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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

February 26, 2015

Carl Winters, Mine Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Subject: Midterm Completion Response, Task ID #4792, Canyon Fuel Company, LLC, Skyline Mine, C/007/0005

Dear Mr. Winters:

The Division of Oil, Gas and Mining (the Division) has completed its review of the submitted midterm deficiency responses. The Division recommends conditional approval. Final approval of the amendment will be granted when the following conditions have been met:

- 1) The current bond for the Skyline Mine is a surety bond in the amount of \$5,137,000 posted with Ironshore Indemnity Inc. #1093362. A rider to increase the bond \$662,000, for a total of \$5,799,000 is required. Please submit the attached Exhibit "D" along with the surety rider to the Division. Contact Suzanne Steab, Bond Coordinator at (801)538-5265 if you have any questions. The revisions to the MRP language and bond cost estimates that reflect the increased bond amount have been approved.
- 2) Provide two clean copies of the midterm completion response for incorporation into the Mining and Reclamation Plan (MRP).

Please post the additional bond amount and clean copies by April 30, 2015. A stamped incorporated copy will be returned to you for insertion into your copy of the MRP. If you have any questions, please feel free to contact me (801) 538-5350 or Daron Haddock (801) 538-5325.

Sincerely,

Steve Christensen
Permit Supervisor

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EXHIBIT "D"

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Permit Number: C/007/0005

Effective Date: _____

Bond Number: _____

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STIPULATION TO REVISE RECLAMATION AGREEMENT

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This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

As a result of the Division of Oil, Gas & Mining's midterm permit review, the required bond to maintain adequate coverage is \$5,799,000. The permittee is required to submit an increase rider for an amount of \$662,000 increasing the current bond of \$5,137,000 to the required total of \$5,799,000.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- Replace the Reclamation agreement in its entirety.
- Replace Exhibit "A"- permit area.
- Replace Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 5,137,000 to \$ 5,799,000.

The bonding type is changed from _____ to _____.

The surface disturbance is revised from _____ acres to _____ acres.

The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed from \$ _____ to \$ _____.

IN WITNESS WHEREOF, _____ the PERMITTEE has hereunto set its
signature and seal this ____ day of _____, 20____.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH this ____ day of _____, 20

Director, Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

**AFFIDAVITS
OF
QUALIFICATION**

