

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$1,938,325.00
Subtotal Backfilling and Grading	\$941,073.00
Subtotal Revegetation	\$876,537.00
Direct Costs	\$3,755,935.00

Indirect Costs

Mob/Demob	\$375,594.00	10.0%
Contingency	\$187,797.00	5.0%
Engineering Redesign	\$93,898.00	2.5%
Main Office Expense	\$255,404.00	6.8%
Project Management Fee	\$93,898.00	2.5%
Subtotal Indirect Costs	\$1,006,591.00	26.8%

Total Cost 2006 \$4,762,526.00

Escalation factor 4
 Number of years 0.012
 Escalation \$92,874.00

Reclamation Cost Escalated \$4,855,400.00

Bond Amount (rounded to nearest \$1,000)
 2009 Dollars \$4,855,000.00

Posted Bond September 19, 2006 \$5,137,000.00

Difference Between Cost Estimate and Bond
 Percent Difference \$282,000.00
 5.81%

File in:

- Confidential
- Shelf
- Expandable

Refer to Record No. 0013 Date 03/07/2009
 In C:\0070005_2009_02\going
 For additional information

0013



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

COPY

Outgoing
C0070005
3258
K

May 7, 2009

Wess Sorensen, Mine Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Subject: Approval of Fuel Storage Containment Structures, Canyon Fuel Company, LLC, Skyline Mine, C/007/005, Task ID # 3258.

Dear Mr. Sorenson:

The Division has reviewed the construction and reclamation plans associated with the fuel off-loading containment structures and finds that they meet the requirements of the Coal Rules. A stamped, "Incorporated" copy of the approved plans are being returned to you, for insertion into your copy of the Mining and Reclamation Plan.

If you have any questions, please call me at (801) 538-5262 or Priscilla Burton at (435) 613-3733

Sincerely,

James D. Smith
Permit Supervisor

JDS/PWB/ss

Enclosure

cc: Richard Holbrook, OSM
Jeff McKenzie, BLM
Pam Brown, USFS (2)
Larry Crist, USFWS w/o
Marc Stilson, Water Rights w/o
Dave Ariotti, DEQ w/o
Eric Larson, DWR w/o
Price Field Office

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File in: C:\070005\2009 Outgoing

Refer to:

- Confidential
- Shelf
- Expandable

Date: 05/07/09 For additional information





Canyon Fuel
Company, LLC.
Skyline Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

COPY

Gregg Galecki, Environ. Engineer
HCR 35, Box 380
Helper, UT 84526
(435) 448-2636 - Office
(435) 448-2632 - Fax

March 31, 2008

Mr. James D. Smith
Division of Oil, Gas, and Mining
1594 West North Temple
Salt Lake City, Utah 84114-5801

RE: Fuel Storage Containment Structures – Construction approval, Canyon Fuel Company, LLC, Skyline Mine, C/007/005,

Dear Jim:

Attached to this letter is pertinent information requesting approval to initiate construction on an addition to existing Fuel Storage Containments located within the Mine Site Disturbed Area. The requested construction modifications are to the existing Fuel Storage Area, and the Wood shed. The purpose of the project is to accommodate off-loading containment pads and a shelter over the new pad at the Fuel Storage Area. The construction includes reinforced concrete pads and a lean-to roof covering the new pad that will be located at the Fuel Storage Area in the southwest corner of the employee parking lot. The Wood shed is already covered and construction will consist of a new concrete pad for secondary containment during off-loading. The permit modification consists of: 1) Section 3.2 page 3-32, 2) Plate 3.2.1-1 Surface Facilities Map illustrating the footprint of the additions, 3) the addition of Plates 3.2.5-2a and 3.2.5-2b, providing containment and roof designs, and 4) the appropriate adjustments to the Reclamation bond to accommodate demolition of the structures.

To remain operational and conform to new EPA regulations defined in the 40 CFR 112 regulations; the containment structures need to be functioning before July 1, 2009. Construction approval is necessary by May 15, to complete the construction by the EPA deadline.

Attached to this cover letter are completed C1 and C2 forms, eight (8) copies of both redline/strikeout and clean text of Section 3.2 page 3-32, the bond information, eight (8) clean copies of Plate 3.2.1-1, eight (8) clean copies of Plate 3.2.5-2a and 3.2.5-2b, and one (1) Compact Disc (CD) containing the complete submittal package.

If you have any questions regarding this information, please give me a call at (435) 448-2636.

Sincerely:

Gregg A. Galecki
Canyon Fuel Company, LLC.
Environmental Engineer – Skyline Mines

Enclosures

RECEIVED

APR 01 2009

DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

COPY

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Canyon Fuel Company, LLC

Mine: Skyline Mine

Permit Number: C/007/005

Title: Spill Prevention Control and Countermeasure Plan

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

Changes made to surface facility map and bond

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

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: The SPCC Plan under new regulations from the EPA is to be implemented by July 1, 2009.
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

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

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

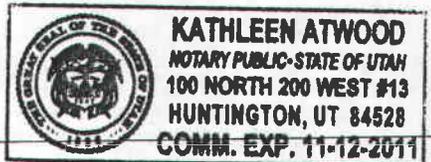
Wesley K. Severson
Print Name

Wesley K. Severson
Sign Name, Position, Date
General Manager 3/30/09

Subscribed and sworn to before me this 30th day of March 2009

Kathleen Atwood
Notary Public

My commission Expires: Utah 11-12-2011 } ss:
Attest: State of Utah }
County of Carbon



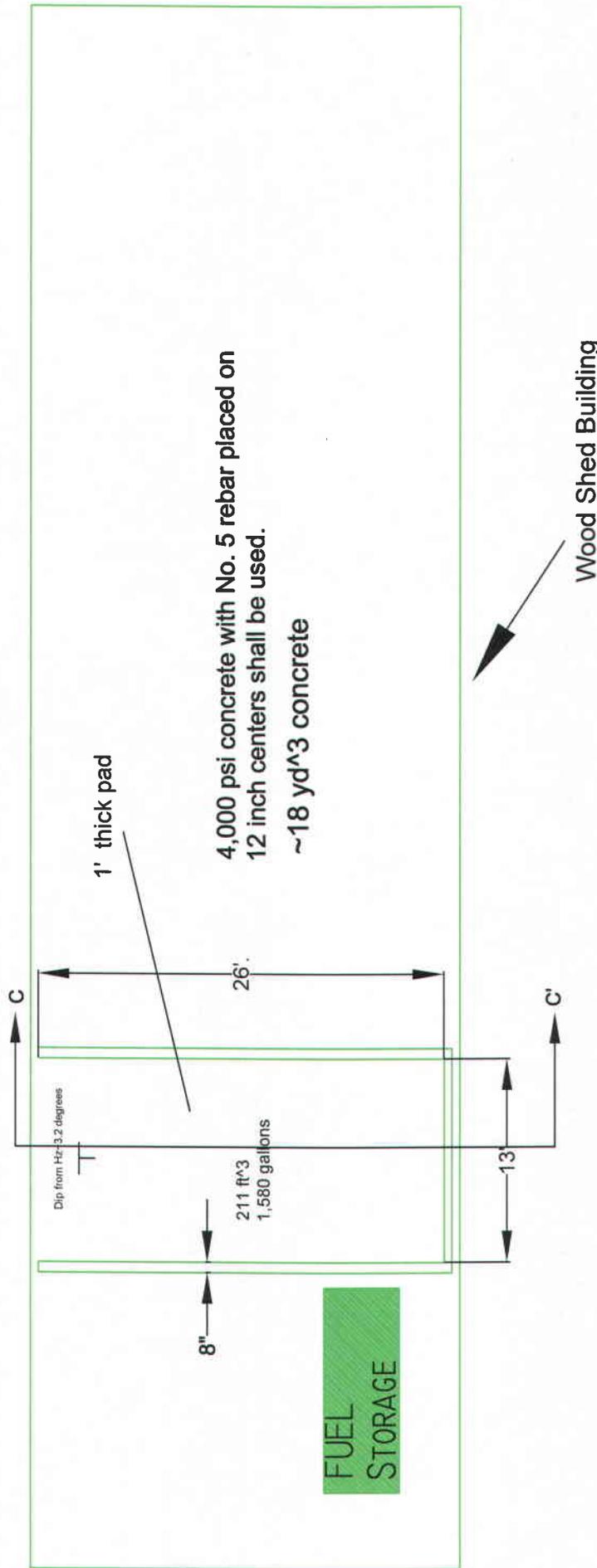
<p>For Office Use Only:</p>	<p>Assigned Tracking Number:</p>	<p>Received by Oil, Gas & Mining</p> <p style="text-align: center;">RECEIVED</p> <p style="text-align: center;">APR 01 2009</p> <p style="text-align: center;">DIV. OF OIL, GAS & MINING</p>
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Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
	Fuel Storage 22																				
	Structure's Demolition Cost	Steel Bld. Large	02220 110 0012	0.26	/CF													265	CF	69	
	Structure's Vol. Demolished																				
	Rubble's Weight (exclude steel)																				
	Truck's Capacity																				
	Haulage																				
	Transportation Cost Non Steel Truck																				
	Transportation Cost Non Steel Drive																				
	Disposal Cost Non Steel																				
	Steel's Weight																				
	Truck's Capacity																				
	Haulage																				
	Transportation Cost Steel Truck																				
	Transportation Cost Steel Truck Drive																				
	Disposal Cost Steel																				
	Subtotal																				69
	Equipment's Disposal Cost																				
	Dismantling Cost																				
	Equipment's Vol. Demolished																				
	Loading Costs																				
	Transport Costs																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost	Concrete demolition	ConcreteDemo1	6.81	/CY																
	Concrete's Vol. Demolished																				
	Loading Cost	Front end loader 3 CY	02315 424 1300	1.43	/CY																
	Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 ml. rd. trl	02315 490 0320	3.49	/CY																
	Disposal Costs	On site disposal	02220 240 5550	7.75	/CY																
	Subtotal																				248
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Total																				2964

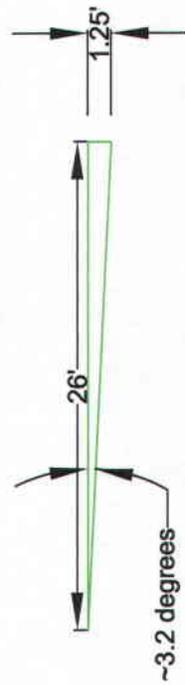
Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
	Fuel Storage 22																				
	Structure's Demolition Cost	Steel Bld. Large	02220 110 0012	0.26 /CF	0.26 /CF													265 CF		69	
	Structure's Vol. Demolished																				
	Rubble's Weight (exclude steel)																				
	Truck's Capacity																				
	Haulage																				
	Transportation Cost Non Steel Truck																				
	Transportation Cost Non Steel Drive																				
	Disposal Cost Non Steel																				
	Steel's Weight																				
	Truck's Capacity																				
	Transportation Cost Steel Truck																				
	Transportation Cost Steel Truck Drive																				
	Disposal Cost Steel																				
	Subtotal																				69
	Equipment 's Disposal Cost																				
	Dismantling Cost																				
	Equipment 's Vol. Demolished																				
	Loading Costs																				
	Transport Costs																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost	Concrete demolition	ConcreteDemo1	6.81 /CY	6.81 /CY																845
	Concrete's Vol. Demolished																				
	Loading Cost	Front end loader 3 CY	02315 424 1300	1.43 /CY	1.43 /CY																230
	Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. rd. tri	02315 480 0320	3.49 /CY	3.49 /CY																562
	Disposal Costs	On site disposal	02220 240 5550	7.75 /CY	7.75 /CY																1248
	Subtotal																				2885
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Total																				2954

WOOD SHED CONTAINMENT

Plan View



Cross Section C-C'



Spill Prevention Control and Countermeasure Plan		Skyline Mines	
Canyon Fuel Company LLC		Skyline Mines	
P.O. BOX 200 MOUNTAIN VIEW, UT 84052	DATE: 3/31/09	CK.BY: CWW	REVISION:
DWG FILE:	SCALE: 1:10	DR.BY: MDB	
DWG. NO.: 3.2.5-2b			

3.2.5 Water Pollution Control Facilities

Water pollution control facilities provided for:

- Storm water runoff and snow melt from the disturbed area passes through a sedimentation pond (described in Section 4.13).
- Treatment of sanitary sewage effluent is done at an off-site treatment facility. Sewage is removed by truck.
- Oil and water separators are used for areas where maintenance operations and equipment cleaning takes place.
- To comply with 40CFR 112 EPA regulations off-loading and fueling containment structures have been constructed for the fuel storage areas shown on map (Mine Surface Facilities Plate 3.2.1-1, and 3.2.5-2)

Map 3.2.5-1 illustrates the water and waste water flow diagram.

Sanitary sewage from the mine surface facility is routed through a system of gravity pipes below grade to the collection tank. The sewage is removed by truck for disposal at a municipal facility. No sewage effluent will be discharged into Eccles Creek. Oil and water separators are used within the maintenance complex building for separation of oils from wash-down water. Skimmed oil is then discharged to the waste oil storage tank for disposal. Waste oil is pumped from the tank and sold to a waste oil dealer for refining and or burned in approved waste oil furnaces. The remaining water is discharged to the sedimentation pond.

As mining progresses, underground storage sumps are developed for storage of mine drainage water. This water is pumped to these underground sumps for later reuse within the mine as process water. Quantities in excess of that necessary for this purpose will be discharged to the sedimentation pond for further clarification prior to discharge. Oil skimmers have been installed to remove oil and grease residue from mine discharge