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

MICHAEL R. STYLER
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Division Director

COPY

Outgoing
C0070006
#3534
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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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See Incoming For additional information
File in:
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State of Utah



Coal Regulatory Program

Star Point Mine
C/007/0006
Plateau Mining Corporation
Technical Analysis
July 1, 2010

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GENERAL CONTENTS

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) by reference. A complete and current copy of the R645 Coal Mining Rules and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>.

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. Not every topic or regulatory requirement of the coal rules is included in this TA. Generally, only those sections pertaining to a particular permitting action are analyzed. TAs have been completed previously and the revised information included herein does not alter the original findings. Those sections of the mining and reclamation plan that are not discussed in this document are generally considered to be in compliance with the R645 Coal Mining Rules.

INTRODUCTION

On February 11, 2010 the Division received an application from EarthFax Engineering, Inc. on behalf of Plateau Mining Corporation for the Star Point Mine (Task ID# 3493). The application requested the following permit changes relating to the 40-acre parcel described as the SE/4 SE/4 Sec. 9, T. 15 S., R. 8 E:

1. Change in post-mining landuse from wildlife to industrial;
2. Phase III bond release; and
3. Reduction in the permit area.

These changes were sought to allow for the sale of the 40-acre parcel to ConocoPhillips Company for coal bed methane well development. The 40-acre parcel consists of undisturbed area and 8 acres of disturbed area that received Phase II bond release in February 2009.

Deficiencies identified during review of the February 11, 2010 submittal were addressed in a submittal received by the Division on April 21, 2010 (Task ID# 3534). Task ID#3534 was conditionally approved by the Division on June 30, 2010.

There are no soils issues related to this Phase III bond release and post mining land use change. Soils issues were addressed during the Phase I bond release evaluation (Task 1910, April 2004). The application does not include any significant engineering analyses or designs. The application adheres to the general requirements of the engineering section of Utah Coal Mining Rules (R645-301-500).

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

This application included an update to the ownership and control information included in Section 100 of the MRP. The Section 100 information was updated to indicate changes in ownership of Plateau Mining Corporation resulting from intra-corporate reorganization.

GENERAL CONTENTS

The applicant also submitted changes to Section 112.500 on page 100-3. This section states that ConocoPhillips entered into an option to purchase 40 acres of land from PMC. Upon Phase III bond release of this area, ConocoPhillips will become the owner of the surface land and this land will be removed from the PMC mining permit area. Plateau Mining Corporation, the Bureau of Land Management, the Manti-La Sal Forest, State Lands, Sunnyside Cogeneration Associates and John and LaRue Petitti are all listed as equitable owners of record of areas to be affected by surface operations and facilities and each owner's address is given. ConocoPhillips Company will become the owner of the land when Phase III bond release is achieved and the area is removed from the mining permit area.

Findings:

The materials submitted meet the minimum requirements of the Regulations.

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

Plateau Mining Corporation, the Permittee, is entity 147847. An AVS check on entity 174847 was performed on June 22, 2010. The AVS check identified three violations linked to entity 147847. These violations appear to be old (1985 & 1996) and associated with operators in Kentucky (Manning Coal Corp) and West Virginia (Glory Coal Co). These violations do not affect bond release at Star Point Mine.

Findings:

An evaluation of AVS entity 147847 did not identify any violations that affect Phase III bond release at Star Point Mine.

LEGAL DESCRIPTION AND STATUS OF UNSUITABILITY CLAIMS

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

Analysis:

The application included as Exhibit 412.200a a memorandum filed with the County Recorder's office providing a legal description of the 40 acres of permit area subject to the ConocoPhillips option to purchase within one year from the recorded date of January 6, 2010.

GENERAL CONTENTS

Exhibit 880.100b describes a revised bond amount reflecting the transfer of 8 reclaimed acres within the permit area to ConocoPhillips. According to Exhibit 880.100b, the remaining permit area will be 87.3 acres.

Findings:

The information provided meets the requirements of legal description.

PUBLIC NOTICE AND COMMENT

Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200; R645-301-880.

Analysis:

A Public Notice was published in the Sun Advocate at weekly intervals for four consecutive weeks on April 1, 8, 15 and 22, 2010. In accordance with R645-301-117.200, an affidavit of the public notice was included in the application in Exhibit 412.200a.

The application package contained a copy and distribution list of the letter sent by the Permittee to adjoining property owners, local governmental bodies, planning agencies, sewage and water treatment authorities, and water companies in the locality notifying them of the intention to seek bond release.

Findings:

The materials submitted meet the minimum requirements of the Regulations.

MAPS AND PLANS

Regulatory Reference: 30 CFR 777.14; R645-301-140.

Analysis:

The depiction of permit area was revised on five maps with this application: map 112.500a (surface ownership and permit boundary), Maps 542.200 a & c (as-built reclamation topography), and Maps 761a & c (watersheds).

Findings:

The information provided meets the requirements of the Utah Coal Rules.

ENVIRONMENTAL RESOURCES INFORMATION

ENVIRONMENTAL RESOURCE INFORMATION

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

PERMIT AREA

Regulatory Requirements: 30 CFR 783.12; R645-301-521.

Analysis:

The Permittee intends to relinquish a 40-acre portion of the current permit boundary. Revised Maps 542.200 a & c, provided with this application, illustrate the excision from the permit area of 40 acres straddling County Rd. 290, just north of the existing ConocoPhillips road. This area consists of undisturbed area, and 8 acres of reclaimed and revegetated land that has received Phase II bond release. The 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 Division conducted a preliminary site visit on April 22, 2010 and a final Phase III bond release inspection on June 8, 2010. The Division concluded that the area was suitable for the postmining land use change to industrial and the Phase III bond release.

Maps 542.200 a, b, c illustrate the 93.77 acres that comprise the Lions Deck, Mine #1, Unit Train Loadout, associated roads, ponds and facilities and the reconstructed channel of Serviceberry Creek. An additional 1.10 acres is shown on Map 542.200g (Mudwater Canyon) and 0.44 acres is shown on Map 542.200h (Corner Canyon.) The reclaimed land belongs to either Plateau Mining Corp. or the State of Utah (Surface Ownership Map 112.500a).

Findings:

The information provided meets the requirements of the Utah Coal Rules.

HYDROLOGIC RESOURCE INFORMATION

Regulatory Reference: 30 CFR Sec. 701.5, 784.14; R645-100-200, -301-724.

Analysis:

Industrial activities (i.e., oil and gas exploration and development) to be performed in the ConocoPhillips purchase option parcel have the potential to affect surface water quality within reclamation diversion SPRD-31 and Sage Brush Creek.

Probable Hydrologic Consequences Determination

Potential impacts to surface water quality due to industrial activities to be performed in the ConocoPhillips purchase option parcel include increased suspended solids and contamination by oil and grease. Contamination of surface water resulting from surface disturbance within Sage Brush Creek is described as a potential impact by the Probable Hydrologic Consequences (PHC) Determination in the MRP, and total suspended solids and oil and grease are included as parameters in the surface water-monitoring program for the site. A new or updated PHC is therefore not required for this permit revision. Page 400-8 of the application contains a discussion of measures to be taken to minimize potential contamination of surface water by suspended solids from the industrial land use.

Surface-Water Monitoring Plan

Diversion SPRD-31 discharges to Sage Brush Canyon upstream of reclamation surface water monitoring location 10-1. Location 10-1 provides surface water quality data to monitor effects of reclamation efforts on the surface water system. The reclamation surface water monitoring program described in MRP Exhibit 728h identifies that surface water monitoring at two locations (including 10-1) will continue through Phase II Bond Release to monitor suspended solids concentrations. Phase II Bond Release was approved June 2008; however, PMC has continued monitoring surface water and has not submitted a permit change to reduce water-monitoring requirements. The Operator has indicated that a permit change application is being prepared to reduce water-monitoring requirements.

The transfer of the 40-acre parcel to ConocoPhillips will not affect the Operator's ability to satisfy surface water monitoring program required by the MRP.

Findings:

The materials submitted meet the minimum requirements of the Regulations.

MAPS, PLANS, AND CROSS SECTIONS OF RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.24, 783.25; R645-301-323, -301-411, -301-521, -301-622, -301-722, -301-731.

Analysis:

ENVIRONMENTAL RESOURCES INFORMATION

Permit Area Boundary Maps

The revised permit boundary reflecting the ConocoPhillips purchase option is shown in Map 112.500 – Surface Ownership and Official Permit Boundary Map.

Surface and Subsurface Ownership Maps

Surface ownership information is provided in Map 112.500a – Surface Ownership and Official Permit Boundary Map, which has been updated to reflect the ConocoPhillips purchase option. This map identifies Federal, State, and private landowners in the permit area and adjacent areas.

Findings:

The materials submitted meet the minimum requirements of the Regulations.

RECLAMATION PLAN

RECLAMATION PLAN

POSTMINING LAND USES

Regulatory Reference: 30 CFR Sec. 784.15, 784.200, 785.16, 817.133; R645-301-412, -301-413, -301-414, -302-270, -302-271, -302-272, -302-273, -302-274, -302-275.

Analysis:

PMC has proposed a modification of the postmining land use from the premining land use of wildlife to an alternative postmining land use of industrial to allow the sale of a 40-acre parcel to ConocoPhillips for oil and gas development within the Drunkards Wash Unit. The applicant has submitted changes to section 412.100 on page 400-6. This section states that the postmining land uses will be the same as premining uses except for the areas of industrial PMLU shown on Maps 542.200a and 542.200c. These maps depict the 40-acre parcel, which the Permittee has applied to remove from the permit boundary. It also shows the 8 acres of disturbed area within the 40 acres. R645-301-413.100 states that all disturbed areas will be restored in a timely manner to conditions that are capable of supporting either the premining uses or higher and better uses. In this case, the Permittee seeks to change the postmining land use to a higher and better use of Industrial.

The Permittee modified page 400-6 to include industrial as a postmining land use. This page also states that table 412.100a summarizes the disturbed areas and the postmining land uses. Table 412.100a includes oil and gas development as a postmining land use.

In accordance with R645-301-413, alternative postmining land uses may be approved if they meet the following criteria:

- There is a reasonable likelihood for achievement of the use;
- The use does not present any actual or probable hazard to the to public health or safety, or threat to water diminution or pollution; and
- The use will not be impractical or unreasonable, be inconsistent with applicable land-use policies or plans, involve unreasonable delay in implementation, or cause or contribute to violation of federal, Utah, or local law.

The proposed modification of postmining land use is evaluated against these criteria below.

RECLAMATION PLAN

There is a reasonable likelihood for achievement of the use

BLM approved the Drunkards Wash Unit on December 28, 1990 for the production of gas including, but not limited to, coal bed methane. This unit encompasses approximately 94,000 acres within Carbon and Emery counties. There are multiple producing wells adjacent to the permit area. PMC applied for and received approval for a change in postmining land use and permit boundary for the development of two wells by Phillips Petroleum in Section 8 Township 15S Range 8E in 2002.

The use does not present any actual or probable hazard to the to public health or safety, or threat to water diminution or pollution

It will be necessary to construct the site to meet all federal, Utah, and local safety standards. This area will still be subject to requirements of the Clean Water Act. As described in the Hydrologic Information section below, the 40-acre ConocoPhillips parcel covers multiple reclamation watersheds, and drainage from this area would report to the main reclamation channel. Page 400-8 of the application contains a discussion of measures to be taken to minimize potential contamination of surface water by suspended solids from construction or industrial activities to be performed at the 40-acre ConocoPhillips parcel.

The use will not be impractical or unreasonable, be inconsistent with applicable land-use policies or plans, involve unreasonable delay in implementation, or cause or contribute to violation of federal, Utah, or local law

As described above, the 40-acre ConocoPhillips purchase option parcel is within the Drunkards Wash Unit, which is approved by the BLM for oil and gas development. The previous Carbon County zoning for 40-acre ConocoPhillips purchase option (Water Shed, WS) does not allow oil and gas development. A public hearing was held June 16, 2010 at the Carbon County Courthouse to review a zone change of the parcel to Mountain Range (MR) and to issue a conditional use permit for oil and gas production. The zone change and conditional use permit were approved at the June 16, 2010 public hearing. A copy of the Carbon County Conditional Use Permit for construction and operation of two gas wells is included in Exhibit 412.200a.

Findings:

The materials submitted meet the minimum requirements of the regulations. Approval of the Phase III Bond Release should be conditional upon closing of the sale between Plateau Mining Corporation and ConocoPhillips.

RECLAMATION PLAN

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

Coal mine waste was used as fill in the Main Channel side slopes (MRP, Section 240, page 200-25 and As-Built Table 542.200a received in 2004) and covered with four feet of topsoil and subsoil. The burial location is shown on as-built Map 542.200c. The coal mine waste burial location is not within the 40 acres to be transferred to ConocoPhillips.

Findings:

The information provided meets the requirements of the Utah Coal Mining Rules.

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

Prior to receiving Phase II Bond Release, the Operator ensured that all temporary structures had been removed and reclaimed. All reclamation water diversions meet the requirements of for permanent structures, have been maintained properly and meet the requirements of the approved reclamation plan for permanent structures and impoundments.

Reclamation watersheds and diversions associated with ConocoPhillips purchase option are shown in Maps 761a and 761c. The 40-acre ConocoPhillips purchase option parcel contains all or part of reclamation watersheds RWS-21, RWS-22, RWS-24, RWS-25a, RWS-25b, RWS-26, RWS-27, RWS-28 and RWS-31. These watersheds all eventually report to reclamation diversion SPRD-31, also referred to as the "main reclamation channel" in the MRP. Diversion SPRD-31 discharges to Sage Brush Canyon upstream of reclamation surface water monitoring location 10-1. Industrial activities (i.e., oil and gas exploration and development) to be performed in the ConocoPhillips purchase option parcel have the potential to affect surface water quality within reclamation diversion SPRD-31 and Sage Brush Creek. Page 400-8 of the

application contains a discussion of measures to be taken to minimize potential contamination of surface water by suspended solids from the industrial land use.

Findings:

The materials submitted meet the minimum requirements of the Utah Coal Mining Rules.

REVEGETATION

Regulatory Reference: 30 CFR Sec. 785.18, 817.111, 817.113, 817.114, 817.116; R645-301-244, -301-353, -301-354, -301-355, -301-356, -302-280, -302-281, -302-282, -302-283, -302-284.

Analysis:

Revegetation: Standards For Success

Year 6 vegetation monitoring for the Star Point Mine was submitted in the Star Point Mine 2008 Annual Report. Dr. Pat Collins of Mt. Nebo Scientific conducted the monitoring. The 40 acre parcel that PMC has applied for a PMLU change and bond release consists of 8 acres of disturbed and reclaimed land which includes parts of Sample areas A, D and F. Sample area A is a reclaimed sagebrush area with 40% total living cover and 3,042 woody species per acre in 2008. Sample area D is also a reclaimed sagebrush area with 49% cover and 1,398 woody species per acre in 2008. Sample area F is a reclaimed mountain grassland area with 40% cover and 2,155 woody species per acre in 2008.

Dr. Collins noted that, between 2006 and 2008 results, reclaimed sagebrush and mountain grassland areas decreased in cover, decreased in cover of undesirable species, and dramatically increased in woody species density.

Dr. Collins monitored the reference areas in 2006. The sagebrush reference area had a Total living cover of 53 %, and a woody species density of 8,171 plants per acre. The Division and DWR set the woody species density standard in 2009 as between 1,500 to 2,000 plants per acre (see 2009 incoming file 0003).

PMC has applied for a post mining land use change to industrial for this area. According to R645-301-356.240: For areas to be developed for industrial use less than two years after regrading is completed, the vegetative ground cover will not be less than that required to control erosion. The area of interest has received Phase I and II bond release from the Division, which requires that the area has been regraded and revegetated so that the area is no longer contributing suspended solids to stream flow or runoff outside the permit area. This proves that the ground cover is adequate to “control erosion”, a provision of the industrial land use success standard.

RECLAMATION PLAN

For Phase III bond release, the operator is required to successfully comply with the operator responsibility period stipulated in R645-301-357 and all reclamation requirements of the Act and the permit. No extended responsibility period will exist if the land is converted to the post mining land use of industrial. The current vegetation is adequately controlling erosion and the Oil and Gas Program of the Division will regulate the future development and reclamation by the new owner.

Table 321.100a and b list the Permit area vegetation type acreage and Disturbed acreage by vegetation type, respectively. Both tables include a column titled, "Phillips postmining land use". A disclaimer is included at the bottom of the Table 321.100a explaining that some of the 9,084 acres of permit area has been removed and subsequently, the current permit area consists of 8,885 acres. Table 321.100 b includes a note at the bottom describing the current disturbed area as 87.24 acres due to bond releases.

The Disturbed area Maps are located in Section 300 and titled 321.100. These maps include the previous Conoco Phillips land relinquishment and include the proposed 40-acre postmining land use and bond release area.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for the Utah Coal Mining Rules.

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

Reclaimed areas are shown on Maps 542.200a and 542.200c.

Certification Requirements.

A Professional Engineer registered in the State of Utah has certified maps included with the application package.

Findings:

The materials submitted meet the minimum regulatory requirements of the Utah Coal Mining Rules.

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

General

The amount of reclamation bond remaining for the disturbed area acreage of the Star Point Mine is \$734,000.00, following the Phase II release approved June 12, 2008 and released February 12, 2009. The Task ID # 3534 application proposes to reduce this amount by \$62,000.00, leaving \$672,000.00 amount remaining.

Form of Bond

The bond which currently exists (\$734,000.00) to cover the remaining costs for the Star Point Mine is a SURETY BOND, issued by the Travelers Casualty & Surety Insurance Company, (#104329368). The Travelers has an A.M. Best rating of A+ as of March 31, 2010.

Determination of Bond Amount

As part of the Task ID # 3534 application, the Permittee submitted EXHIBIT 880.100b, CALCULATION OF REVISED BOND AMOUNT IN SUPPORT OF LAND SALE TO CONOCO PHILLIPS COMPANY. A Phase II bond release was approved on February 12, 2009 for 95.3 acres of the Star Point Mine permit area. Of these 95.3 acres, 8 acres are included in the 40-acre parcel to be sold to ConocoPhillips for coal bed methane well development.

The amount of reduction for the 8 acres of disturbance (which has received Phased II release) was calculated in the following manner:

- 1) $95.3 \text{ acres} - 8 \text{ acres} = 87.3 \text{ acres}.$
- 2) $87.3 \text{ acres} / 95.3 = 0.916 \text{ or } 91.6 \%$.
- 3) $91.6 \% (.916) \times \$734,000 = \$672,344.00.$
- 4) Rounded to the nearest \$1,000.00, the new bond amount (i.e., the amount remaining after the \$62,000 reduction) would be \$672,000.00.

The \$672,000.00 bond is adequate to complete any reclamation costs incurred to complete Phase III for the remaining 87.3 acres of disturbed area, which will be retained by PMC.

RECLAMATION PLAN

Findings:

The submitted information is adequate to justify a \$62,000.00 bond amount reduction. This is based on the assumption that the Permittee has met all other requirements for the transfer in ownership of the 40 acres of land to ConocoPhillips. The materials submitted meet the minimum regulatory requirements of the Utah Coal Mining Rules.

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AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Richard Shaw, 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) consecutive issues, and the first publication was on the 1st day of April, 2010, and that the last publication of such notice was in the issue of such newspaper dated the 22nd day of April 2010.



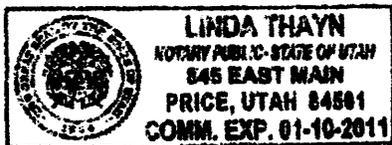
Richard Shaw - Publisher

Subscribed and sworn to before me this 22nd day of April, 2010.



Notary Public My commission expires January 10, 2011 Residing at Price, Utah

Publication fee, \$ 599.04



PUBLIC NOTICE

Application for Permit Area Reduction
Permitting and Reclamation and
Phase II Bond Release

Utah Goal Mining

Permit AG17001/00188 Approved 28 Jan 2010

Notice hereby given that Utah Goal Mining Corporation ("UGM") has applied to the Utah Division of Oil, Gas and Mining ("DOG&M") for a permit area reduction and phase II bond release from wildlife reclamation for a 4.0-acre parcel and phase II bond release for an 8.0-acre parcel associated with Permit AG17001/00188. The reduction in the permit area will be to the boundary of the 3174 1/2' x 1124' x 917' x 1124' B-B-B. The permit area reduction and use of this parcel will be from wildlife reclamation approved wildlife use to an industrial use. The phase II bond release will be to 8.0 acres of the parcel disturbed but subsequently reclaimed and within the aforementioned parcel. The purpose of this change is to allow sale of the parcel for oil and gas development on the surface within the boundaries of the Utah Goal Mining and Reclamation Act. The Utah Goal Mining and Reclamation Act is pursuant to Section 413-1008 of the Utah Code.

The affected lands are located in Carbon County and can be found on the Waste Gas Recyclers Survey. A public hearing will be held on the complete permit application and available for public inspection at the Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84119-2801 and at the Carbon County Courthouse, 420 East Main, Price, Utah 84601.

Reclamation of the Star Point Mine site began in February 2000. Phase II bond release for the site was issued by the Utah Division of Oil, Gas and Mining on June 22, 2008, indicating that the wildlife reclamation, replacement of topsoil, installation of drainage control, and revegetation of the degraded lands had been completed. It is proposed that the phase II bond release be approved for the 8.0-acre parcel. Upon Phase II bond release, the surety bond filed by Plateau Mining Corporation to cover reclamation of the Star Point Mine was reduced to \$744,000. It is proposed that this bond amount be reduced by \$92,000 to \$652,000 upon Phase II bond release of the aforementioned 8.0 acres.

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 internal conferences regarding this proposal may be addressed to:

Utah Goal Regulator Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 148801
Salt Lake City, Utah 84119-2881

The closing date for submission of such comments, objections, and requests for public hearing or internal conferences on the proposal must be received in writing by May 24, 2010.

RECEIVED

JUN 14 2010

C/007/006 Incoming
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DIV. OF OIL, GAS & MINING
United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Green River District Office

Price Field Office

125 South 600 West

Price, UT 84501

<http://www.blm.gov/ut/st/en/fo/price.html>

June 11, 2010

In Reply Refer To:

3474

(UTG023)

Daron Haddock
Utah Division of Oil Gas and Mining
PO Box 145801
Salt Lake City, Utah
84114-5801

Dear Mr. Haddock,

Subject: Phase I Bond Release Inspection for Reclaimed Areas of the Willow Creek Mine, Crandall Canyon. Phase III Bond Release Inspection for the Star Point Mine

Phase I Bond Release Inspection took place on June 8, 2010; Plateau Mining Corporation has completed Phase I of the approved reclamation plan for the areas of Crandall Canyon area other than the disturbed area around the shaft area that subsided in the winter of 2008. The BLM concurs with the reclamation that has taken place.

Phase III Bond Release Inspection took place on June 8, 2010 on 40 acres of the reclaimed surface facilities to change the post mining land use from wildlife habitat, grazing and recreational use to industrial for oil and gas. The BLM concur with the reclamation and the post mining land use change.

If you have any questions concerning this matter, please contact Sue Wiler at (435)636-3651.

Sincerely

Steve Rigby

Assistant Field Office Manager, Coal

cc: (UT923), Roger Bankert



GARY R. HERBERT
Governor

GREG BELL
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

Inspection Report

Permit Number:	C0070006
Inspection Type:	BOND RELEASE
Inspection Date:	Tuesday, June 08, 2010
Start Date/Time:	6/8/2010 1:00:00 PM
End Date/Time:	6/8/2010 2:30:00 PM
Last Inspection:	

Representatives Present During the Inspection:	
OGM	Ingrid Wieser Environmental Scientist II
OGM	April Abate Hydrologist
OGM	James Owen
BLM	Sue Wiler
OGM	Daron R. Haddock Manager
OGM	Kevin Lundmark
Company	Dennis Ware Controller

Inspector: Kevin Lundmark

Weather: Mostly Sunny, 70s

InspectionID Report Number: 2389

Accepted by: jhelfric

6/24/2010

Permittee: **PLATEAU MINING CORP**
 Operator: **PLATEAU MINING CORP**
 Site: **STAR POINT MINE**
 Address: **PO BOX 30, HELPER UT 84526-0030**
 County: **CARBON**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **RECLAIMED**

Current Acreages

8,919.91	Total Permitted
113.34	Total Disturbed
113.34	Phase I
95.30	Phase II
5.64	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

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

A Phase III Bond Release inspection was completed June 8, 2010 at the Star Point Mine. A preliminary bond release inspection was conducted by the Division on April 22, 2010 (see Inspection Report No. 2335). Phase III Bond Release is sought by Plateau Mining Co (permittee) for the 40-ac parcel in the SE 1/4 SE 1/4 Sec 9 T15S R8E for transfer of the property to CononcoPhillips for oil & gas development. The area includes 8 acres of previously disturbed land, for which Phase II Bond Release was approved in 2009.

In addition to the representatives listed above, the inspection was also attended by Christy Hulsman (OSM), Sonja Wallace (SITLA) and Chris Fausett (SITLA).

Inspector's Signature:

Kevin Lundmark,
Inspector ID Number: 63

Date Thursday, June 10, 2010



Permit Number: C0070006
 Inspection Type: BOND RELEASE
 Inspection Date: Tuesday, June 08, 2010

Inspection Continuation Sheet

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input checked="" 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

Plateau Mining Corp (PMC) will sell the 40-acre parcel to ConocoPhillips upon Phase III Bond Release. ConocoPhillips intends to begin construction of a gas pad containing one or more wells during 2010.

4.a Hydrologic Balance: Diversions

No flow was observed in diversions or the main reclamation channel during the inspection. Diversion SPRD-22a is located within the footprint of the proposed gas pad. PMC is not aware of how the diversion will be maintained and incorporated into pad construction; however, PMC has pursued contractual requirements for ConocoPhillips to prevent water pollution by suspended solids in runoff from the gas pad.

12. Backfilling And Grading

The site has been backfilled and regraded to restore AOC. Phase I Bond Release was approved in 2004.

13. Revegetation

The majority of the vegetation in the 40 acre bond release parcel has not been disturbed. Eight acres has been disturbed and reclaimed and received phase II bond release in 2009. The reclaimed area is well vegetated with mature shrubs, forbs and grasses and is stable.

16.b Roads: Drainage Controls

The road crossing through the 40-acre parcel is maintained by Carbon County. Carbon County is also responsible for maintaining culverts and other drainage structures associated with the road.