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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

JON M. HUNTSMAN, JR.
Governor

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Division Director

July 1, 2010

James Fulton, Chief
Office of Surface Mining
1999 Broadway, Suite 3320
Denver, CO 80202-3050

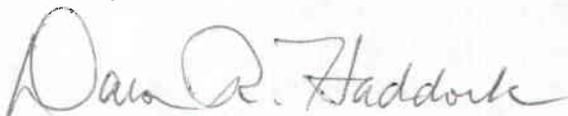
Subject: Phase III Bond Release, Plateau Mining Corporation, Star Point Mine, C/007/0006, Task ID #3534, Outgoing File

Dear Mr. Fulton:

Enclosed is the Division's Decision Document for the Phase III Bond Release at Plateau Mining Corporation's Star Point Mine. The Permittee has requested bond release in the amount of \$62,000 on a 40-acre parcel containing 32 acres of undisturbed area and 8 acres of reclaimed lands. The Division finds Plateau has met the regulatory requirements for Phase III bond release and recommends approval conditioned upon closing of the sale between Plateau Mining Corporation and ConocoPhillips. We request the Office of Surface Mining's concurrence with this determination. A copy of the Phase III Bond Release Inspection report is included in this package along with documentation of events. Please provide your determination at your earliest convenience.

If you have any questions or need further information, please feel free to call me at (801) 538-5325 or Kevin Lundmark at (801) 538-5352.

Sincerely,


Daron R. Haddock
Permit Supervisor

DRH/KWL/sqs
Enclosure
cc: Dennis Ware, PMC
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File In C0070006 Incoming
Date: 07012010 Refer to:

- Confidential
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For additional information

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

**Phase III Bond Release
Plateau Mining Corporation
Star Point Mine
C/007/0006
Carbon County, Utah**

July 1, 2010

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ADMINISTRATIVE OVERVIEW

Plateau Mining Corporation
Star Point Mine
C/007/0006
Carbon County, Utah

July 1, 2010

ACTION

Grant approval of Phase III bond release in the amount of \$62,000 for a 40-acre area at the Star Point Mine. Plateau Mining Corporation (PMC), a subsidiary of Alpha Natural Resources, Inc., submitted an application for Phase III bond release on February 11, 2010 requesting release on a 40-acre parcel containing 8 acres of reclaimed disturbed area. Bond release is sought by PMC to allow the sale of the 40-acre parcel to ConocoPhillips for gas production. Granting this bond release will reduce the bond held for reclamation at this site from \$734,000 to \$672,000. The Division conducted a Phase III bond release inspection at the site on June 8, 2010. An invitation letter was sent to interested parties on May 12, 2010. The bond release inspection was attended by representatives from the Office of Surface Mining (OSM), Bureau of Land Management (BLM), Division of Oil, Gas and Mining, Utah Division of Water Quality (DWQ), Utah School and Institutional Trust Lands Administration (SITLA) and PMC.

The Division of Oil, Gas and Mining finds that PMC has met the requirements for Phase III bond release under the alternative postmining land use scenario of industrial. The Division received concurrence from BLM on the bond in a letter dated June 11, 2010.

BACKGROUND

On February 11, 2010, PMC submitted an application requesting Phase III bond release for the 40-acre parcel in SE1/4SE1/4 Sec 9 T15S R8E, including 8 acres of previously reclaimed disturbed area within the Star Point Mine permit boundary. The application for Phase III bond release also included a change in postmining land use to industrial and a reduction in the permit area by 40 acres. The bond release, change in postmining land use and permit area reduction were sought to allow the sale of the 40-acre parcel to ConocoPhillips for gas development. A public notice published in the Sun Advocate newspaper on April 1, 8, 15 and 22, 2010 by PMC notified all parties about this request for Phase III bond release.

The Star Point Mine is located on and around Gentry Mountain, approximately 23 miles southeast of Price, Utah on the east side of the Wasatch Plateau Coal Field. Coal

mining started in 1917. Plateau Mining Corporation operated the Star Point Mine from 1980 until February 2000, when the mine when into permanent cessation.

Reclamation activities occurred as follows:

- In 2000, reclamation began following permanent cessation. Mud Water and Corner Canyons breakout portals (1.54 ac.) were reclaimed.
- In 2001, demolition and earthwork were conducted on 45 acres, which include the No.1 Mine area (35 ac.) and the Unit Train Loadout (10 ac.).
- In 2002, reclamation of the Lions Deck and Pond 1 (25.5 ac.) area and Overland Conveyor and Main Channel areas (49 ac.) were completed.
- In 2002, the Division approved a postmining land use change to facilitate the installation of two coal-bed methane wells and utility corridors by ConocoPhillips within the Star Point Mine permit area.
- Phase III bond release was approved for 5.46 ac. for two operating Phillips Petroleum gas wells in 2003. This release was for a reduction in the disturbed area but no reduction in the bond amount.
- Phase I bond release was approved for 95.3 acres on October 12, 2004.
- In February 2006, the Bureau of Land Management issued coal lease relinquishments for the Star Point Mine's federal coal leases.
- Phase II bond release was approved for 95.3 acres on June 12, 2008 and the bond was released February 12, 2009.

There are no remaining sediment control structures (ponds, silt fences, straw bales) or diversions to be removed. The refuse pile area of the Star Point Mine was removed from the Star Point permit and is being re-mined by Sunnyside Cogeneration Association under mine permit C/007/0042.

The only structure approved to remain for the postmining land use at Star Point Mine is County Road 290 (Gentry Mountain Road). The road runs through the disturbed area, and provides access to U.S. Forest Service lands and connects to other county roads on the plateau.

CHRONOLOGY FOR PHASE III BOND RELEASE

Plateau Mining Corporation
Star Point Mine
C/007/0006
Carbon County, Utah

July 1, 2010

February 11, 2010

PMC submitted Phase III bond release application for the Star Point Mine to allow the sale of a 40-acre parcel of land to ConocoPhillips for gas production. The application included a change in postmining land use from wildlife to industrial, a reduction in the size of the permit area, and Phase III bond release.

March 25, 2010

The Office of Surface Mining wrote the Division a letter stating that the PMC's request for Phase III bond release proposed permit revision does not constitute a mining plan action requiring Secretarial approval under the requirements of 30 CFR Part 740 and Part 746.

March 31, 2010

The Division found that the application is Administratively Complete and requested PMC to publish a Notice of Significant Permit Revision and Phase III Bond Release.

March 31, 2010

The Division sent a letter to PMC identifying deficiencies in the application package and notified PMC of the requirement for preliminary and final bond release inspections at the Star Point Mine.

April 1, 8, 15 and 22, 2010

The notice of change in postmining land use and Phase III bond release was published for four consecutive weeks in the Sun Advocate with a closing date of May 24, 2010 for the submission of comments, objections, or requests for public hearings or informal conferences.

April 6, 2010

PMC sent letters to adjoining property owners, local government bodies, planning agencies, and sewage and water treatment authorities in the locality notifying them of the intention to seek bond release.

April 13, 2010

PMC submitted documentation in response to deficiencies identified by the Division on March 31, 2010.

April 21, 2010

The Division received a letter from Thomas Faddies, Utah School and Institutional Trust Lands Administration (SITLA) clarifying that the mineral estate in SE1/4SE1/4 Sec 9 T15S R8E is owned by SITLA and advising that SITLA has no objection to the proposed permit area reduction, postmining land use change, and Phase III bond release.

April 22, 2010

An affidavit of publication was signed by Richard Shaw, publisher for the Sun Advocate, that the public notice for the Phase I bond release for the Star Point Mine was published for four consecutive weeks.

April 22, 2010

The Division completed a preliminary bond release inspection at Star Point Mine. The preliminary inspection was attended by:

Priscilla Burton, DOGM
Daron Haddock, DOGM
Joe Helfrich, DOGM
Pete Hess, DOGM
Kevin Lundmark, DOGM
Jim Smith, DOGM
Ingrid Wieser, DOGM
Dennis Ware, PMC

May 4, 2010

The Division sent letters to all potentially interested parties notifying that the permit application for a postmining land use change and Phase III bond release is administratively complete and requesting written comments or objections by May 27, 2010.

May 12, 2010

The Division sent letters inviting all potentially interested parties to the Phase III bond release inspection scheduled for June 8, 2010.

May 27, 2010

End of public comment period, the Division did not receive any public comments about the proposed postmining land use change or Phase III bond release.

June 8, 2010

The final Phase III bond release inspection was completed at Star Point Mine. In attendance were:

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

June 11, 2010

The Division received a letter from Steve Rigby (BLM) acknowledging participation by BLM in the June 8, 2010 bond release inspection and indicating that BLM concurs with the reclamation and postmining land use change.

June 30, 2010

The Division sent a letter to PMC providing conditional approval of the application for change in postmining land use, permit area reduction, and Phase III bond release. The letter informed PMC that approval for bond release would be granted after all other appropriate government agencies also approve the bond release.

SUMMARY OF FINDINGS

Plateau Mining Corporation
Star Point Mine
C/007/0006
Carbon County, Utah

July 1, 2010

SUMMARY OF FINDINGS

The Phase III bond release findings for Star Point Mine are part of the Technical Analysis dated July 1, 2010 that the Division prepared for the bond release application. The Technical Analysis found that the material submitted by PMC meets the minimum requirements of the Utah coal mining rules.

PMC sent letters to adjoining property owners, local government bodies, planning agencies, and sewage and water treatment authorities in the locality on April 2, 2010 and advertised the request for Phase III bond for four consecutive weeks in the Sun Advocate newspaper on April 1, 8, 15 and 22, 2010. The Division sent letters to all potentially interested parties notifying that the permit application for a postmining land use change and Phase III bond release is administratively complete and requesting written comments. The Division did not receive any comments during the public comment period.

A preliminary bond release inspection was completed by the Division on April 22, 2010. On June 8, 2010 PMC, OSM, BLM, DOGM, DWQ and SITLA conducted a final bond release inspection at Star Point Mine. No problems were identified during the bond release inspections. Inspection reports are included with this decision document. BLM provided a letter of concurrence on June 11, 2010.

PHASE III BOND RELEASE RECOMMENDATION

The Division recommends that Phase III bond release at the Star Point Mine be granted for \$62,000, with the new bond being \$672,000 conditioned upon closing of the sale between Plateau Mining Corporation and ConocoPhillips.