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United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
Western Region Office
1999 Broadway, Suite 3320
Denver, CO 80202-3050



RECEIVED

JUL 12 2010

DIV. OF OIL, GAS & MINING

July 8, 2010

Daron Haddock
Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, UT 84116

Dear Mr. Haddock,

Included for your records is a copy of the Inspection Reports for the Willow Creek, Crandall Canyon Area Phase I Bond Release and the Star Point Mine Phase III Bond Release inspections conducted June 8, 2010.

Please contact me if you have any questions or need any additional information at (303) 293-5042 or chulsman@osmre.gov.

Thank you,

Christy Hulsman
Office of Surface Mining, Denver Field Division



U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING Mine Site Evaluation State Program



1. Permittee/Person PLATEAU MINING CORP (PMC)		9. Permit Number UT-007-038	10. Permit Type PP
2. Address P.O.BOX 30, 847 NW HWY 19		11. Field Visit Date 06/08/2010 <small>mm - dd - yyyy</small>	12. Purpose OBI
3. City Helper	4. State UT	13. SRA Present Y	14. Permit Status BR
5. Zip Code 84526	6. Phone Number (435) 637-2875	15. Site Status P1	16. Facility Type ABDF
7. Operator Name, if Different than Permittee		17. OSM Office # 140	18. CCID #
8. Mine Name WILLOW CREEK MINE, C		19. Land Code SF	20. M.S.H.A ID # 42-00165
		21. State Abrev. UT	22. County Name CARBON
		23. AVS Permittee Entity ID Number	24. State Office

25. Hours <table style="width: 100%;"> <tr><td style="border: 1px solid black; width: 50px; text-align: center;">2.0</td><td>a. Permit Review</td></tr> <tr><td style="border: 1px solid black; width: 50px; text-align: center;">2.0</td><td>b. Site Visit Time</td></tr> <tr><td style="border: 1px solid black; width: 50px; text-align: center;">10.0</td><td>c. Travel Time</td></tr> <tr><td style="border: 1px solid black; width: 50px; text-align: center;">2.5</td><td>d. Report Writing</td></tr> </table>	2.0	a. Permit Review	2.0	b. Site Visit Time	10.0	c. Travel Time	2.5	d. Report Writing	26. Signature Block Signature: CHRISTY HULSMAN Printed Name: Date: 07/07/2010	27. Reviewing Official: Signature: Review Date: 07/08/2010 <small>mm - dd - yyyy</small> Is Supplemental MSE Page Used Y/N Y
2.0	a. Permit Review									
2.0	b. Site Visit Time									
10.0	c. Travel Time									
2.5	d. Report Writing									

Permit Type — Item 10 IP = Interim Program, PP = Permanent Program, NP = No Permit

Purpose Type Codes Item 12

Oxx... Oversight	RFx... Reclamation Fees	CCR... Citizen Complaint Referral (non site visit)
Axx... Assistance	Fxx... Federal Actions	CC... Citizen Complaint (initial site visit)
		CCF... Citizen Complaint Follow-up

Joint Inspection — Item 13 A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

Permit Status — Item 14

A... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed. IN... Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated. BR... Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release.)	AB... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g) AB1... Bond Forfeiture: Bond forfeiture officially in process or completed, and reclamation in progress or not yet commenced. AB2... Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards. AB3... Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards. NA... Not Applicable: When site is unpermitted.
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Site Status Codes — Item 15

ND... No Disturbance: No coal mining and reclamation operations have been started. EX... Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun. AP... Active Coal Producing: Coal surface mining activities are occurring. AN... Active Non-Producing: Active non-producing facility such as tipple or preparation plant. NM... No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.	MC... Mining Complete: No mining activity on site, site regraded and awaiting phase bond release. TC... Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.131(b). P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release. P2... Phase II Release: At least Phase II bond release for the entire permitted area. P3... Phase III Release: Reclamation completed and the RA has released all bond.	NS... Non-Site Visit: Status of site not determined. FP... Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress. FR... Forfeited and Reclaimed: Forfeiture reclamation completed. FO... Abandoned Site: Abandoned site that is permitted but there is no bond. WC... Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.
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Facility Type Codes — Item 16

A... Surface B... Underground C... Preparation Plant	D... Ancillary (Haulroad, Conveyor, and/or Rails) E... Refuse and/or Impoundment F... Loading Facility and/or Tipple G... Stockpiles	H... Exploration Permits I... Notice of Intent to Explore J... Exempt 16 and 2/3 K... Government Financed Construction Exemption
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L... Remining site permitted under 30 CFR 785.25

Small Business Regulatory Enforcement Fairness Act (SBREFA) Your Comments Are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

June 30, 2010

Plateau Mining Corporation (PMC)
P.O. Box 30
847 NW Hwy 191
Helper, UT 84526

Willow Creek Mine, Crandall Canyon Area, DOGM Permit Number C/007/0038
Phase I Bond Release
June 8, 2010

Participants:

Dennis Ware, PMC
Sue Wiler, BLM
Daron Haddock, DOGM
Priscilla Burton, DOGM
April Abate, DOGM
Joe Helfrich, DOGM
Pete Hess, DOGM
Jeff Studenka, DWQ
Tonya Hammond, Blackhawk Coal Company
Reed Martineau, Adjacent Private Landowner
Christy Hulsman, OSM

Weather Conditions: Sunny, warm ~75°

DOGM conducted a Phase I bond release inspection on June 8, 2010 at the Willow Creek Mine, Crandall Canyon Area. The Phase I bond release request applies 32.96 acres consisting of removal of surface facilities, backfilling and grading of shaft No. 1 and shaft No. 2, general backfilling and grading, resoiling, seeding and mulching at the Crandall Canyon portion of the Willow Creek mine. All initial backfilling and grading was conducted in the summer of 2003.

Shaft No. 2 is the eastern shaft, located closer to the mouth of the canyon. It was an air return shaft that was around 1500' deep and app. 20'x20'. Shaft No. 2 experienced significant settling in early 2007. The void was initially filled with ~4,000 yd³ of surrounding soil. Water subsequently saturated the fill and overtopped the shaft. Due to winter weather conditions, the shaft was fenced and left until spring. Water was pumped into a catch basin from the shaft before it entered Crandall Canyon Creek. Once the shaft was drained, it was filled with UDOT road-cut material from a nearby stockpile site. The fill bacterial was capped with a bentonite, then top soil was added to fill the remaining void. The topsoil was mounded to a minimum of 5' above the surface elevation. The shaft is isolated by safety fencing. The entire area that was re-disturbed in 2006-2008 was re-graded and re-seeded in 2008. As reported by DOGM, Shaft No. 2 only settled 1.4 feet. The reclamation practice of extreme surface roughening was utilized to promote vegetative growth and erosional stability.

Shaft No. 1 experienced considerable settling and the area surrounding the shaft was reworked in the fall of 2005 to fill a void left from approximately 15 feet of settling. It was subsequently regraded and reseeded with the extreme surface roughening technique. The shaft area is identified with orange fencing.

The one acre of reestablished road that runs the length of the canyon is designated as permanent for, but not limited to, private recreational use by the adjacent landowner and BLM access for grazing.

Crandall Canyon Creek has a reestablished stream bed. It is ephemeral and has had no recorded flow at the designated quarterly monitoring spots since 2002.

Vegetation throughout the bond release area is thriving. Minimal amounts of invasive species were noted (Whitetop). Seedlings were planted in the fall of 2004 along the reclamation channel and have had measurable growth. As reported by the DOGM Bond Release Proposed Decision packet, "[v]egetation in the reclaimed area was sampled in 2008. The summarized data indicated that the species composition and percent cover met or exceeded that of the reference areas.

The reclaimed area meets AOC conditions and the slopes show no signs of significant erosion. All facilities have been removed from the bond release area. Remaining bond for the Willow Creek Mine, Crandall Canyon Area appears sufficient to complete all remaining reclamation obligations at this site if the work had to be completed by a third party contractor.

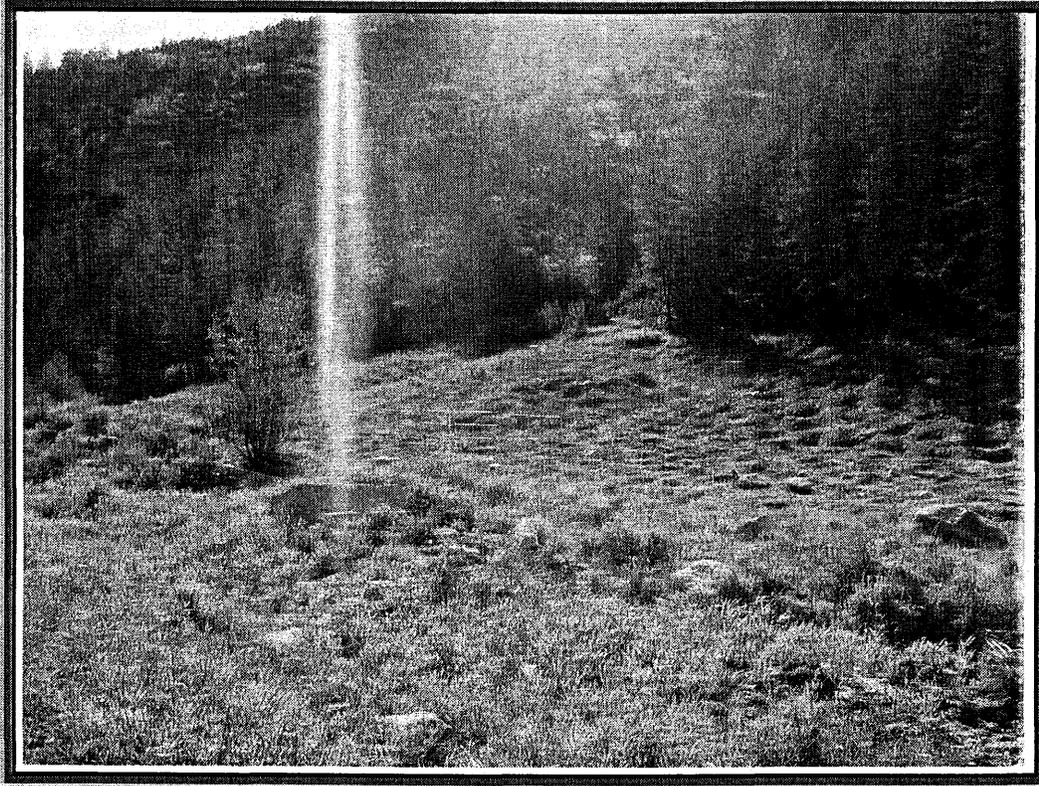


Fig. 1 – Shaft No. 2 with safety fencing. Surrounding area has been graded, mulched and seeded. Extreme surface roughening was conducted to encourage successful revegetation.



Fig. 2 – Extreme surface roughening in background was completed in 2008. Extreme surface roughening in the foreground was completed in 2003.



Fig. 3 – Permanent access road in center of photograph. Stream bed to the left of the road.



Fig. 4 – Seedling growth along stream channel (Seedlings planted in fall 2004).



Fig. 5 – Beyond the fence line is undisturbed ground. Re-established stream channel blends well into pre-existing channel.



Fig. 6 - Reclaimed shaft No. 2. Excess backfill material was placed in case of settling.

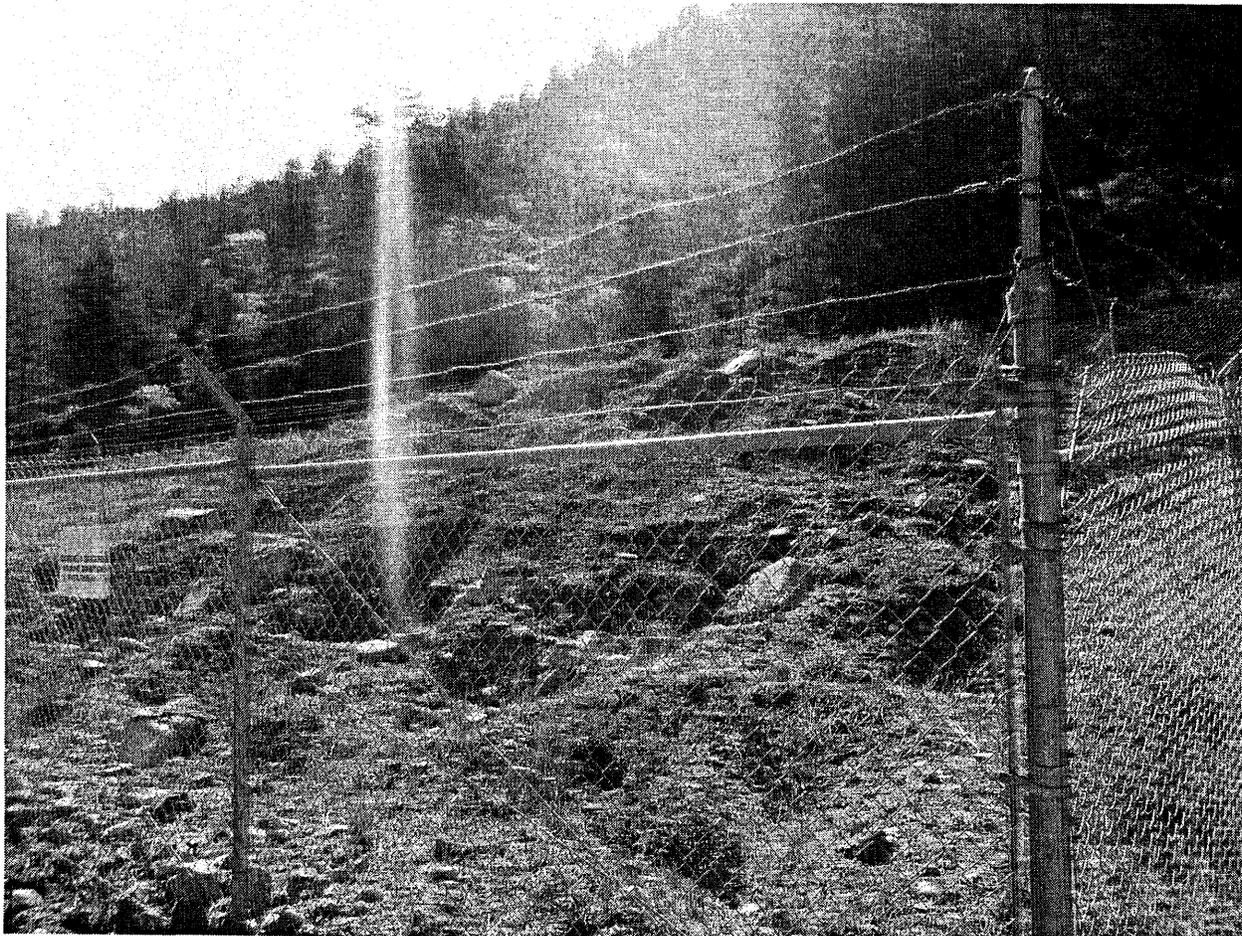


Fig. 7 – Extreme surface roughening practices were utilized on backfilled shaft No. 2.

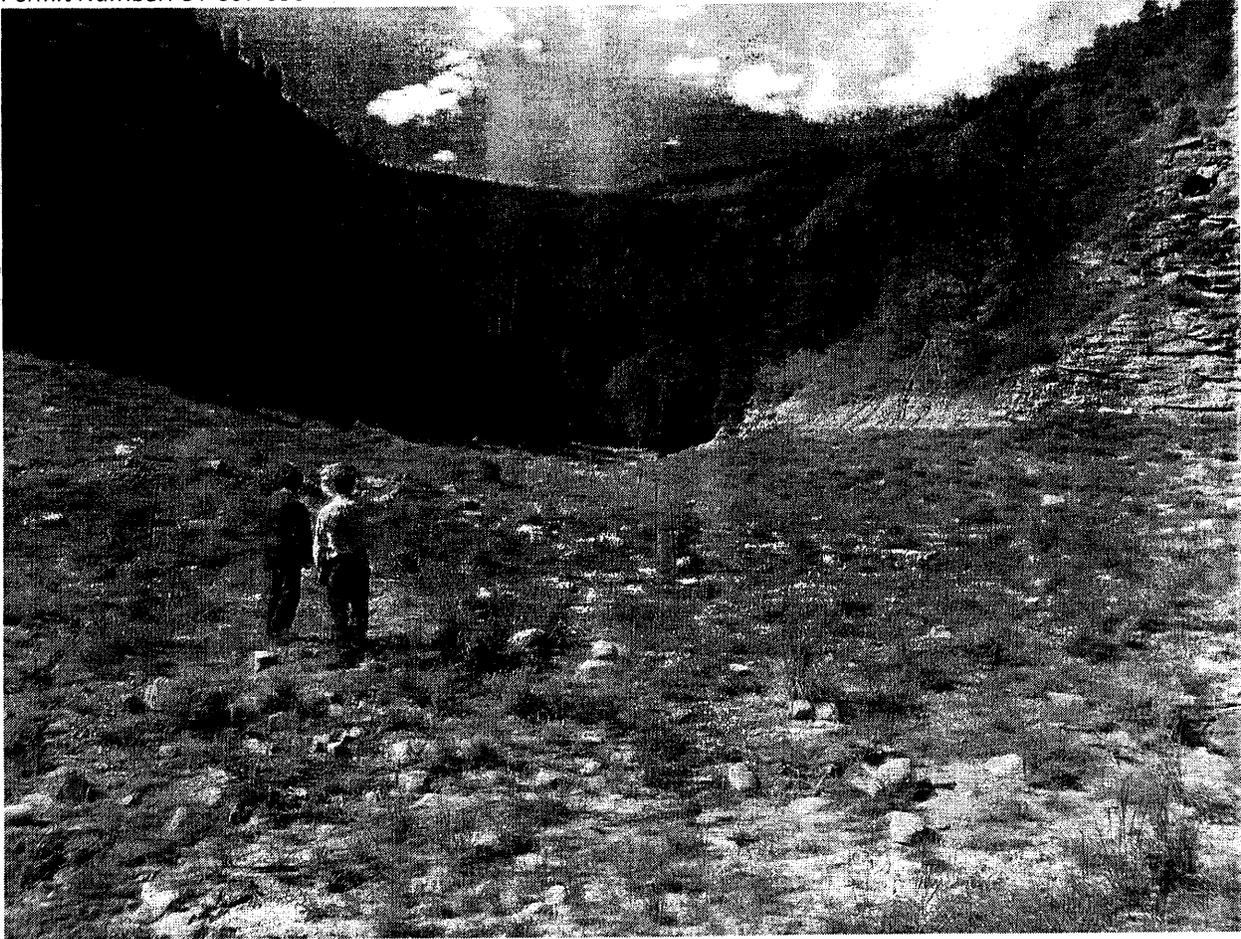


Fig. 8 – Snow fencing (orange) surrounds the backfilled No. 1 shaft. Shaft was reclaimed in 2005. Extreme surface roughening was conducted over entire reclamation area.



Fig. 9 – Permanent access road on the right. Center of photograph is stream bed and reclamation area.



Fig. 10 – Fencing designates reclaimed shaft No. 1



*Fig. 11 –Reestablished stream channel in the center of the photograph
(Crandall Canyon Creek).*



U. S. DEPT. OF THE INTERIOR

OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program



<p>1. Permittee/Person PLATEAU MINING CORP (PMC)</p> <p>2. Address P.O. BOX 30</p> <p>3. City Helper</p> <p>4. State UT</p> <p>5. Zip Code 84526</p> <p>6. Phone Number (435) 472-0475</p> <p>7. Operator Name, if Different than Permittee </p> <p>8. Mine Name STAR POINT MINE</p>	<p>9. Permit Number UT-007-006</p> <p>10. Permit Type PP</p> <p>11. Field Visit Date 06/08/2010 <small>mm - dd - yyyy</small></p> <p>12. Purpose OB3</p> <p>13. SRA Present N</p> <p>14. Permit Status IN</p> <p>15. Site Status P3</p> <p>16. Facility Type B</p> <p>17. OSM Office # 140</p> <p>18. CCID # </p> <p>19. Land Code SF</p> <p>20. M.S.H.A ID # 42-00171</p> <p>21. State Abrev. UT</p> <p>22. County Name CARBON</p> <p>23. AVS Permittee Entity ID Number 060102</p> <p>24. State Office </p>
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<p>25. Hours</p> <p>2.0 a. Permit Review</p> <p>2.0 b. Site Visit Time</p> <p>10.0 c. Travel Time</p> <p>2.0 d. Report Writing</p>	<p>26. Signature Block</p> <p style="text-align: center;"><i>Christy Hulsmán</i></p> <p style="text-align: center;">Signature: CHRISTY HULSMAN</p> <p style="text-align: center;">Printed Name: </p> <p>Date: 07/08/2010</p>	<p>27. Reviewing Official:</p> <p style="text-align: center;"><i>James Fulton</i></p> <p style="text-align: center;">Signature: </p> <p>Review Date: 07/08/2010 <small>mm - dd - yyyy</small></p> <p>Is Supplemental MSE Page Used Y/N Y</p>
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Oxx... Oversight	RFx... Reclamation Fees	CCR... Citizen Complaint Referral (non site visit)
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B... Underground	E... Refuse and/or Impoundment	I... Notice of Intent to Explore	
C... Preparation Plant	F... Loading Facility and/or Tipple	J... Exempt 16 and 2/3	
	G... Stockpiles	K... Government Financed Construction Exemption	

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U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program
Continuation Page

Permittee/ Person **PLATEAU MINING CORP**

Permit Number **UT-007-006**

Field Visit Date **06/08/2010**

28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

<p>A. Administrative</p> <ol style="list-style-type: none"> 1. ___ Mining within Valid Permit 2. ___ Mining within Bonded Area 3. <u>1</u> Terms & Conditions of Permit 4. ___ Liability Insurance 5. ___ Ownership and Control 6. ___ Temporary Cessation 7. ___ AML Rec. Fees -- Non-Respondent 8. ___ AML Rec. Fees -- Failure to Pay <p>B. Hydrologic Balance</p> <ol style="list-style-type: none"> 1. <u>1</u> Drainage Control 2. ___ Inspections & Certifications 3. ___ Siltation Structures 4. ___ Discharge Structures 5. ___ Diversions 6. ___ Effluent Limits 7. ___ Ground Water Monitoring 8. ___ Surface Water Monitoring 9. ___ Drainage -- Acid-Toxic Materials 10. ___ Impoundments 11. ___ Stream Buffer Zones <p>C. Topsoil & Subsoil</p> <ol style="list-style-type: none"> 1. <u>1</u> Removal 2. <u>1</u> Substitute Materials 3. <u>1</u> Storage and Protection 4. <u>1</u> Redistribution 	<p>D. Backfilling & Grading</p> <ol style="list-style-type: none"> 1. ___ Exposed Openings 2. <u>1</u> Contemporaneous Reclamation 3. <u>1</u> Approximate Original Contour 4. <u>1</u> Highwall Elimination 5. <u>1</u> Steep Slopes (includes downslope) 6. ___ Handling of Acid & Toxic Materials 7. <u>1</u> Stabilization (rills and gullies) <p>E. Excess Spoil Disposal</p> <ol style="list-style-type: none"> 1. ___ Placement 2. ___ Drainage Control 3. ___ Surface Stabilization 4. ___ Inspections & Certifications <p>F. Coal Mine Waste (Refuse Piles/Impoundments)</p> <ol style="list-style-type: none"> 1. ___ Drainage Control 2. ___ Surface Stabilization 3. ___ Placement 4. ___ Inspections and Certifications 5. ___ Impounding Structures <p>G. Use Of Explosives</p> <ol style="list-style-type: none"> 1. <u>3</u> Blaster Certification 2. <u>3</u> Distance Prohibitions 3. <u>3</u> Blast Survey/Schedule 4. <u>3</u> Warnings & Records 5. <u>3</u> Control of Adverse Effects 	<p>H. ___ Subsidence Control Plan</p> <p>I. Roads</p> <ol style="list-style-type: none"> 1. ___ Road Construction 2. ___ Certification 3. ___ Drainage 4. ___ Surfacing and Maintenance 5. ___ Reclamation <p>J. Signs & Markers</p> <ol style="list-style-type: none"> 1. <u>1</u> Signs 2. <u>1</u> Markers <p>K. ___ Distance Prohibitions</p> <p>L. Revegetation</p> <ol style="list-style-type: none"> 1. <u>1</u> Vegetative Cover 2. <u>1</u> Timing <p>M. <u>1</u> Postmining Land Use</p> <p>N. Other</p> <p style="margin-left: 20px;">General</p> <p style="margin-left: 20px;">Performance</p> <p style="margin-left: 20px;">Category</p> <p style="margin-left: 20px;"><u>M</u> <u>1</u> 1) Phase III Bond Release</p> <p style="margin-left: 20px;">___ ___ 2) _____</p> <p style="margin-left: 20px;">___ ___ 3) _____</p>
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Performance Standard Categories 30 CFR Counterpart

<p>A. Administrative.....(816/817.22)</p> <ol style="list-style-type: none"> 1. Valid Permit.....773.11 2. Mining within Bonded Area.....773.11 3. Terms & Conditions of Permit.....773.17 4. Liability Insurance.....800.60 5. Ownership and Control.....778.13 6. Temporary Cessation.....842.11(e) & 816/817.131 7. AML Rec. Fees -- Non-Respondant.....870.15(b) 8. AML Rec. Fees -- Failure to Pay.....870.15(a) <p>B. Hydrologic Balance.....(816/817.41-57)</p> <ol style="list-style-type: none"> 1. Drainage Control.....45 2. Inspections & Certifications.....49(a)(10) 3. Siltation Structures.....46 4. Discharge Structures.....47 5. Diversions.....43 6. Effluent Limits.....42 7. Ground Water Monitoring.....41(c) 8. Surface Water Monitoring.....41(e) 9. Drainage--Acid - Toxic Materials.....41(f) 10. Impoundments.....49 11. Stream Buffer Zones.....57 <p>C. Topsoil & Subsoil.....(816/817.22)</p> <ol style="list-style-type: none"> 1. Removal.....22(a) 2. Substitute Materials.....22(c) 3. Storage and Protection.....22(c) 4. Redistribution.....22(d) <p>D. Backfilling & Grading.....(816/817.95-107)</p> <ol style="list-style-type: none"> 1. Exposed Openings.....816/817.13, 14, 15, & 823.11 & 21 2. Contemporaneous Reclamation.....100 3. Approximate Original Contour.....102(a)(1) 4. Highwall Elimination.....102(a)(2) 5. Steep Slopes (includes downslope).....107 6. Handling of Acid & Toxic Materials.....102(c) 7. Stabilization (rills and gullies).....95(b) 	<p>E. Excess Spoil Disposal.....(816/817.71-74)</p> <ol style="list-style-type: none"> 1. Placement.....71(e) 2. Drainage Control.....71(f) 3. Surface Stabilization.....71(g) 4. Inspections & Certifications.....71(h) <p>F. Coal Mine Waste (Refuse Piles/Impoundments)(816/817.81-84)</p> <ol style="list-style-type: none"> 1. Drainage Control.....83(a) 2. Surface Stabilization.....83(b) 3. Placement.....83(c) 4. Inspections and Certifications.....83(d) 5. Impounding Structures.....84 <p>G. Use of Explosives.....(816/817.61-68)</p> <ol style="list-style-type: none"> 1. Blaster Certification.....61(c) 2. Distance Prohibitions.....61(d) 3. Blast Survey/Schedule.....62-64 4. Warnings & Records.....66 & 68 5. Control of Adverse Effects.....67 <p>H. Subsidence Control Plan.....(817.121-122)</p> <p>I. Roads.....(816/817.150-151)</p> <ol style="list-style-type: none"> 1. Road Construction.....150(c) 2. Certification.....151(a) 3. Drainage.....150(b)-151(d) 4. Surfacing and Maintenance.....150(e)-151(d) 5. Reclamation.....150(f) <p>J. Signs & Markers(816/817.11)</p> <ol style="list-style-type: none"> 1. Signs.....11(a),(b),&(c) 2. Markers.....11(a),(b),(d),(e),&(f) <p>K. Distance Prohibitions.....(761.11)</p> <p>L. Revegetation.....(816/817.111-116)</p> <ol style="list-style-type: none"> 1. Vegetative Cover.....111 & 116 2. Timing.....113 <p>M. Postmining Land Use.....(816/817.133)</p>
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June 30, 2010

Plateau Mining Corporation (PMC)
P.O. Box 30
847 NW Hwy 191
Helper, UT 84526

Star Point Mine, DOGM Permit Number C/007/0006
Phase III Bond Release
June 8, 2010

Participants:

Dennis Ware, PMC
Sue Wiler, BLM
Jeff Studenka, Utah Division of Water Quality
Sonia Wallace, SITLA
Chris Fausett, SITLA
April Abate, DOGM
Daron Haddock, DOGM
Kevin Lundmark, DOGM
James Owen, DOGM
Ingrid Wieser, DOGM
Christy Hulsman, OSM

Weather Conditions: Sunny, warm ~75*

Utah Division of Oil, gas, and Mining (DOGM) conducted a Phase III bond release inspection on June 8, 2010 at the Star Point Mine. The Phase III bond release request applies to a 40 acre parcel within the 95.3 acre Star Point Mine. Of the 40 acres being released, 8 were disturbed and in reclamation. The 8 disturbed acres received a Phase II bond release in February 2009. The permittee requested a change in the Post Mining Land Use from wildlife to industrial/commercial for oil and gas, a Phase III bond release, and a reduction in the permit area in an application dated February 11, 2010. ConocoPhillips has entered into an agreement with PMC to purchase the 40 acre parcel upon final bond release.

According to the Technical Analysis section of the Bond Release Decision Document prepared by DOGM, "[t]he Permittee has requested a postmining land use change to industrial for the entire 40-acre parcel. The only requirements for the permit boundary change would be Phase III bond release of the area. For an industrial post mining land use, the requirement for Phase III bond release is erosion control. The Division conducted a Phase II bond release site inspection of the Star Point Mine in October 2008, The Division concluded that adequate vegetation had established on the site to control erosion, and approved Phase II bond release for 95.3 acres in 2008."

The parcel lies to the north side of County Road 290. Vegetation has established successfully on site and the reclamation method of extreme surface roughening.

OSM finds that Plateau Mining Corporation has met or exceeded the requirements for Phase III bond release on the 40 acres of land as described above. Travelers Casualty and Surety Insurance Company currently holds a surety bond in the amount of \$734,000.00 for the 95.3 disturbed area acres of the Star Point Mine. This action will release \$62,000, leaving \$672,000 to complete any reclamation costs for the remaining 87.3 disturbed area acres (which includes the portal face-up area). DOGM has determined that this remaining bond amount of \$672,000 is sufficient to complete all remaining reclamation obligations at this site if the work had to be completed by a third party contractor. OSM concurs with the proposed bond release amount.



Fig. 1 – Undisturbed area included in bond release. Pre-law railroad grade exists on hillside above drainage channel. County Road 290 is to the left of the guardrail.

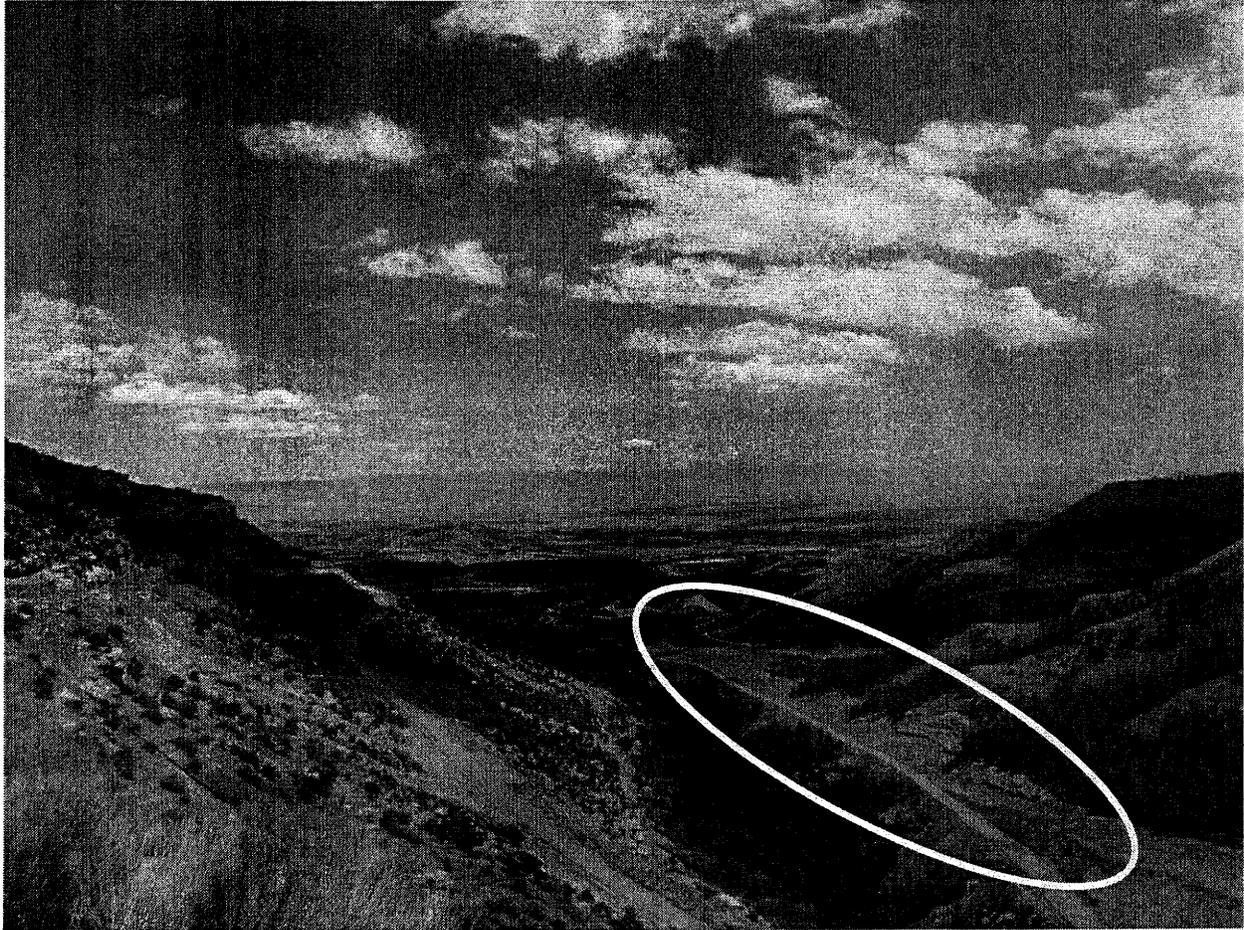


Fig. 2 – 8-acre disturbed area is roughly located within the circled area.



Fig. 3 – Reclaimed disturbed area within the 40-acre parcel. Extreme surface roughening utilized, vegetation is established, erosion is minimized.



Fig. 4 - Reclaimed disturbed area within the 40-acre parcel. Extreme surface roughening utilized, vegetation is established, erosion is minimized. Stakes are indicating key areas for ConocoPhillips oil/gas development.

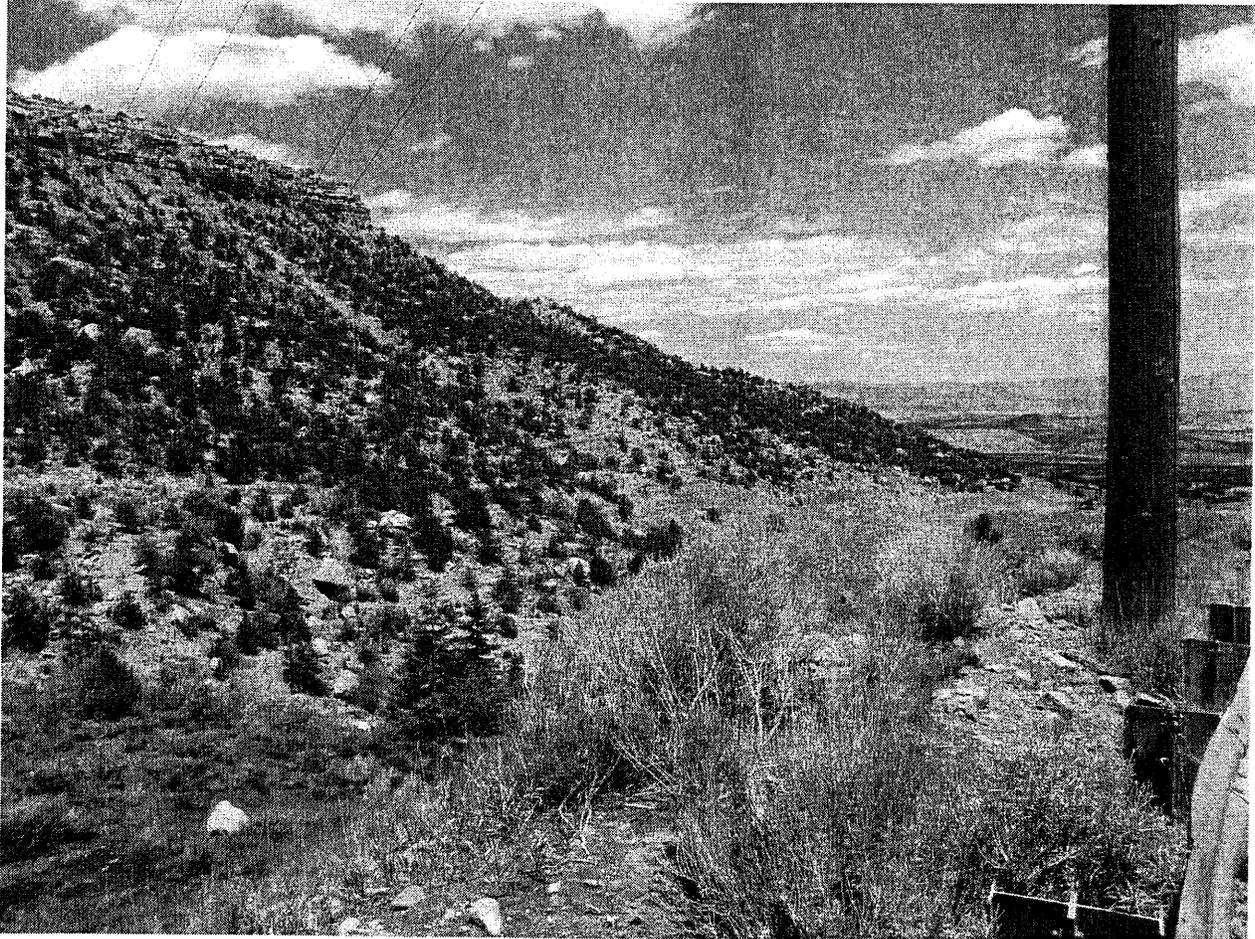


Fig. 5 – Undisturbed area located within 40-acre parcel. County Road 290 is to the right of the guardrail.