Land Management
American Electric Power
700 Morrison Road
Gahanna, Ohio 43230-6642

Re: **Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah**

Dear Mr. Wheeler:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company , 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

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If you have any questions or need additional information, please me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

Plateau Mining Corporation

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

April 29, 2005

Mr. Phil Palmer
Price River Water Improvement District
P.O. 903
265 South Fairgrounds Road
Price, Utah 84501

Re: **Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah**

Dear Mr. Palmer:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company , 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

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Sincerely,



Dennis N. Ware
Controller and Administrative Manager

Plateau Mining Corporation

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

April 29, 2005

Mr. Patrick Gubbins
Bureau of Land Management
125 South 600 West
Price, Utah 84501

Re: **Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah**

Dear Mr. Gubbins:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

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If you have any questions or need additional information, please me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

Plateau Mining Corporation

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

April 29, 2005

Mr. Kevin S. Carter
Director
School and Institutional Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

Re: Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah

Dear Mr. Carter:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company , 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

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Sincerely,



Dennis N. Ware
Controller and Administrative Manager

Plateau Mining Corporation

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

April 29, 2005

Mr. Hugh Kirkham
State of Utah
Department of Transportation
940 South Carbon Avenue
Price, Utah 84501

Re: Notification of Application for Phase I Bond Release, Gravel Canyon, Plateau Mining Corporation, Willow Creek Mine, C/007/038, Carbon County, Utah

Dear Mr. Kirkham:

Plateau Mining Corporation, , P.O. Box 30, 847 Northwest Highway 191, Helper, UT 84526, a subsidiary of Foundation Coal Company , 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 5.75 acres of land in the Gravel Canyon area of the Willow Creek Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed in the fall of 2004.

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If you have any questions or need additional information, please me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Category and Name. Rows include State representatives (Dana Dean, Wayne Western), Company representative (Dennis Ware), and BLM representative (Steve Falk).

Inspection Report

Table with 2 columns: Field and Value. Fields include Permit Number (C0070038), Inspection Type (BOND RELEASE), Inspection Date (Thursday, September 08, 2005), Start Date/Time (9/8/2005 1:40:00 PM), End Date/Time (9/8/2005 2:20:00 PM), and Last Inspection.

Inspector: Wayne Western, Environmental Scientist III

Weather: Warm with clear to partly cloudy skies

InspectionID Report Number: 737

Accepted by: pgrubaug
12/15/2005

Permittee: PLATEAU MINING CORP
Operator: PLATEAU MINING CORP
Site: WILLOW CREEK MINE
Address: PO BOX 30, HELPER UT 84526-0030
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

Table with 2 columns: Value and Description. Rows include 14,670.00 Total Permitted, 161.55 Total Disturbed, and three rows for Phase I, Phase II, and Phase III.

Mineral Ownership

- Checked: Federal, Fee, Other
Unchecked: State, County

Types of Operations

- Checked: Underground, Loadout
Unchecked: Surface, Processing, Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Phase I Bond Release Willow Creek Mine Gravel Canyon Topsoil Storage Area - 4.3 acres. The Division determined that Gravel Canyon met the minimum requirements for Phase I Bond release.

Inspector's Signature:

Date Tuesday, September 27, 2005

Wayne Western, Environmental Scientist III
Inspector ID Number: 42

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

Beginning in 1984, this area was used as a topsoil storage site. The area was used as a gravel pit prior to mining. There were no portals and no highwalls. One intermittent drainage bisects the site.

3. Topsoil

The Gravel Canyon storage site held 107,639 CY of topsoil (MRP, Table 4.2-1), of that, 65,000 CY was removed and used to cover the waste in Schoolhouse Canyon (As Built App. 3.6D, Sec. 3.6-4AB). The remaining soil at the site was graded and pocked and seeded in the Fall of 2004. (Laboratory analysis of the remaining soil is found in Appendix 3M.) There were no signs of erosion.

4.a Hydrologic Balance: Diversions

Drainage channel was not lined with pyramat, instead the design used riprap covered with soil (per Earthfax Channel filter design MRP, Sec 3-6, App. 3-6B).

12. Backfilling And Grading

Final Surface Configuration: The Permittee met the minimum requirements for restoring the site to the general surface configuration of the land before mining. The R645 – Rules do not require that the site be returned to the original contours rather that the site resembles the general surface configuration of the surrounding area. The reclaimed slopes as similar in length and grade to those in the surrounding area.

Spoil Piles Elimination: No spoil piles exist on site.

Highwalls Elimination: There are no highwalls on site.

Postmining Land Use: The postmining land use is wildlife habitat. The site is vegetated and appeared to the Division to support wildlife habitat.

Long Term Static Safety Factor of 1.3: The site appears stable.

Prevent Slides: The reclaim slopes appeared to be stable.

Minimize Erosion and Water Pollution Both on and off the Site: The reclaimed area was pocked and vegetated. The Division found that erosion was minimized because there were no rills or gullies formed.

13. Revegetation

Seeded in Fall 2004. Hay/Straw still visible.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, UT 84501

<http://www.blm.gov/utah/price/>



RECEIVED SL-029093-046653
OCT 20 2005 (UT-070)

3484

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

DIV. OF OIL, GAS & MINING

J. Gubbins
1007/0004
1007/0038
Copy PAA

Subject: Phase I Bond Release, Castle Gate and Willow Creek Mines, Plateau Mining Corporation

Dear Mrs. Grubaugh-Littig:

The Bureau of Land Management (BLM) has been asked to respond if our agency has any objections or concerns with regards to a Phase I bond release (reclamation bond) for the subject mines. Mining facilities and disturbances in Hardscrabble and Sowbelly Canyons were associated with the old Castle Gate Mines, while facilities at Adit No. 1 and Gravel Canyon are associated with the Willow Creek Mines.

We have participated in the onsite inspections and have reviewed our files in regards to our response. All reclaimed surface disturbance in the four areas are located on private lands and outside of our jurisdiction. Access to grazing allotments on nearby public lands is still available through Hardscrabble Canyon. All portal seals, which access Federal coal to the northwest, were noted to be intact. We therefore have no objections to the Phase I bond release.

If you have and questions or comments, please contact Stephen Falk of my staff at 435-636-3605.

Sincerely,

Patrick Gubbins

Patrick Gubbins
Jon Field Manager

cc: UT-923, SD, Utah

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT**

**For
Phase I Bond Release**

**Castle Gate Holding Company
Castle Gate Mine
Sowbelly Gulch Substation/Hardscrabble Substation/Adit #1
C/007/0004
Carbon County, Utah**

February 16, 2006

CONTENTS

- * Administrative Overview
- * Chronology
- * Findings
- * Recommendation for Phase I Bond Release
- * Technical Analyses, February 15, 2006 (Sowbelly Gulch Substation, Hardscrabble Substation and Adit #1)
- * Affidavits of Publication
- * Notification Letters to Landowners
- * Phase I Bond Release Inspection Reports
- * BLM Concurrence Letter, October 20, 2005

ADMINISTRATIVE OVERVIEW

Castle Gate Holding Company
Sowbelly Gulch Substation/Hardscrabble Substation/Adit #1
Castle Gate Mine
C/007/0004
Carbon County, Utah

February 16, 2006

ACTION

Phase I bond release is requested for the Castle Gate Mine's Sowbelly Gulch Substation, Hardscrabble Substation and Adit #1. The bond release amounts are:

Sowbelly Gulch Substation	1.80 acres	\$65,000	
Hardscrabble Substation	0.72 acres	\$51,000	
Adit #1	3.00 acres	\$74,054	(1.7 acres disturbed, 1.3 acres undisturbed)

The total phase I bond release request for the Castle Gate Mine at these three sites is: \$190,054 on 5.52 acres.

BACKGROUND

Castle Gate Mine

The Castle Gate Mine Complex is located approximately 10 miles north of Price, Utah, in the Wasatch Plateau coal fields in Carbon County. The disturbed areas are in Hardscrabble Canyon (39 acres), Sowbelly Gulch (21 acres), and Price Canyon [Adit No.1 (3 acres)]. The bonded or disturbed area for the entire Castle Gate Mine complex is 63 acres.

The initial permit was issued to the Price River Coal Company on December 24, 1984. Castle Gate Coal Company acquired the right to mine the western reserves and obtained a permit transfer on May 30, 1986. On May 25, 1991, the Division approved the permit transfer from Castle Gate Coal Company to Amax Coal Company. On July 2, 1996, the Castle Gate permit was transferred from Amax Coal Company to Amax Coal Holding Company, which became Amax Coal Company again on August 5, 1996. The permit was transferred to the current Permittee, Castle Gate Holding Company, on September 11, 1998.

In May 1995, the Division received an application from Cyprus Plateau Mining Corporation to permit the eastern coal reserves and a portion of the Castle Gate Mine as the new Willow Creek Mine. In April 1996, the Willow Creek Mine was permitted, and its permit area overlapped with that of the Castle Gate Mine. In June of 1997, the Castle Gate and Willow Creek Mines were split apart which left the Castle Gate Mine with the Sowbelly Gulch, Hardscrabble Canyon, and Adit No. 1 areas. The Schoolhouse Canyon refuse area, the Castle

Gate preparation plant, Crandall Canyon, the Gravel Canyon topsoil storage area, and a refuse storage area (a site previously reclaimed by the Abandoned Mine Lands Reclamation program) were all transferred to the Willow Creek Mine. Currently, the Castle Gate preparation plant has been dismantled and reclaimed under the Willow Creek Mine permit.

Hardscrabble Canyons – Phase I and II Bond Release

Intensive mining has occurred in Hardscrabble Canyon since the 1880's, when Teacum Pratt opened the first operation for house coal. Mining activities were consolidated in 1971, under the Braztah Corporation, which in turn became the Price River Coal Company on December 1, 1979.

The preparation plant in Hardscrabble Canyon was dismantled and removed when the coal preparation plant at Castle Gate began operating in January of 1979. Thereafter, coal transportation from Hardscrabble canyon was by underground conveyor directly to the Castle Gate preparation plant through Adit No. 1 in Price Canyon.

Waste from the defunct Hardscrabble preparation plant had been deposited at the north end of the canyon, at the intersection of two tributaries to the main ephemeral drainage, blocking their flow paths. The waste pile, dubbed Goose Island, was reclaimed in 1984. A portion of the canyon was reworked in 1999 (see Exhibit 3.3-23).

Reclamation work took place throughout Hardscrabble Canyon during the years 1993 through 1999 and 2002 (substation). The road through the disturbed area was altered but left in place for the postmining land use. In 1997, AMAX Coal Company, Castle Gate Holding Company's predecessor, received an Earth Day Award from the Board of Oil, Gas, and Mining for "outstanding final reclamation and site restoration". The company was commended for enhancing the postmining land use by restoring the canyon to a more natural configuration and paying particular attention to wildlife habitat while providing more stable water flow channels and better downstream water quality.

The disturbed area boundary at the Hardscrabble complex encompasses 39.0 acres, of which 36.76 acres are actually disturbed and 2.24 acres comprise a buffer zone along the perimeter that was not disturbed. The Hardscrabble Phase I bond release application was conditionally approved (with OSM concurrence) on January 25, 2001 for 29.9 acres. (This 29.9 acre figure included the 2.2 acres of buffer zone and the 27.7 acres of No. 3 and No. 4 mines reclaimed area.) Final approval of the Phase I bond release was effective February 14, 2001. There are also 8.79 acres in the reclaimed Goose Island refuse pile, which received Phase I bond release in 1985. In all, 38.7 acres have received Phase I bond release to date.

The area in Hardscrabble Canyon eligible for Phase II bond release included all the area within the 39 acre disturbed area boundary except the road (1.21 acres) and the recently reclaimed substation [0.78]. There were 37.1 acres that received Phase II bond release on June 5, 2003.

The Hardscrabble substation (0.72acres) was reclaimed in the fall of 2002. This substation wasn't reclaimed with the rest of the site because of the question of whether or not

this substation would be used in conjunction with the Willow Creek Mine. The Willow Creek Mine went into temporary cessation on December 11, 2000 (due to a mine fire) and into permanent cessation on September 6, 2002.

Sowbelly Gulch – Phase I and Phase II Bond Release

The Sowbelly Disturbed area encompasses 21 acres. Reclamation grading started in the Sowbelly Gulch portion of the disturbed area in 1993 and continued through 1995. Phase I bond release of 18.2 acres at Sowbelly was approved on January 31, 1997 (excluding the substation). Work on the substation was completed in 2002. Phase II for Sowbelly Gulch (except the substation) was approved on June 5, 2003.

The Sowbelly Gulch substation (1.84 acres) was reclaimed in the fall of 2002. This substation wasn't reclaimed with the rest of the site because of the question of whether or not this substation would be used in conjunction with the Willow Creek Mine. The Willow Creek Mine went into temporary cessation on December 11, 2000 (due to a mine fire) and into permanent cessation on September 6, 2002.

Adit #1

Adit #1 (3.0 acres, 1.7 acres reclaimed and 1.3 acres undisturbed) was reclaimed in the fall of 2002. Adit #1 was going to be used in conjunction with the Willow Creek Mine. The Willow Creek Mine went into temporary cessation on December 11, 2000 (due to a mine fire) and into permanent cessation on September 6, 2002.

CHRONOLOGY FOR PHASE I BOND RELEASE

Castle Gate Holding Company
Sowbelly Gulch Substation/Hardscrabble Substation/Adit #1
Castle Gate Mine
C/007/0004

February 16, 2006

- September 21, 2004 CGHC sends letters to local governments and property owners of proposed bond release at Hardscrabble substation and Sowbelly substation: Roger Wheeler, American Electric Power Service Corporation, Mark Mackiewicz, Bureau of Land Management, David Levanger at the Carbon County Planning and Zoning and William Krompel of the Carbon County Commission.
- April 29, 2005 CGHC sends letters to local governments and property owners of proposed bond release at Adit #1: Roger Wheeler, American Electric Power Service Corporation, Patrick Gubbins, Bureau of Land Management, David Levanger at the Carbon County Planning and Zoning, Carbon County Commissioners, Gary Harwood at Helper City, Harold Cunningham at the Utah Power and Light Carbon Plan, Phil Palmer Price River Water Improvement District, Kevin Carter at School and Institutional Trust Lands Administration, and Hugh Kirkam at the Department of Transportation in Price.
- May 5, 2005 Castle Gate Holding Company (CGHC) submits application for Adit #1 for Phase I bond release.
- May 25, 2005 CGHC submits an application for the Hardscrabble substation for phase I bond release.
- June 13, 2005 CGHC submits an application for the Sowbelly substation for phase I bond release.
- April 7, 14, 21 and 28, 2005 Phase I bond release published in the Sun Advocate for both of the substations at Hardscrabble and Sowbelly.
- May 28, 2005 End of comment period for phase I bond release at the substations at Hardscrabble and Sowbelly. No comments received.
- June 21, 28 July 5 and 12, 2005 Phase I bond release published in the Sun Advocate for Adit #1.

August 12, 2005 End of comment period for phase I bond release at Adit #1. No comments received.

August 16, 2005 Division sends letters of invitation to private landowners Bill Diamanti, KC Jensen, Stephen Standley, Price Water District, State Institutional Trust Lands Administration, Bureau of Land Management, Utah Department of Transportation and Office of Surface Mining to advise them of the bond release inspection to be held September 8, 2005.

September 8, 2005 Phase I bond release inspections conducted. In attendance:

Hardscrabble Substation

Dennis Ware, CGHC
Sue Burger, BLM
Rex Sacco, Carbon County Planning and Zoning
Priscilla Burton, DOGM
Pamela Grubaugh-Littig, DOGM
Wayne Western, DOGM
Steve Fluke, DOGM

Sowbelly Substation

Dennis Ware, CGHC
Rex Sacco, Carbon County Planning and Zoning
Priscilla Burton, DOGM
Pamela Grubaugh-Littig, DOGM
Wayne Western, DOGM
Steve Fluke, DOGM

Adit #1

Dennis Ware, CGHC
Steve Falk, BLM
Priscilla Burton, DOGM
Pamela Grubaugh-Littig, DOGM
Wayne Western, DOGM
Dana Dean, DOGM

PHASE I BOND RELEASE FINDINGS

Castle Gate Holding Company
Sowbelly Gulch Substation/Hardscrabble Substation/Adit #1
Castle Gate Mine
C/007/0004
Carbon County, Utah

February 16, 2006

SUMMARY OF FINDINGS

The Phase I bond release findings for the substation at Sowbelly and Hardscrabble Canyons and Adit #1 are in the attached Technical Analysis dated February 15, 2006. All landowners were notified on the Phase I bond release application and were advertised for four consecutive weeks in the local paper. No comments were received during the public comment period. A bond release inspection was conducted on September 8, 2005. No problems were identified. BLM concurrence was received on October 20, 2005.

PHASE I BOND RELEASE RECOMMENDATION

The Permittee has met the requirement by demolishing structures, backfilling and grading, topsoil placement and seeding at Sowbelly Gulch Substation, Hardscrabble Canyon Substation and Adit #1. It is recommended that the following amount be released for phase I:

Sowbelly Gulch Substation	1.80 acres	\$65,000
Hardscrabble Substation	0.72 acres	\$51,000
Adit #1	3.00 acres	\$74,054 (1.7 acres disturbed, 1.3 acres undisturbed)

The total acreage for this phase I bond release request is 5.52 acres.

**The total phase I bond release for Castle Gate Mine at these three sites is:
\$190,054 for 5.52 acres.**

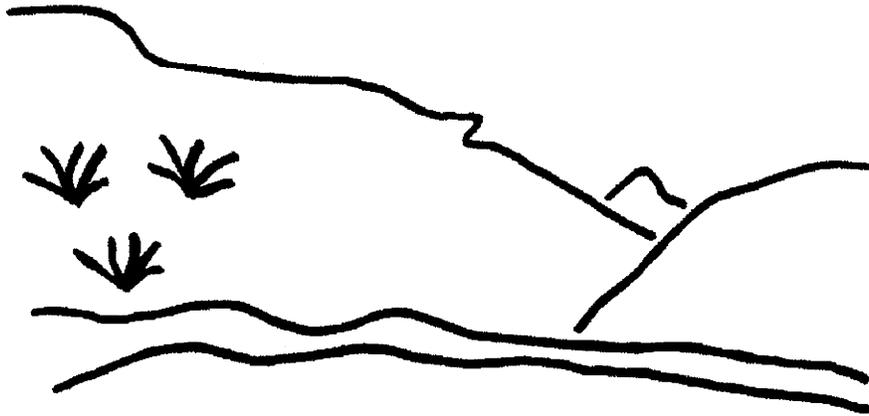
On approval of this request, establishment of vegetation at these sites will be required for Phase II bond release at the Sowbelly Gulch and Hardscrabble substations and Adit #1 as well as a bond amount that will be retained for areas that have already received phase II bond release. These amounts to be retained are as follows:

\$168,000 for Sowbelly (entire site);
\$267,000 for Hardscrabble (entire site); and
\$ 55,000 for Adit #1.
\$490,000 bond remaining for Castle Gate Mine

The current bond amount is \$680,154. The amount of bond proposed for phase I bond release at the Castle Gate Mine is \$190,054. Therefore, \$490,000 will remain.

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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Castle Gate Mine
Phase I Bond Release Hardscrabble Substation
C/007/0004, Task # 2148
Technical Analysis
February 15, 2006

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TECHNICAL ANALYSIS DESCRIPTION

The Division ensures that coal mining and reclamation operations in the State of Utah are consistent with the Coal Mining Reclamation Act of 1979 (Utah Code Annotated 40-10) and the Surface Mining Control and Reclamation Act of 1977 (Public Law 95-87). The Utah R645 Coal Mining Rules are the procedures to implement the Act. The Division reviews each permit or application for permit change, renewal, transfer, assignment, or sale of permit right for conformance to the R645-Coal Mining Rules. The Applicant/Permittee must comply with all the minimum regulatory requirements as established by the R645 Coal Mining Rules.

The regulatory requirements for obtaining a Utah Coal Mining Permit are included in the section headings of the Technical Analysis (TA) for reference. A complete and current copy of the coal rules can be found at <http://ogm.utah.gov>

The Division writes a TA as part of the review process. The TA is organized into section headings following the organization of the R645-Coal Mining Rules. The Division analyzes each section and writes findings to indicate whether the application is in compliance with the requirements of that section of the R645-Coal Mining Rules.

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Task ID #2148

February 15, 2006

TECHNICAL ANALYSIS DESCRIPTION

RECLAMATION PLAN

RECLAMATION PLAN

On September 14, 2004, the Permittee requests bond release for the 0.72-acre substation area of Hardscrabble. They reclaimed the area in the fall of 2002.

APPROXIMATE ORIGINAL CONTOUR RESTORATION

Regulatory Reference: 30 CFR Sec. 784.15, 785.16, 817.102, 817.107, 817.133; R645-301-234, -301-412, -301-413, -301-512, -301-531, -301-533, -301-553, -301-536, -301-542, -301-731, -301-732, -301-733, -301-764.

Analysis:

The requirements to achieve approximate original contour restoration are a combination of performance standards for backfilling and grading, hydrology, postmining land use and revegetation. The performance standards include:

- Off-site impacts are minimized.
- The final surface configuration closely resembles the general surface configuration of the land before mining.
- The topsoil/growth media are adequate to support the vegetation requirements.
- Erosion is minimized.
- The land is able to support the approved postmining land use.

The intent of the approximate original contour regulations is not to restore a site to the approximate premining elevation. Rather the intention of the regulations is to ensure that the reclaimed site has slope lengths and gradients that are within acceptable limits.

The main criterion that the Division uses to determine if the site meets the AOC requirements is whether the postmining topography, excluding elevation, closely resembles its premining configuration. The Permittee must achieved the following regulatory requirements:

- Eliminate all highwalls (none at this substation site).
- Eliminate all spoil piles (none at this substation site).
- Eliminate all depressions with the exception of small depressions needed to retain moisture, minimize erosion, create and enhance wildlife habitat or assist revegetation.
- All slopes will have a static safety factor of 1.3 or greater and not exceed the angle of repose.
- Minimize erosion and water pollution both on and off site.
- Support the postmining land use.

As-Built Reclamation Topography and Cross-section Location Map is Exhibit 3.3-19. Cross sections are on Exhibits 3.3-20A, B, and C. The Permittee met the minimum requirements for achieving AOC because:

- There are no depressions at the site except for small depressions (pocks). The pocks are part of a standard surface roughening methods used to control erosion and subsequent water pollution.
- The slopes have a static safety factor of 1.3 or greater and the slope angles are less than the angle of repose.
- The reclaimed site is expected to support the postmining land use of grazing and wildlife habitat, because the slope configuration blends with the surrounding area and an approved seed mix (Appendix 3.3S) was applied.

Findings:

The information provided in the bond release package meets the minimum requirements of the approximate original contour requirements.

BACKFILLING AND GRADING

Regulatory Reference: 30 CFR Sec. 785.15, 817.102, 817.107; R645-301-234, -301-537, -301-552, -301-553, -302-230, -302-231, -302-232, -302-233.

Analysis:

General

The Permittee met the general backfilling and grading requirements, including static safety factor and approximate original contour, see the Approximate Original Contour section of the TA for explanation. See Exhibits 3.3-19 and 3.3-23 for as-built certifications.

The site meets the backfilling and grading requirements because:

- The Permittee reclaimed the area to the approximate original contour requirements. See the Approximate Original Contour section of the TA for details.
- There were no highwalls or spoil piles at the site so those regulations are not relevant.
- There are no depressions at the site except pocks used to control erosion.
- The reclaimed slopes have a safety factor of 1.3 or greater and do not exceed the angle of repose. See Exhibit 3.3-23 for as-built certifications.

RECLAMATION PLAN

- The Permittee reclaimed the site using surface roughening techniques (pocking). Pocking is an effective means to control erosion and water pollution.
- The reclaimed site will support the postmining land use of grazing and wildlife habitat because the Permittee graded the slope so that it would blend into surrounding area and vegetated the slope with an approved seed mix.

Previously Mined Areas

Pre-SMCRA mining disturbed the site. The R645 rules allow the Division to enforce different standards if highwalls or spoil piles are present. Since there are no highwalls or spoil piles associated with the substation area those rules do not apply for that area.

Pre-SMCRA highwalls did exist in the Hardscrabble site and the Division addressed the issue during the general Phase I bond release process.

Findings:

The information provided in the bond release package meets the minimum requirements of the backfilling and grading requirements.

MINE OPENINGS

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

Analysis:

There are no mine openings at the substation area.

Findings:

The information provided in the bond release package meets the minimum requirements of the mine openings requirements.

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-240.

Analysis:

The Permittee did not apply topsoil at the site.

Findings:

The information provided meets the requirements for bond release.

ROAD SYSTEMS AND OTHER TRANSPORTATION FACILITIES

Regulatory Reference: 30 CFR Sec. 701.5, 784.24, 817.150, 817.151; R645-100-200, -301-513, -301-521, -301-527, -301-534, -301-537, -301-732.

Analysis:

Retention

The approved reclamation plan calls for the retention of the road in Hardscrabble Canyon.

Findings:

The information provided in the bond release package meets the minimum requirements of the road systems and other transportation facilities requirements.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:

Hydrologic Reclamation Plan

The reclamation as-built calculations, drawings, and cross-sections for drainages HCRD-12 and the swale road crossing are included in Appendix 3.3O. The as-built specifications for HCRD-12 vary slightly and the channel is shorter than the approved reclamation design because the upper part of the drainage appeared to be undisturbed. There was no approved reclamation design for the swale road crossing. The as-built calculations and information provided have been reviewed and appear to be accurate and complete. Furthermore, the cover page of the addendum

RECLAMATION PLAN

has been signed and stamped by a registered professional engineer. The drainages can handle the approved reclamation design for a 10-year, 6-hour storm event.

As-built calculations and channel certifications for all reclaimed drainages are presented in Appendices 3.3N, Reclamation As-Built Hydrology Calculations, and 3.3O, Reclamation As-Built Channel Certifications, respectively. However, the HCRD-12 and swale road crossing as-built calculations and channel certification have been submitted as a single addendum to Appendix 3.3O. The text has been changed to reflect that this information can be found in Appendix 3.3O.

Findings:

The information provided in the bond release package meets the minimum hydrologic reclamation requirements.

STABILIZATION OF SURFACE AREAS

Regulatory Reference: 30 CFR Sec. 817.95; R645-301-244.

Analysis:

Erosion control for the substation was accomplished by gouging 2 ton/acre noxious weed-free hay into the surface soil; seeding with the mix described in App 3.3S; and mulching with 1.5 ton/acre noxious weed-free straw and 500 lbs/ac of hydromulch and tackifier (Section 3.3-4(3)). See Exhibit 3.3-23 for treatments.

Findings:

The information provided in the bond release application meets the bond release regulations.

MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-323, -301-512, -301-521, -301-542, -301-632, -301-731.

Analysis:

Affected Area Boundary Maps

There was no change to the affected area boundary.

Bonded Area Map

There was no change to the bonded area.

Reclamation Backfilling And Grading Maps

The Permittee did not include any backfilling and grading maps with the bond release package. The Division approved the backfilling and grading maps for the earthwork completed at the substation and other parts of Hardscrabble Canyon into the MRP on May 11, 2000. See Exhibit 3.3-19 and Exhibits 3.3-20A-C in Volume III of the MRP.

The backfilling and grading maps are adequate to show that the Permittee meet the minimum backfilling and grading regulations including the approximate original contour requirements.

Reclamation Facilities Maps

There are no reclamation facilities associated with the substation area.

Final Surface Configuration Maps

Exhibit 3.2-23, Hardscrabble Canyon As-Built Topography and Treatment Map, shows the substation area and drainages HCRD-12 and the swale road crossing.

As-built profiles and cross sections for drainages HCRD-12 and the swale road crossing are included in the submitted amendment to Appendix 3.3O. However, as-built profiles and cross sections for all reclamation channels are referenced in the text as being provided in Exhibits 3.3-21A, 3.3-21B, 3.3-21C, and 3.3-22. The text in the MRP has been changed to indicate that the as-built profiles and cross-sections for drainages HCRD-12 and the swale road crossing are found in Appendix 3.3O and not in the Exhibits.

Reclamation Surface And Subsurface Manmade Features Maps

Other than the road shown on Exhibit 3.3-19 in the MRP, there are no surface or subsurface manmade features at the substation site.

Certification Requirements.

All appropriate maps were certified.

RECLAMATION PLAN

The information provided in the bond release package meets the minimum requirements of the maps, plan and cross section of reclamation requirements.

Findings:

The information provided in the bond release package meets the minimum requirements of the maps, plan and cross section of reclamation requirements.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

The Permittee address the general procedures for bond release as follows:

- The Permittee described the area for which Phase I bond release is being sought as 0.72 acres in SE1/4SW1/4 of Section 3, Township 13 South, Range 9 East, SLB&M, Utah. The substation area is shown on Exhibit 3.3-23 in the MRP, which was incorporated January 23, 2003.
- Exhibit 3.3-23 shows the Phase I bond release area and was incorporated into the MRP on January 23, 2003. The map shows 1) all the disturbed areas in Hardscrabble Canyon, 2) the dates when reclamation occurred, 3) the reclamation status of each area within the Hardscrabble area, 4) dates when each area received phased bond release and the acreage, and the area where phased bond release is sought.
- The Permittee showed when the work reclamation work was done.
- In the bond release package, the Permittee included a brief history of the mining and reclamation activities.
- Exhibit 3.3-23 in the MRP, which shows when the seeding was done, was incorporated into the MRP on January 23, 2003.
- There are no ponds within the substation area; sediment control was done with surface roughening techniques, such as pocking.
- Table 3.1-2 shows the amount of bond release being sought.
- Table 3.1-2 shows the sites within the Castle Gate Mine, the disturbed acres and the bond amount.

Determination of Bond Amount

Current bond for Hardscrabble is \$318,100 in 2004 dollars (Section 3.1, Table 3.1-2). The Permittee requested a bond release of \$83,100 for the reclamation work done at the Hardscrabble substation. After bond release, the bond would be \$235,000 in 2004 dollars.

R645-301-830.300 requires that the Division escalate the bond. In 2005, the Division escalated the bond by 1.2% for 5 years. The Division determined that the bond escalated to 2009 dollars was \$338,000.

R645-301-880.310, allows the Division to reduce the bond by up to 60% upon completion of Phase I bond release. Since most of the area had received Phase I bond release the 60% reduction could not be applied to the entire site.

R645-301.830.200 requires that the bond be sufficient to assure the completion of reclamation by the Division in the event of bond forfeiture. After the Division grants Phase I bond release, the remaining work would consist of vegetating the site. The Division determined that the amount of bond needed to insure that they could complete vegetation is \$235,000 in 2004 dollars. The amount needed for vegetation in 2009 dollars is \$267,000. Therefore, the amount of bond needed after Phase I bond release must be at least \$267,000

The Division determined the maximum amount of bond release that they could grant as follows:

- Current bond amount – revegetation amount in 2009 dollars = amount of bond release.
- \$318,000 - \$267,000 = \$51,000.

The Division determined that the minimum bond amount is \$267,000 in 2009 dollars. Therefore, the Division can release \$51,000.

Findings:

The information provided in the bond release package meets the minimum requirements of the bonding and insurance requirements.

CUMULATIVE HYDROLOGIC IMPACT ASSESSMENT (CHIA)

Regulatory Reference: 30 CFR Sec. 784.14; R645-301-730.

Analysis:

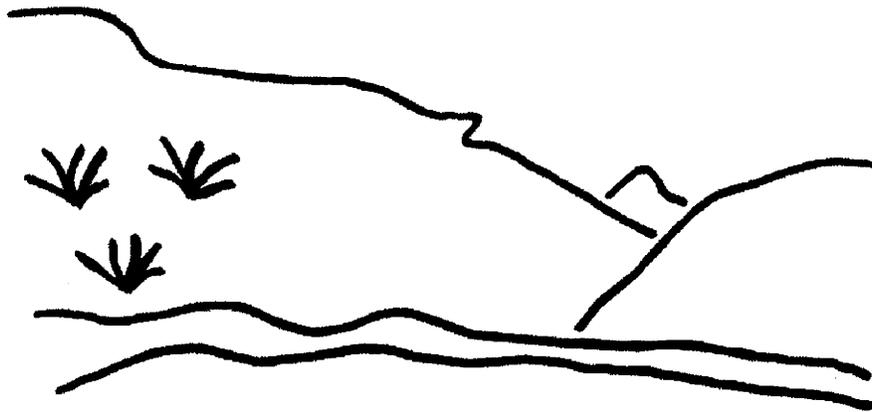
Information provided is adequate to update the Cumulative Hydrologic Impact Assessment if necessary.

Findings:

The information provided meets the requirements for bond release.

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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Castle Gate Mine
Phase I Bond Release Sowbelly Substation Area
C/007/0004, Task #2149
Technical Analysis
February 15, 2006

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The regulatory requirements for obtaining a Utah Coal Mining Permit are included in the section headings of the Technical Analysis (TA) for reference. A complete and current copy of the coal rules can be found at <http://ogm.utah.gov>

The Division writes a TA as part of the review process. The TA is organized into section headings following the organization of the R645-Coal Mining Rules. The Division analyzes each section and writes findings to indicate whether the application complies with the requirements of that section of the R645-Coal Mining Rules.

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Task ID #2149

February 15, 2006

TECHNICAL ANALYSIS DESCRIPTION

RECLAMATION PLAN

RECLAMATION PLAN

Phase II bond release for all areas at the Sowbelly site except the substation area were approved on June 5, 2003. On September 14, 2004 and June 13, 2005, the Division received a request for Phase I bond release for the 1.8-acre substation site. The Permittee reclaimed the Sowbelly substation site in the fall of 2002. Current bond for Sowbelly (\$233,000) will be reduced by \$65,000 to \$148,000 with this approval (Table 3.1-2).

The application contains a revised Table 3.1-2 Summary of Bonding and Reclamation Costs, reclamation channel designs (Appendix 3.2.G), a prototype for public notice and letters to interested parties (Appendix 3.2K), and a seed list for the site (Appendix 1 of the bond release application). Reclamation techniques for the substation are described as Phase IV in MRP section 3.2-5(1), 3.2-5(4) and Table 3.2-1. The As-Built Topography and Treatment Map is Exhibit 3.2-13.

The Utah rule R645-301-880.310 allows for Phase I bond release after the completion of backfilling and regrading and drainage control of the bonded area in accordance with the approved plan. The Bond Release Directive Tech-006 (dated September 5, 2000) and Utah Regulations R645-301-880.100 through 880.310 guided this review of the bond release application.

GENERAL REQUIREMENTS

Regulatory Reference: PL 95-87 Sec. 515 and 516; 30 CFR Sec. 784.13, 784.14, 784.15, 784.16, 784.17, 784.18, 784.19, 784.20, 784.21, 784.22, 784.23, 784.24, 784.25, 784.26; R645-301-231, -301-233, -301-322, -301-323, -301-331, -301-333, -301-341, -301-342, -301-411, -301-412, -301-422, -301-512, -301-513, -301-521, -301-522, -301-525, -301-526, -301-527, -301-528, -301-529, -301-531, -301-533, -301-534, -301-536, -301-537, -301-542, -301-623, -301-624, -301-625, -301-626, -301-631, -301-632, -301-731, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-732, -301-733, -301-746, -301-764, -301-830.

Analysis:

Although culverts SBRC-2 and SBRC-3 were eliminated from the construction of drainages SBRD-5 and SBRD-3, respectively, the culverts are still listed in the text and in Table 3.2-5, Reclamation Hydrology Culvert Design Summary. The Permittee gave the reason for eliminating the culverts in the addendum to Appendix 3.2G, and in Section 3.2-5(4). Table 3.2-9 indicates that culverts SBRC-2 and SBRC-3 were removed during reclamation and construction of reclamation channels SBRD-5 and SBRD-3, respectively.

Section 3.2-5(3), Section 3.2-6, and Exhibit. 3.2-13 state the date of substation reclamation as 2002.

Map 3.2-13 indicates the sediment control measures used in Sowbelly Canyon. Mulch was incorporated with the gouging technique at all gouged locations.

Findings:

The information provided meets the minimum requirements of the reclamation regulations.

APPROXIMATE ORIGINAL CONTOUR RESTORATION

Regulatory Reference: 30 CFR Sec. 784.15, 785.16, 817.102, 817.107, 817.133; R645-301-234, -301-412, -301-413, -301-512, -301-531, -301-533, -301-553, -301-536, -301-542, -301-731, -301-732, -301-733, -301-764.

Analysis:

The requirements to achieve approximate original contour restoration are a combination of performance standards for backfilling and grading, hydrology, postmining land use and revegetation. The performance standards include:

- Minimization off-site impacts.
- The final surface configuration closely resembles the general surface configuration of the land prior to mining.
- The topsoil/growth media are adequate to support the vegetation requirements.
- Erosion is minimized.
- The land is able to support the approved postmining land use.

The intent of the approximate original contour regulations is not to restore a site to the approximate premining elevation. Rather the intention of the regulations is to ensure that the reclaimed site has slope lengths and gradients that are within acceptable limits.

The main criterion that the Division uses to determine if the Permittee achieved AOC is whether the postmining topography, excluding elevation, closely resembles its premining configuration. Regulatory requirements that must be achieved include:

- Eliminate all highwalls (none at the substation).
- Eliminate all spoil piles (none at the substation).
- Eliminate all depressions with the exception of small depressions needed to retain moisture, minimize erosion, create and enhance wildlife habitat or assist revegetation.
- Minimize erosion and water pollution both on and off site.

RECLAMATION PLAN

- Support the postmining land use.

Exhibit 3.2-13 provides reclamation topography. The Permittee met the minimum requirements for achieving AOC because:

- There are no depressions at the site except for small depressions (pocks). The pocks are part of a standard surface roughening methods used to control erosion and water pollution.
- The slopes were reclaimed according to the approved reclamation plan see Exhibit 3.3-4A. The plan minimizes erosion and water pollution.
- The Division expects that the reclaimed site will support the postmining land use of grazing and wildlife habitat because the slopes blend with the surrounding area and the area was seeded (Appendix 1 of the bond release application).

Findings:

The information provided in the bond release package meets the minimum requirements of the approximate original contour requirements.

BACKFILLING AND GRADING

Regulatory Reference: 30 CFR Sec. 785.15, 817.102, 817.107; R645-301-234, -301-537, -301-552, -301-553, -302-230, -302-231, -302-232, -302-233.

Analysis:

General

The Permittee meet the general backfilling and grading requirements because:

- The area was reclaimed to the approximate original contour requirements. See the Approximate Original Contour section of the TA for details.
- The reclaimed slopes have a safety factor of 1.3 or greater and do not exceed the angle of repose. See Exhibit 3.3-23 for as-built certifications.
- The Permittee reclaimed the site using surface roughening techniques (pocking). Pocking is an effective means to control erosion and water pollution.

Previously Mined Areas

The R645 Rules allow the Division to enforce different standards to pre-SMCRA disturbed sites if highwalls or spoil piles are present. Since there are no highwalls or spoil piles associated with the substation area those rules do not apply for that area.

Pre-SMCRA highwalls did exist in the Sowbelly site and the Division addressed those issues during the general Phase I bond release process.

Findings:

The information provided in the bond release package meets the minimum requirements of the backfilling and grading requirements.

MINE OPENINGS

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

Analysis:

There are no mine openings at the substation area.

Findings:

The information provided in the bond release package meets the minimum requirements of the mine openings requirements.

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-240.

Analysis:

Redistribution

The Permittee did not apply topsoil at the site.

RECLAMATION PLAN

Findings:

The information provided meets the requirements for bond release.

ROAD SYSTEMS AND OTHER TRANSPORTATION FACILITIES

Regulatory Reference: 30 CFR Sec. 701.5, 784.24, 817.150, 817.151; R645-100-200, -301-513, -301-521, -301-527, -301-534, -301-537, -301-732.

Analysis:

Retention

The approved reclamation plan calls for the retention of the road in Hardscrabble Canyon including the access to the substation.

Findings:

The information provided in the bond release package meets the minimum requirements of the road systems and other transportation facilities requirements.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:

Hydrologic Reclamation Plan

The reclamation as-built calculations, drawings, and cross-sections for drainages SBRD-3 and SBRD-5 are included in an addendum to Appendix 3.2G. The as-built calculations and information provided have been reviewed and appear to be accurate and complete. Furthermore, the cover page of the addendum has been signed and stamped by a registered professional engineer.

The text in Section 3.2 of the MRP has been modified to reference the rip-rap and channel certification statements for drainages SBRD-3 and SBRD-5 in Appendix 3.2G. Other rip-rap and channel certification statements are found in Appendices 3.2C and 3.2H, respectively.

Findings:

The information provided meets the requirements for bond release.

STABILIZATION OF SURFACE AREAS

Regulatory Reference: 30 CFR Sec. 817.95; R645-301-244.

Analysis:

Erosion control for the substation was accomplished by gouging 2 ton/acre noxious weed-free hay into the surface soil; seeding with the mix described in Appendix 1 of the Phase I bond release for the Sowbelly Substation Area; and mulching with 1.5 ton/acre noxious weed-free straw and 500 lbs/ac of hydromulch and tackifier (Section 3.2-5(1)).

Findings:

The information provided in the bond release application meets the bond release regulations.

MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-323, -301-512, -301-521, -301-542, -301-632, -301-731.

Analysis:

Affected Area Boundary Maps

There was no change to the affected area boundary.

Bonded Area Map

There was no change to the bonded area.

Reclamation Backfilling And Grading Maps

RECLAMATION PLAN

The Permittee included As-Built Reclamation Topography and Treatment Map, Exhibit 3.2-13 with the bond release package.

Reclamation Facilities Maps

There are no reclamation facilities associated with the substation area.

Final Surface Configuration Maps

Exhibit 3.2-13, Sowbelly Canyon As-Built Topography and Treatment Map, shows the updated drainage configuration for the former substation area including the elimination of culverts SBRC-2 and SBRC-3.

As-built profiles and cross sections are included in the submitted amendment to Appendix 3.30. However, as-built cross sections and profiles for all reclamation channels are referenced in the text as being provided in Exhibits 3.2-15 and 3.2-16. The as-built cross sections and profiles for drainages SBRD-3 and SBRD-5 should also be provided in Exhibits 3.2-15 and 3.2-16, respectively.

Reclamation Surface And Subsurface Manmade Features Maps

Other than the road shown on Exhibit 3.3-19 in the MRP, there are no surface or subsurface manmade features at the substation site.

Certification Requirements.

All appropriate maps were certified.

Findings:

The information provided meets the requirements for bond release.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

The Permittee address the general procedures for bond release as follows:

- The Permittee described the area for which Phase I bond release is being sought as 1.8-acres in SE1/4SW1/4 of Section 3, Township 13 South, Range 9 East, SLB&M, Utah.
- The substation area is shown on Exhibit 3.3-23 in the MRP.
- The Permittee provided as built drawing Exhibit 3.2-13 that shows acreage of disturbed areas in Sowbelly Canyon, and reclamation status of each area
- Exhibit 3.2-13 provides dates of completion for the reclamation work and status of bond release.
- The Permittee included a brief history of the mining and reclamation activities.
- There were no ponds within the substation area. The Permittee used surface roughening techniques, such as pocking for sediment control.
- Table 3.1-2 shows the sites within the Castle Gate Mine, the disturbed acres, the bond held, and the bond release requested.

Determination of Bond Amount

Current bond for Sowbelly is \$233,000 in 2004 dollars. The Permittee requested that the bond amount be reduce \$85,000 for work done at the Sowbelly Substation. After bond release, the bond amount would be \$148,000 in 2004 dollars.

R645-301-830.300 requires that the Division escalate the bond amount. In 2005, the Division escalated the bond by 1.2% per year for 5 years. The Division determined that the bond escalated to 2009 dollars was \$168,000.

R645-301-880.310, allows the Division to reduce the bond by up to 60% upon completion of Phase I bond release. Since most of the area had received Phase I bond release the 60% reduction could not be applied to the entire site.

R645-301-830.200 requires that the bond be sufficient to assure the completion of reclamation by the Division in the event of bond forfeiture. After the Division grants Phase I bond release, the remaining work will consist of vegetating the site. The Division determined that the amount of bond needed to insure that they could complete vegetation is \$148,000 in 2004 dollars. The amount needed for vegetation in 2009 dollars is \$168,000. Therefore, the amount of bond needed after Phase I bond release must be at least \$168,000.

The Division determined the maximum amount of bond release that they could grant as follows:

- Current bond amount – vegetation amount in 2009 dollars = amount of bond release.
- \$233,000 - \$168,000 = \$65,000.

RECLAMATION PLAN

The Division determined that the minimum bond amount is \$168,000 in 2009 dollars. Therefore, the Division can release \$65,000.

Therefore, the Division can only grant \$65,000 in bond release.

Findings:

The information provided in the bond release package meets the minimum requirements of the bonding and insurance requirements.

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RECLAMATION PLAN

CUMULATIVE HYDROLOGIC IMPACT ASSESSMENT

Regulatory Reference: 30 CFR Sec. 784.14; R645-301-730.

Analysis:

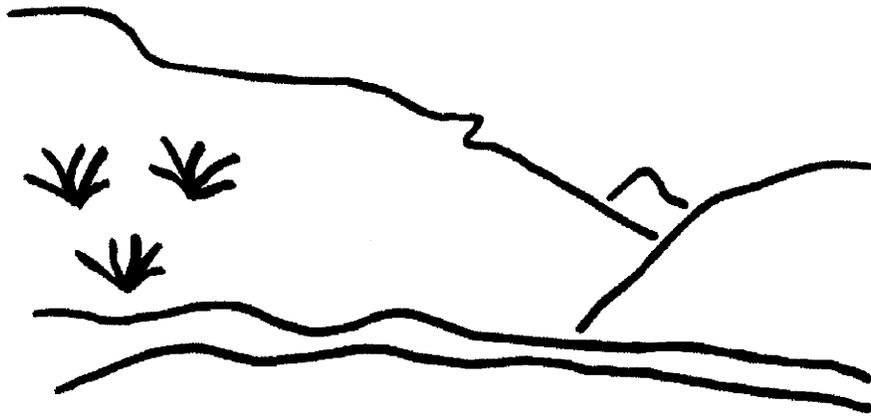
Information provided is adequate to update the Cumulative Hydrologic Impact Assessment if necessary.

Findings:

The information provided meets the requirements for bond release.

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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Castle Gate Holding Company
Castle Gate Mine
Phase I Bond Release Adit Number 1
C/007/0004, Task # 2244
Technical Analysis
February 15, 2006

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TECHNICAL ANALYSIS DESCRIPTION

TECHNICAL ANALYSIS DESCRIPTION

The Division ensures that coal mining and reclamation operations in the State of Utah are consistent with the Coal Mining Reclamation Act of 1979 (Utah Code Annotated 40-10) and the Surface Mining Control and Reclamation Act of 1977 (Public Law 95-87). The Utah R645 Coal Mining Rules are the procedures to implement the Act. The Division reviews each permit or application for permit change, renewal, transfer, assignment, or sale of permit right for conformance to the R645-Coal Mining Rules. The Applicant/Permittee must comply with all the minimum regulatory requirements as established by the R645 Coal Mining Rules.

The regulatory requirements for obtaining a Utah Coal Mining Permit are included in the section headings of the Technical Analysis (TA) for reference. A complete and current copy of the coal rules can be found at <http://ogm.utah.gov>

The Division writes a TA as part of the review process. The TA is organized into section headings following the organization of the R645-Coal Mining Rules. The Division analyzes each section and writes findings to indicate whether or not the application is in compliance with the requirements of that section of the R645-Coal Mining Rules.

When review of an application results in findings of noncompliance with the R645-Coal Mining Rules, the Division discusses the deficiencies in the analysis sections and cites regulatory references for the deficiencies in the findings sections of the Draft TA. The regulatory references cited describe the minimum requirements for meeting the R645-Coal Mining Rules and obtaining a permit.

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February 15, 2006

TECHNICAL ANALYSIS DESCRIPTION

RECLAMATION PLAN

RECLAMATION PLAN

GENERAL REQUIREMENTS

Regulatory Reference: PL 95-87 Sec. 515 and 516; 30 CFR Sec. 784.13, 784.14, 784.15, 784.16, 784.17, 784.18, 784.19, 784.20, 784.21, 784.22, 784.23, 784.24, 784.25, 784.26; R645-301-231, -301-233, -301-322, -301-323, -301-331, -301-333, -301-341, -301-342, -301-411, -301-412, -301-422, -301-512, -301-513, -301-521, -301-522, -301-525, -301-526, -301-527, -301-528, -301-529, -301-531, -301-533, -301-534, -301-536, -301-537, -301-542, -301-623, -301-624, -301-625, -301-626, -301-631, -301-632, -301-731, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-732, -301-733, -301-746, -301-764, -301-830.

Analysis:

On May 5, 2005, the Division received a request for Phase I bond release from Foundation Coal Company for the Adit No. 1 area of the Castle Gate Mine. The Permittee completed reclamation of the area in the fall of 2002.

The Permittee described the Adit No. 1 reclamation plan in Appendix 3-2 of the MRP. The pre-SMCRA disturbed area measured 3.0 acres, of which 1.5 acres the Permittee reclaimed in the fall of 2002.

The Division determined that they can release \$70,054 from the bond. The bond after Phase I bond release will be \$59,000, which is enough to ensure that the Division can reclaim the site in the event of bond forfeiture.

Findings:

The Permittee met the general reclamation requirements.

APPROXIMATE ORIGINAL CONTOUR RESTORATION

Regulatory Reference: 30 CFR Sec. 784.15, 785.16, 817.102, 817.107, 817.133; R645-301-234, -301-412, -301-413, -301-512, -301-531, -301-533, -301-553, -301-536, -301-542, -301-731, -301-732, -301-733, -301-764.

Analysis:

The Permittee demonstrated that the site meets the approximate original contour requires. The requirements to achieve approximate original contour restoration are a combination of performance standards for backfilling and grading, hydrology, postmining land use and revegetation. The performance standards include:

- Off-site impacts are minimized.
- The final surface configuration closely resembles the general surface configuration of the land before mining.
- The topsoil/growth media are adequate to support the vegetation requirements.
- Erosion is minimized.
- The land is able to support the approved postmining land use.

The intent of the approximate original contour regulations is not to restore a site to the approximate premining elevation. Rather the intention of the regulations is to ensure that the reclaimed site has slope lengths and gradients that are within acceptable limits.

The main criterion that the Division uses to determine if the site meets the AOC requirements is whether the postmining topography, excluding elevation, closely resembles its premining configuration. The Permittee must achieved the following regulatory requirements:

- Eliminate all highwalls. The highwalls were backfilled and graded. The concrete brows over the portal entrances were left for historical references.
- Eliminate all spoil piles (none at this site).
- Eliminate all depressions with the exception of small depressions needed to retain moisture, minimize erosion, create and enhance wildlife habitat or assist revegetation.
- All slopes will have a static safety factor of 1.3 or greater and not exceed the angle of repose.
- Minimize erosion and water pollution both on and off site.
- Support the postmining land use.

As-Built Reclamation Topography and Cross-section Location Maps are Exhibit 3.5-5AB and Exhibit 3.5-6AB and Exhibit 3.5-7AB. The Permittee met the minimum requirements for achieving AOC because:

- There are no depressions at the site except for small depressions (pocks). The pocks are part of a standard surface roughening methods used to control erosion and subsequent water pollution.
- The slopes have a static safety factor of 1.3 or greater and the slope angles are less than the angle of repose.
- The reclaimed site is expected to support the postmining land use of grazing and wildlife habitat, because the slope configuration blends with the surrounding area.

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Findings:

The information provided in the bond release package meets the minimum requirements of the approximate original contour requirements.

BACKFILLING AND GRADING

Regulatory Reference: 30 CFR Sec. 785.15, 817.102, 817.107; R645-301-234, -301-537, -301-552, -301-553, -302-230, -302-231, -302-232, -302-233.

Analysis:

General

The Permittee met the general backfilling and grading requirements, including static safety factor and approximate original contour, see the Approximate Original Contour section of the TA for explanation. See Exhibit 3.5-5AB and Exhibit 3.5-6AB and Exhibit 3.5-7AB.

The site meets the backfilling and grading requirements because:

- The Permittee reclaimed the area to the approximate original contour requirements. See the Approximate Original Contour section of the TA for details.
- The Permittee reclaimed the highwalls.
- There are no spoil piles at the site so those regulations are not relevant.
- There are no depressions at the site except pocks used to control erosion.
- The reclaimed slopes have a safety factor of 1.3 or greater and do not exceed the angle of repose. Exhibit 3.5-5AB and Exhibit 3.5-6AB and Exhibit 3.5-7AB.
- The Permittee reclaimed the site using surface roughening techniques (pocking). Pocking is an effective means to control erosion and water pollution.
- The reclaimed site will support the postmining land use of grazing and wildlife habitat because the Permittee graded the slope so that it would blend into surrounding area and vegetated the slope with an approved seed mix.

No small depressions or impoundments of any kind will be retained after final reclamation.

Previously Mined Areas

Pre-SMCRA mining disturbed the site. The R645 rules allow the Division to enforce different standards if highwalls or spoil piles are present. Those rules apply if there is

insufficient material to completely backfill the highwalls. The Division found that there was sufficient material to completely backfill the highwalls so those rules do not apply.

Findings:

The information provided in the bond release package meets the minimum requirements of the backfilling and grading requirements.

MINE OPENINGS

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

Analysis:

The Permittee met the requirements for sealing all mine openings at the Adit No. 1 site. All mine openings were sealed and backfilled in accordance with MSHA and Division standards.

Findings:

The information provided in the bond release package meets the minimum requirements of the mine openings requirements.

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-240.

Analysis:

Redistribution

The site met the minimum topsoil and subsoil requirements for Phase I Bond release. The Permittee met those requirements by showing the post mining topography on Exhibit 3.5-3. Associated cross-sections are illustrated on Plate 3.5-3B. Table 3.5-7 provides a mass balance summary. There were 4,878 cu yds of material moved during regrading. The Division staff visited the site on September 8, 2004. Coal waste, asphalt, concrete and steel remain buried beneath four feet of clean fill (page 3.5-10).

This pre-SMCRA site was reclaimed using the best available material from within the disturbed area. The characteristics of the surface soils are provided in Appendix 3G.

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The ephemeral channel was covered with three inches of soil and seeded and mulched as described on page 3.5-15 and Section 3.5 Appendix 3.5C page 8.

Findings:

The information provided meets the minimum Topsoil and Subsoil requirements for Phase I bond release.

ROAD SYSTEMS AND OTHER TRANSPORTATION FACILITIES

Regulatory Reference: 30 CFR Sec. 701.5, 784.24, 817.150, 817.151; R645-100-200, -301-513, -301-521, -301-527, -301-534, -301-537, -301-732.

Analysis:

Reclamation

The approved reclamation plan calls for the reclamation of all roads associated with Adit No. 1. The Permittee reclaimed all roads within the disturbed area boundaries.

Findings:

The information provided in the bond release package meets the minimum requirements of the road systems and other transportation facilities requirements.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:

Hydrologic Reclamation Plan

The Permittee met the requirements of R645-301-731 by demonstrating with maps and descriptions, how they meet the relevant hydrology requirements for Phase I Bond release. Their plan is specific to the local hydrologic conditions, and contains the steps the Permittee took during coal mining and reclamation operations, through bond release, to:

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- Minimize disturbance to the hydrologic balance within the permit and adjacent areas.
- Prevent material damage outside the permit area.
- Support approved post mining land use in accordance with the terms and conditions of the approved permit and performance standards of R645-301-750.
- Comply with the Clean Water Act (33 U.S.C. 1251 et seq.)
- Meet applicable federal and Utah water quality laws and regulations.

The plan also includes the measures the Permittee will take to:

- Avoid acid or toxic drainage.
- Prevent, to the extent possible (using the best technology currently available.) additional contributions of suspended solids to stream flows.
- Provide water treatment facilities when needed.
- Control drainage.

The plan specifically addresses any potential adverse hydrologic consequences identified in the PHC, and includes preventative and remedial measures.

The Division has not required additional preventative, remedial or monitoring measures to assure that material damage to the hydrologic balance outside the permit area is prevented.

The following sections of this technical memo discuss the specific ways in which the Permittee has met the regulations, as they pertain to the application.

Gravity Discharges From Underground Mines

A spring located approximately 200 feet into the mine at Adit No. 1 discharges approximately 3 gallons of water per minute. This discharge is carried beneath the backfill and out of the mine by a pipe, then through a diversion to the Price River.

The Permittee has met the requirements of R645-301-731.521 because the flow from Adit No. 1 pre-dates SMCRA (Section 3.5-3(1)). The Division allows the discharge since the Permittee has demonstrated that the untreated discharge complies with the performance standards of R645-301 and R645-302 (Figure 3.5-2, point BM-30 in the Division's Water Quality Database). The Utah Division of Water Quality (DWQ) does not require a UPDES permit for this discharge (Figure 3.5-1).

Diversions: Miscellaneous Flows

The Permittee met the requirements of R645-301-742.330 and subsections by designing all permanent diversions for the ephemeral flows in the Adit No. 1 area to safely pass the runoff

RECLAMATION PLAN

from a 10-year, 6-hour precipitation event. They present all design calculations and other pertinent information in Section 3.5-4(2)AB, Table 3.5-5AB, and Attachment 1.

The diversions to remain in the Adit No. 1 area are:

Name	Diversion Type	Description	Collects flow from:	Flows to:
ARD-1A	channel	3.5-ft. wide 1-ft. deep erosion mat	AWS2	ARD-1B
ARD-2	channel	2.5-ft. wide 1.25-ft. deep erosion mat	AWS1	ARD-1B
ARD-1B	channel	3.5-ft. wide 1-ft. deep erosion mat	portal discharge AWS3 ARD-1A ARD-2	ARC-1
ARC-1	culvert	24-in. diameter	ARD-1B	ARBC-1
ARBC-1	box culvert	8-ft by 10-ft. box	ARC-1	ARD-3
ARD-3	channel	5-ft. wide 1-ft. deep rip-rap	ARBC-1	Price River

Sediment Control Measures

The Permittee met the requirements of R645-742 and relevant subsections by using the best technology currently available (BTCA) to prevent, to the extent possible, additional contributions of sediment to stream flow or to runoff outside the permit area, meet the applicable effluent limitations, and minimize erosion to the extent possible.

The sediment control measures the Permittee used include:

- Incorporation of hay and/or straw mulch into the soil.
- Deep gouging.
- Seeding.
- Mulching after seeding.
- Chemically anchoring the final mulch layer.

Siltation Structures: Exemptions

The Adit No.1 area is exempt from the requirements of R645-301-763.100, under the provisions of R645-301-742.240; since the area is small and the Permittee has provided information in Appendix 3.5-D to show that the disturbed area, as reclaimed, will meet effluent limitations. Under 40 CFR 434.82, the effluent limitations are non-numeric and based on the Permittee's sediment control designs, and modeling to demonstrate that sediment loads will not be greater than for the undisturbed condition.

Findings:

The Permittee has met the minimum requirements of the Reclamation Plan: Hydrologic Information sections of the Regulations.

STABILIZATION OF SURFACE AREAS

Regulatory Reference: 30 CFR Sec. 817.95; R645-301-244.

Analysis:

The Permittee met the minimum stabilization of surface areas requirements for Phase I Bond release. The site was furrowed on the contour. Two T /ac. of hay was scattered on the regraded surface (page 3.5-13). The hay was incorporated with gouging (page 3.5-13 and 3.5-18). Seed was broadcast over the site (Table No. 1, Chap. 9). Following the seeding, the site received an additional 1 to 1.5 tons per acre of straw much applied with mechanical blowers (page 3.5-14) and then was sprayed with a hydromulch and tackifier at a rate of 500 lbs per acre. An erosion control mat was placed in the channel bottom (page 3.5-15 and Section 3.5 Appendix 3.5C page 8). The channel was seeded and mulched as well.

After seeding and mulching, App. 3.5-D demonstrates that the amount of sediment estimated to leave the site is reduced to 0.2 Tons/acre/year. The field visit on September 4, 2005 confirmed that the Permittee has applied best management practices to control erosion and prevent sediments from leaving the site.

Findings:

The information provided in the application meet the minimum Stabilization of Surface Areas requirements for Phase I bond release.

RECLAMATION PLAN

MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-323, -301-512, -301-521, -301-542, -301-632, -301-731.

Analysis:

Affected Area Boundary Maps

There was no change to the affected area boundary.

Bonded Area Map

There was no change to the bonded area.

Reclamation Backfilling And Grading Maps

The Permittee included as built maps and cross sections. See Exhibit 3.5-5AB and Exhibit 3.5-6AB and Exhibit 3.5-7AB.

The backfilling and grading maps are adequate to show that the Permittee meet the minimum backfilling and grading regulations including the approximate original contour requirements.

Reclamation Facilities Maps

There are no reclamation facilities associated with the substation area.

Final Surface Configuration Maps

The Permittee met the requirements of R645-301-542.300 by depicting the as-built final surface configuration for the Adit No. 1 area on Exhibit 3.5-5AB, and cross-sections of the final surface on Exhibit 3.5-7AB. No facilities will remain in the Gravel Canyon area as permanent features.

Reclamation Monitoring And Sampling Location Maps

Other than the road shown on Exhibit 3.3-19 in the MRP, there are no surface or subsurface manmade features at the substation site.

Certification Requirements.

The Permittee has met the requirements of R645-301-542.310, R645-301-731.720, and R645-301-512 by having a professional engineer certify Exhibits 3.5-5AB, 3.5-6AB, and 3.5-7AB.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

The Permittee address the general procedures for bond release as follows:

- The Permittee described the area for which Phase I bond release is being sought as approximately 3.0 of which 1.7 was disturbed post-SMCRA in NW1/4NW1/4 of Section 1, Township 13 South, Range 9 East, SLB&M, Utah. The substation area is shown on Exhibit 3.3-23 in the MRP, which was incorporated January 23, 2003.
- The Permittee showed when the work reclamation work was done.
- In the bond release package, the Permittee included a brief history of the mining and reclamation activities.
- There are no ponds within the substation area; sediment control was done with surface roughening techniques, such as pocking.

Determination of Bond Amount

The current bond for Adit No. 1 site is \$129,054 in 2004 dollars. The Permittee requested bond release of \$77,432 for the reclamation work done at the Adit No. 1.

R645-301-830.300 requires that the Division escalate the bond. In 2005, the Division escalated the bond by 1.2% for 5 years. The Division determined that the bond escalated to 2009 dollars would be \$137,000.

R645-301-880.310, allows the Division to reduce the bond by up to 60% upon completion of Phase I bond release. The Permittee was seeking Phase I bond release on the entire disturbed area at Adit No. 1.

RECLAMATION PLAN

R645-301-830.200 requires that the bond be sufficient to assure that completion of reclamation by the Division in the event of bond forfeiture. After the Division grants Phase I bond release, the remaining work would consist of vegetating the site. The Division determined that the amount of bond needed to insure that they could complete vegetation is \$51,622 in 2004 dollars. The Division escalated the costs to 2009 dollars and determined that the vegetation costs would be \$55,000.

The Division determined the maximum amount of bond release that they could grant as follows:

- Current bond amount – revegetation amount in 2009 dollars = amount of bond release.
- \$129,054 - \$55,000 = \$74,054.

The Division determined the minimum bond amount in \$55,000 in 2009 dollars. Therefore, the Division can only release \$74,054.

Findings:

The information provided in the bond release package meets the minimum requirements of the bonding and insurance requirements.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Carbon,)

I, Ken Larson, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) publication was on the 21st day of June, 2005, and that the last publication of such notice was in the issue of such newspaper dated the 12th day of July, 2005.

Ken G. Larson

Ken G Larson - Publisher

Subscribed and sworn to before me this 12th day of July, 2005.

Linda Thayne

Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, \$ 465.92



PUBLIC NOTICE

**APPLICATION FOR PHASE I BOND RELEASE
AUDIT NO. 1
CASTLE GATE HOLDING COMPANY
CASTLE GATE MINE
PERMIT C/007/004, APPROVED 12/24/1999
CARBON COUNTY, UTAH**

Castle Gate Holding Company, 989 Corporate Blvd., Linton Heights, MO 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 are of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

In accordance with the provision of R645-301-880, of the State of Utah R645-Coal Mining Rules, notice is hereby given to the general public that Castle Gate Holding Company is applying for partial release of the performance bond posted for this operation.

The surety bond posted for the Castle Gate Mine is \$680,154 of which \$129,054 is designated for the Adit No. 1 reclamation. Castle Gate Holding Company is seeking release of \$77,432 from the Adit No. 1 portion of the bond.

The Adit No. 1 area is located on the Helper, Utah, U.S. Geological Survey 7.5 minute quadrangle map. The site is located in Price Canyon approximately 3 miles north of Helper, Utah on the following described lands:

Township 13 South, Range 9 East, SLB&M, Utah
Section 1: NW1/4 NW1/4

The Utah Division of Oil, Gas and Mining will now evaluate the proposal to determine whether it meets all the criteria of the Permanent Program Performance Standards according to the requirements of the Utah Coal Mining Rules.

Written comments, objections and requests for public hearing or information conference on this proposal may be addressed to:

Utah Coal Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

Closing date for submission of such comments, objections and request for public hearing or information conference on this proposals must be submitted by August 12, 2005.

Published in the Sun Advocate June 21, 28, July 5 and 12, 2005.

RECEIVED

AUG 15 2005

DIV. OF OIL, GAS & MINING

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

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County of Carbon,)

I, Ken Larson, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) publication was on the 7th day of April, 2005, and that the last publication of such notice was in the issue of such newspaper dated the 28th day of April, 2005.

Ken G. Larson

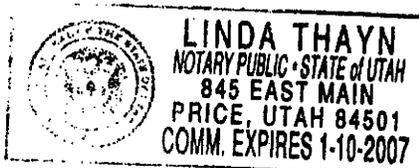
Ken G Larson - Publisher

Subscribed and sworn to before me this 28th day of April, 2005.

Linda Thayne

Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, \$ 532.48



PUBLIC NOTICE

**APPLICATION FOR PHASE I BOND RELEASE
HARDSCRABBLE CANYON SUBSTATION AREA
CASTLE GATE HOLDING COMPANY
CASTLE GATE MINE
PERMIT C/007/004, APPROVED 12/24/94
CARBON COUNTY, UTAH**

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the Hardscrabble Canyon substation area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan.

In accordance with the provisions of R645-301-880, of the State of Utah R645-Coal Mining Rules, notice is hereby given to the general public that Castle Gate Holding Company is applying for partial release of the performance bond posted for this operation.

The surety bond posted for the Castle Gate Mine is \$680,154 of which \$318,000 is designated for the Hardscrabble Canyon reclamation. Castle Gate Holding Company is seeking release of \$83,100 from the Hardscrabble Canyon portion of the bond. All earthwork, drainage control, and revegetation have been completed on site.

The Hardscrabble Canyon No. 3 & 4 Mines is located on the Standardville, Utah, U.S. Geological Survey 7.5 minute quadrangle map. The mine site is located in Hardscrabble Canyon, approximately 4 miles west-northwest of Helper, Utah. Reclamation work was performed on approximately 0.72 acres located on the following described lands:

Township 13 South, Range 9 East, S1 B&M, Utah

Section 3, SE 1/4 SW 1/4

The Utah Division of Oil, Gas and Mining will evaluate the proposal to determine whether it meets all the criteria of the Permanent Program Performance Standards according to the requirements of the Utah Coal Mining Rules.

Written comments, objections and requests for public hearing or information conference on this proposal may be addressed to:

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

Closing date for submission of such comments, objections and requests for public hearing or information conference on this proposal must be submitted by May 26, 2005.

Published in the Sun Advocate April 7, 14, 21 and 28, 2005.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Ken Larson, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) publication was on the 7th of April, 2005, and that the last publication of such notice was in the issue of such newspaper dated the 28th day of April, 2005.

Ken G. Larson

Ken G Larson - Publisher

Subscribed and sworn to before me this 28th day of April, 2005.

Linda Thayne

Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, \$ 532.48



LINDA THAYN
NOTARY PUBLIC - STATE OF UTAH
845 EAST MAIN

PUBLIC NOTICE

APPLICATION FOR PHASE I BOND RELEASE
SOWBELLY GULCH SUBSTATION AREA
CASTLE GATE HOLDING COMPANY
CASTLE GATE MINE
PERMIT C/007/004, APPROVED 12/24/94
CARBON COUNTY, UTAH

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD, 21090, has completed Phase I of the approved reclamation plan for the Castle Gate Mine substation area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan.

In accordance with the provisions of R645-301-880, of the State of Utah, R645-Goal Mining Rules, notice is hereby given to the general public that Castle Gate Holding Company is applying for partial release of the performance bond, posted for this operation.

The surety bond posted for the Castle Gate Mine is \$680,154 of which \$233,000 is designated for the Sowbelly Gulch reclamation. Castle Gate Holding Company is seeking release of \$85,000 from the Sowbelly Gulch portion of the bond. All earthwork, drainage control, and revegetation have been completed on site.

The Sowbelly Gulch No. 5 Mine is located on the Standardville, Utah, U.S. Geological Survey 7.5 minute quadrangle map. The mine site is located in Sowbelly Gulch, approximately 4 miles west-northwest of Helper, Utah. Reclamation work was performed on approximately 1.8 acres located on the following described lands:

Township 13 South, Range 9 East, SLB&M, Utah

Section 9, NW1/4 NW1/4

The Utah Division of Oil, Gas and Mining will now evaluate the proposal to determine whether it meets all the criteria of the Permanent Program Performance Standards according to the requirements of the Utah Goal Mining Rules.

Written comments, objections and requests for public hearing or information conference on this proposal may be addressed to:

Utah Coal Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145601
Salt Lake City, Utah 84114-5801

Closing date for submission of such comments, objections and requests for public hearing or information conference on this proposal must be submitted by May 26, 2005.

Published in the Sun Advocate April 7, 14, 21, and 28, 2005.

CASTLE GATE HOLDING COMPANY

Castle Gate Mine
P.O. Box 30
847 NW HWY 191
Helper, Utah 84526
(435)472-0475
Fax: (435)472-4782

September 21, 2004

Mr. Roger Wheeler
Director Land Management
American Electric Power
700 Morrison Road
Gahanna, Ohio 43230-6642

Re: Notification of Application for Phase I Bond Release, Substation Area, Hardscrabble Canyon No. 3 & 4 Mine, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

Dear Mr. Wheeler:

Castle Gate Holding Company has completed Phase I of the approved reclamation plan for the substation area at the Hardscrabble Canyon No. 3 & 4 Mine. This is based on meeting the backfilling and grading requirements for Phase I reclamation.

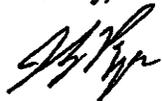
In accordance with the provisions of R645-301-880 of the State of Utah R645 Coal Mining Rules, this letter will serve as notification that Castle Gate Holding Company intends to file an application with the Utah Division of Oil, Gas and Mining for partial release of the performance bond posted for this operation.

The surety bond posted for the Castle Gate Mine is \$680,154 of which \$318,000 is designated for the Hardscrabble Canyon reclamation. Castle Gate Holding Company is seeking release of \$83,100 from the Hardscrabble Canyon portion of the bond. All earthwork and revegetation has been completed on site.

Comments concerning Phase I bond release from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies which would have to initiate, implement, approve, or authorize the proposed use of the land following reclamation should be mailed to: Plateau Mining Corporation, Attention: Johnny Pappas, P.O. Box 30, Helper, Utah 84526.

If you have any questions or need additional information, please do not hesitate to contact me at (435) 472-4741.

Sincerely,



Johnny Pappas
Sr. Environmental Engineer

CASTLE GATE HOLDING COMPANY

Castle Gate Mine
P.O. Box 30
847 NW HWY 191
Helper, Utah 84526
(435)472-0475
Fax: (435)472-4782

September 21, 2004

Mr. Mark Mackiewicz
Bureau of Land Management
125 South 600 West
Price, Utah 84501

Re: Notification of Application for Phase I Bond Release, Substation Area, Hardscrabble Canyon No. 3 & 4 Mine, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

Dear Mr. Mackiewicz:

Castle Gate Holding Company has completed Phase I of the approved reclamation plan for the substation area at the Hardscrabble Canyon No. 3 & 4 Mine. This is based on meeting the backfilling and grading requirements for Phase I reclamation.

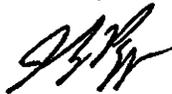
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P.O. Box 30
847 NW HWY 191
Helper, Utah 84526
(435)472-0475
Fax: (435)472-4782

September 21, 2004

Mr. William D. Krompel
Commissioner
120 East Main Street
Price, Utah 84501

Re: Notification of Application for Phase I Bond Release, Substation Area, Hardscrabble Canyon No. 3 & 4 Mine, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

Dear Mr. Krompel:

Castle Gate Holding Company has completed Phase I of the approved reclamation plan for the substation area at the Hardscrabble Canyon No. 3 & 4 Mine. This is based on meeting the backfilling and grading requirements for Phase I reclamation.

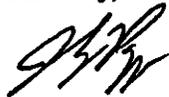
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September 21, 2004

Mr. Dave Levanger
Carbon County Planning and Zoning
120 East Main Street
Price, Utah 84501

Re: Notification of Application for Phase I Bond Release, Substation Area, Hardscrabble Canyon No. 3 & 4 Mine, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

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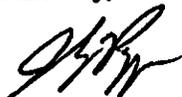
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(435)472-0475
Fax: (435)472-4782

September 21, 2004

Mr. Roger Wheeler
Director Land Management
American Electric Power
700 Morrison Road
Gahanna, Ohio 43230-6642

Re: Notification of Application for Phase I Bond Release, Substation Area, Sowbelly Gulch No. 5 Mine, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

Dear Mr. Wheeler:

Castle Gate Holding Company has completed Phase I of the approved reclamation plan for the substation area at the Sowbelly Gulch No. 5 Mine. This is based on meeting the backfilling and grading requirements for Phase I reclamation.

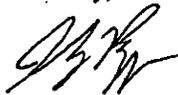
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September 21, 2004

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Bureau of Land Management
125 South 600 West
Price, Utah 84501

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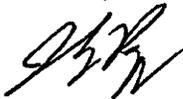
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Johnny Pappas
Sr. Environmental Engineer

Env: Sowbelly Gulch Substation Area -Phase I Bond Release
Chrono: JP040805.LTR

CASTLE GATE HOLDING COMPANY

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Helper, Utah 84526
(435)472-0475
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September 21, 2004

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Commissioner
120 East Main Street
Price, Utah 84501

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Johnny Pappas
Sr. Environmental Engineer

CASTLE GATE HOLDING COMPANY

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September 21, 2004

Mr. Dave Levanger
Carbon County Planning and Zoning
120 East Main Street
Price, Utah 84501

Re: Notification of Application for Phase I Bond Release, Substation Area, Sowbelly Gulch No. 5 Mine, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

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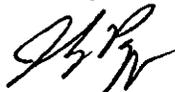
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Comments concerning Phase I bond release from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies which would have to initiate, implement, approve, or authorize the proposed use of the land following reclamation should be mailed to: Plateau Mining Corporation, Attention: Johnny Pappas, P.O. Box 30, Helper, Utah 84526.

If you have any questions or need additional information, please do not hesitate to contact me at (435) 472-4741.

Sincerely,



Johnny Pappas
Sr. Environmental Engineer

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 29, 2005

Mr. Dave Levanger
Carbon County Planning and Zoning
120 East Main Street
Price, Utah 84501

Re: **Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah**

Dear Mr. Levanger:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

In accordance with the provisions of R645-301-880 of the State of Utah R645 Coal Mining Rules, this letter will serve as notification that Castle Gate Holding Company intends to file an application with the Utah Division of Oil, Gas and Mining for partial release of the performance bond posted for this operation.

The surety bond posted for the Castle Gate Mine is \$680,154 of which \$129,054 is designated for the Adit No. 1 reclamation. Castle Gate Holding Company is seeking release of \$77,432 from the Adit No. 1 portion of the bond.

The Adit No. 1 area is located on the Helper, Utah, U.S. Geological Survey 7.5 minute quadrangle map. The site is located in Price Canyon approximately 3 miles north of Helper, Utah on the following described lands:

Township 13 South, Range 9 East, SLB&M, Utah
Section 1: NW1/4 NW1/4

Comments concerning Phase I bond release from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies which would have to initiate, implement, approve, or authorize the proposed use of the land following reclamation should be mailed to: Plateau Mining Corporation, Attention: Dennis N. Ware, P.O. Box 30, Helper, Utah 84526.

If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

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 29, 2005

Mr Gary Harwood
Helper City
P.O. Box 221
Helper, Utah 84526

Re: Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

Dear Mr. Harwood:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

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If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,


Dennis N. Ware
Controller and Administrative Manager

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 29, 2005

Mr. Harold Cunningham
Utah Power and Light – Carbon Plant
Helper, Utah 84526

Re: **Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah**

Dear Mr. Cunningham:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

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If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,



Dennis N. Ware

Controller and Administrative Manager

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 29, 2005

Carbon County Commissioners
120 East Main Street
Price, Utah 84501

Re: **Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah**

Dear Commissioners:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

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If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

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 29, 2005

Mr. Phil Palmer
Price River Water Improvement District
P.O. 903
265 South Fairgrounds Road
Price, Utah 84501

Re: **Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah**

Dear Mr. Palmer:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

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If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

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 29, 2005

Mr. Patrick Gubbins
Bureau of Land Management
125 South 600 West
Price, Utah 84501

Re: **Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah**

Dear Mr. Gubbins:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

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If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

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 29, 2005

Mr. Kevin S. Carter
Director
School and Institutional Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

Re: Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

Dear Mr. Carter:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

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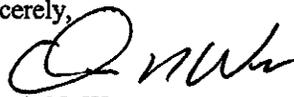
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If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

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 29, 2005

Mr. Hugh Kirkham
State of Utah
Department of Transportation
940 South Carbon Avenue
Price, Utah 84501

Re: Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah

Dear Mr. Kirkham:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

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If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,



Dennis N. Ware
Controller and Administrative Manager

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 29, 2005

Mr. Roger Wheeler
Director Land Management
American Electric Power
700 Morrison Road
Gahanna, Ohio 43230-6642

Re: **Notification of Application for Phase I Bond Release, Adit No. 1, Castle Gate Holding Company, Castle Gate Mine, C/007/004, Carbon County, Utah**

Dear Mr. Wheeler:

Castle Gate Holding Company, 999 Corporate Blvd., Linthicum Heights, MD 21090, has completed Phase I of the approved reclamation plan for the approximately 3.0 acres of land in the Adit No. 1 area of the Castle Gate Mine. This is based on meeting the backfilling and grading and drainage control requirements for Phase I reclamation in accordance with the approved reclamation plan. All earthwork, drainage control, and revegetation were completed on site in the fall of 2002.

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If you have any questions or need additional information, please contact me at (435) 472-4737.

Sincerely,


Dennis N. Ware
Controller and Administrative Manager



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 3 columns: Category, Name, Title. Rows include Rex Sacco (Lands and Access Coordinator), Pamela Grubaugh-Littig (Environmental Manager), Dennis Ware (Controller), Steven Fluke (Environmental Scientist II), Priscilla Burton (Environmental Scientist III), and Wayne Western (Environmental Scientist III).

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070004), Inspection Type (BOND RELEASE), Inspection Date (Thursday, September 08, 2005), Start Date/Time (9/8/2005 10:15:00 AM), End Date/Time (9/8/2005 11:45:00 AM), and Last Inspection (Wednesday, August 31, 2005).

Inspector: Wayne Western, Environmental Scientist III

Weather: Warm with clear to partly cloudy skies

InspectionID Report Number: 738

Accepted by: pgrubaug
12/15/2005

Permittee: CASTLE GATE HOLDING CO
Operator: CASTLE GATE HOLDING CO
Site: CASTLE GATE MINE
Address: PO BOX 30, HELPER UT 84526-0030
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: RECLAIMED

Current Acreages

Table with 2 columns: Acreage, Category. Rows: 7,619.00 Total Permitted, 63.00 Total Disturbed, 29.20 Phase I, 18.20 Phase II, Phase III.

Mineral Ownership

- Checked: Federal, State, County, Fee
Unchecked: Other

Types of Operations

- Checked: Underground, Surface, Loadout
Unchecked: Processing, Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Phase I Bond release for Sowbelly Gulch substation - 1.8 acres. The Division determined that the site met the minimum requirements for Phase I Bond release.

Plateau Mining Corporation is the landowner.

Inspector's Signature:

Date Tuesday, September 27, 2005

Wayne Western, Environmental Scientist III

Inspector ID Number: 42

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Topsoil

In the fall of 2003, the slopes and berm around the substation pad were used for substitute topsoil. The site was graded and pocked. There were no signs of erosion from the site.

4.a Hydrologic Balance: Diversions

Diversions for the substation reclamation include reclaimed stream channels SBRD-3, SBRD-5, SBRD-6, SBRD-7A, and SBRD-7B, and culvert SBRC-1. The diversions appeared to be constructed as designed and presented in the MRP and were all in good condition and stable. It was noted that culvert SBRC-1 was partially clogged with debris (sand and gravel). Dennis Ware is aware of the condition and has committed to cleaning the culvert using hand tools as part of routine maintenance. A follow-up will be made by the Division at the time of the next quarterly inspection.

12. Backfilling And Grading

Final Surface Configuration: The Permittee met the minimum requirements for restoring the site to the general surface configuration of the land before mining. The R645 – Rules do not require that the site be returned to the original contours rather that the site resembles the general surface configuration of the surrounding area. The reclaimed slopes are similar in length and grade to those in the surrounding area. The Permittee left some cut slopes because there was not enough material on site to completely eliminate the cut slopes, and if material was brought in, the slope would have to be extended so far that the slope would cover (block) the road. The Division observed a minor slump above the cut slope.

Area met stability of 1.3

Spoil Piles Elimination: No spoil piles exist on site.

Highwalls Elimination: No highwalls exist on site.

Postmining Land Use: The postmining land use is wildlife habitat. The site is vegetated appeared to the Division to support wildlife habitat.

Long Term Static Safety Factor of 1.3: The site appears stable. The Division did observe a minor slump above the cut slope. The soil cover is shallow, usually two feet of soil over bedrock. The slump was most likely due to water eroding the soil around a boulder. The slump area appears to be stable and is outside of the reclaimed area.

Prevent Slides: The reclaim slopes appeared to be stable.

Minimize Erosion and Water Pollution Both on and off the Site: The reclaimed area was pocked and vegetated. The Division found that erosion was minimized because there were no rills or gullies formed.

Permit Number: C0070004
Inspection Type: BOND RELEASE
Inspection Date: Thursday, September 08, 2005

13. Revegetation

The site was seeded in the fall of 2003. Vegetation is vigorous and reflects the good water year.

16.b Roads: Drainage Controls

Drainage controls for the access road are diversions that include reclaimed stream channels SBRD-6, SBRD-7A, and SBRD-7B and culvert SBRC-1. As noted above, the diversions appeared to be constructed as designed and presented in the MRP and were all in good condition and stable. It was noted that culvert SBRC-1 was partially clogged with debris (sand and gravel). Dennis Ware is aware of the condition and has committed to cleaning the culvert using hand tools as part of routine maintenance. A follow-up will be made by the Division at the time of the next quarterly inspection.



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Representative, Name, Title. Includes Dennis Ware (Company Controller), Steven Fluke (State Environmental Scientist II), Priscilla Burton (State Environmental Scientist III), Wayne Western (State Environmental Scientist III), Pamela Grubaugh-Littig (State Environmental Manager), Rex Sacco (Other Lands and Access Coordinator), Sue Berger (BLM Mining Engineer Technician).

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070004), Inspection Type (BOND RELEASE), Inspection Date (Thursday, September 08, 2005), Start Date/Time (9/8/2005 9:15:00 AM), End Date/Time (9/8/2005 10:30:00 AM), Last Inspection (Wednesday, August 31, 2005).

Inspector: Wayne Western, Environmental Scientist III

Weather: Mild with clear to partly cloudy skies

InspectionID Report Number: 739

Accepted by: pgrubaug
12/15/2005

Permittee: CASTLE GATE HOLDING CO
Operator: CASTLE GATE HOLDING CO
Site: CASTLE GATE MINE
Address: PO BOX 30, HELPER UT 84526-0030
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: RECLAIMED

Current Acreages

Table with 2 columns: Value, Category. Values: 7,619.00 (Total Permitted), 63.00 (Total Disturbed), 29.20 (Phase I), 18.20 (Phase II), (Phase III).

Mineral Ownership

- Checked: Federal, State, County, Fee
Unchecked: Other

Types of Operations

- Checked: Underground, Surface, Loadout
Unchecked: Processing, Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Phase I Bond release on the Hardscrabble Canyon substation area - 0.78 acre site. Reclaimed in 2002. The Division found that the site met the minimum requirements for Phase I Bond release. The BLM also agreed that the site should receive Phase I Bond release.

The rest of Hardscrabble could achieve Phase III bond release in 2008.

Inspector's Signature:

Date Tuesday, October 11, 2005

Wayne Western, Environmental Scientist III
Inspector ID Number: 42

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

Permit Number: C0070004
 Inspection Type: BOND RELEASE
 Inspection Date: Thursday, September 08, 2005

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
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 - b. For PARTIAL inspections check only the elements evaluated.
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3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Category (Company, State, Other), Name, Title. Lists representatives present during the inspection.

Inspection Report

Table with 2 columns: Field (Permit Number, Inspection Type, etc.), Value (C0070004, BOND RELEASE, etc.).

Inspector: Wayne Western, Environmental Scientist III

Weather: Mild with clear to partly cloudy skies

InspectionID Report Number: 739

Accepted by: pgrubaug
12/15/2005

Permittee: CASTLE GATE HOLDING CO
Operator: CASTLE GATE HOLDING CO
Site: CASTLE GATE MINE
Address: PO BOX 30, HELPER UT 84526-0030
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: RECLAIMED

Current Acreages

Table with 2 columns: Acreage, Category (Total Permitted, Total Disturbed, Phase I, Phase II, Phase III).

Mineral Ownership

- Checkboxes for Federal, State, County, Fee, Other.

Types of Operations

- Checkboxes for Underground, Surface, Loadout, Processing, Reprocessing.

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Phase I Bond release on the Hardscrabble Canyon substation area - 0.78 acre site. Reclaimed in 2002. The Division found that the site met the minimum requirements for Phase I Bond release. The BLM also agreed that the site should receive Phase I Bond release.

The rest of Hardscrabble could achieve Phase III bond release in 2008.

Inspector's Signature:

Date Tuesday, October 11, 2005

Wayne Western, Environmental Scientist III
Inspector ID Number: 42

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

Permit Number: C0070004
 Inspection Type: BOND RELEASE
 Inspection Date: Thursday, September 08, 2005

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
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1. Permits, Change, Transfer, Renewal, Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Topsoil

In the fall of 2003, the slopes of the substation pad and road access were used for substitute topsoil. The site was graded and pocked. This fall (2005), vegetation was vigorous and there were no signs of erosion from the site.

4.a Hydrologic Balance: Diversions

Diversions for the substation reclamation include approximately 100 ft. of reclaimed stream channel HCRD-12 and the swale crossing of the access road over the channel. The diversions appeared to be constructed as designed and presented in the MRP and were all in good condition and stable.

12. Backfilling And Grading

Final Surface Configuration: The Permittee met the minimum requirements for restoring the site to the general surface configuration of the land before mining. The R645 – Rules do not require that the site be returned to the original contours rather that the site resembles the general surface configuration of the surrounding area. The reclaimed slopes as similar in length and grade to those in the surrounding area.

Spoil Piles Elimination: No spoil piles exist on site.

Highwalls Elimination: No highwalls exist on site.

Postmining Land Use: The postmining land use is wildlife habitat. The site is vegetated and appeared to the Division to support wildlife habitat. Long Term Static Safety Factor of 1.3: The site appears stable.

Prevent Slides: The reclaim slopes appeared to be stable.

Minimize Erosion and Water Pollution Both on and off the Site: The reclaimed area was pocked and vegetated. The Division found that erosion was minimized because there were no rills or gullies formed.

13. Revegetation

Winterfat, rabbit brush, silver sage, fourwing saltbush, penstamen, Indian ricegrass, yarrow and blue flax (all either blooming or in seed) were noted at the substation reclaimed site. Some cow droppings were noted. Mr. Rex Sacco (Carbon County Planner), explained that there were 41 head of his personal cattle in the canyon during the middle of May. Mr. Sacco has an historical access right through the canyon to drive his cattle to the Crandall Canyon grazing allotment on BLM land above the reclaimed area. Mr. Sacco stated that six cows were loose at the Hardscrabble reclaim area. These strays were picked up on June 6. There was a discussion about how cattle could bring in weed seed. PMC does weed control in the area and wants to be careful about it, especially with the revegetation requirements for bond release. Mr. Sacco explained to the group that he will keep the cows on the road and keep them moving in the future. Mr. Sacco committed to talk to Dennis Ware in April 2006, prior to trailing the cattle next year. Mr. Ware requested that Mr. Sacco not bring in a water tank.

16.a Roads: Construction, Maintenance, Surfacing

The road was left at Hardscrabble as part of the postmining landuse for access up the canyon.



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JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Inspection Report

Table with permit details: Permit Number: C0070004, Inspection Type: BOND RELEASE, Inspection Date: Thursday, September 08, 2005, Start Date/Time: 9/8/2005 1:10:00 PM, End Date/Time: 9/8/2005 1:40:00 PM, Last Inspection: Wednesday, August 31, 2005

Inspector: Wayne Western, Environmental Scientist III

Weather: Warm with clear to partly cloudy skies.

InspectionID Report Number: 740

Accepted by: pgrubaug
12/15/2005

Table titled 'Representatives Present During the Inspection' listing BLM Steve Falk, Company Dennis Ware Controller, State Pamela Grubaugh-Littig Environmental Manager, State Dana Dean Environmental Scientist III, State Priscilla Burton Environmental Scientist III, and State Wayne Western Environmental Scientist III.

Permittee: CASTLE GATE HOLDING CO
Operator: CASTLE GATE HOLDING CO
Site: CASTLE GATE MINE
Address: PO BOX 30, HELPER UT 84526-0030
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: RECLAIMED

Current Acreages

Table with 2 columns: Acreage and Category. Values: 7,619.00 Total Permitted, 63.00 Total Disturbed, 29.20 Phase I, 18.20 Phase II, Phase III.

Mineral Ownership

- Checked boxes for Federal, State, County, Fee. Unchecked box for Other.

Types of Operations

- Checked boxes for Underground, Surface, Loadout. Unchecked boxes for Processing, Reprocessing.

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Phase I Bond release for Adit Number 1 - 3.0 acres. The Division conducted a Phase I Bond release inspection at the site and determined that the site met the minimum requirements for Phase I Bond release. The BLM also concluded that bond release should be granted.

This area was used as a loadout Pre-SMCRA, cutslopes are Pre-SMCRA.

Inspector's Signature:

Date Tuesday, September 27, 2005

Wayne Western, Environmental Scientist III
Inspector ID Number: 42

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

Permit Number: C0070004
 Inspection Type: BOND RELEASE
 Inspection Date: Thursday, September 08, 2005

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

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4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Topsoil

Topsoil was derived from the best available material on site (soils analyses are available in Appendix 3G). The topsoil was graded and pocked. Vegetation is vigorous. There is no evidence of erosion.

4.c Hydrologic Balance: Other Sediment Control Measures

The plastic Pyramat lining the channel has been exposed in places by high flows, but is holding the soil beneath it.

4.d Hydrologic Balance: Water Monitoring

UPDES discharge is not part of Phase I bond release. A spring emanates from within the portal and discharges through a pipe into the reclaimed channel. The spring water is high in carbonates and supports algal growth.

12. Backfilling And Grading

Final Surface Configuration: The Permittee met the minimum requirements for restoring the site to the general surface configuration of the land before mining. The R645 – Rules do not require that the site be returned to the original contours rather that the site resembles the general surface configuration of the surrounding area. The reclaimed slopes as similar in length and grade to those in the surrounding area.
Spoil Piles Elimination: No spoil piles exist on site.

Highwalls Elimination: There are three portals at the site. All the portals are sealed and backfilled. The portals were some of the first in Utah and date back to 1886. Because of the historical significance, the top of the concrete face ups were not covered. The Permittee has placed fill material above the concrete face ups. All highwalls were eliminated.

Postmining Land Use: The postmining land use is wildlife habitat. The site is vegetated and appeared to the Division to support wildlife habitat. Long Term Static Safety Factor of 1.3: The site appears stable.

Prevent Slides: The reclaim slopes appeared to be stable.

Minimize Erosion and Water Pollution Both on and off the Site: The reclaimed area was pocked and vegetated. The Division found that erosion was minimized because there were no rills or gullies formed.

21. Bonding and Insurance

The Division recommends that Phase I Bond release be granted for the Adit #1 area.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, UT 84501

<http://www.blm.gov/utah/price/>



RECEIVED SL-029093-046653
OCT 20 2005 (UT-070)

3484

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

DIV. OF OIL, GAS & MINING

Joan
1007/0004
1007/0038
Copy

Subject: Phase I Bond Release, Castle Gate and Willow Creek Mines, Plateau Mining Corporation

Dear Mrs. Grubaugh-Littig:

The Bureau of Land Management (BLM) has been asked to respond if our agency has any objections or concerns with regards to a Phase I bond release (reclamation bond) for the subject mines. Mining facilities and disturbances in Hardscrabble and Sowbelly Canyons were associated with the old Castle Gate Mines, while facilities at Adit No. 1 and Gravel Canyon are associated with the Willow Creek Mines.

We have participated in the onsite inspections and have reviewed our files in regards to our response. All reclaimed surface disturbance in the four areas are located on private lands and outside of our jurisdiction. Access to grazing allotments on nearby public lands is still available through Hardscrabble Canyon. All portal seals, which access Federal coal to the northwest, were noted to be intact. We therefore have no objections to the Phase I bond release.

If you have any questions or comments, please contact Stephen Falk of my staff at 435-636-3605.

Sincerely,

Patrick Gubbins

Patrick Gubbins

Jon
Jon Field Manager

cc: UT-923, SD, Utah