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DIV. OF OIL, GAS & MINING

Hiawatha Coal Company

**P.O. Box 1240
Huntington, UT 84528**

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Daron Haddock
Utah Division of Oil, Gas & mining
1954 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

July 3, 2008

Re: Cessation Order, Citation #10026, Issued 7-02-2008

Dear Mr. Haddock,

This letter is in response to the Cessation Order issued July 02, 2008. Rachel Young has been in contact with Angela Nance and has agreed on a time table for the additional Bond amount requested by the Division, which is being followed by Rachel. Further, Hiawatha Coal believes that the current Bond is adequate for the reclamation of Hiawatha due to: On June 27, 2008 we were at the offices of DOGM in Salt Lake City meeting with Wayne Western to correct some issues within our Bond calculations. There was an error that was not noticed during that meeting within the Vegetation Calculations, which would reduce the current required deposit to approximately \$74,000. This would be a difference of approximately 2.54% from what is currently posted. Hiawatha Coal also feels that there is an argument to be made as to the labor rates that the Division uses to calculate the Bond requirements, which are outside the OSM standard.

Hiawatha Coal respectfully requests an informal hearing on this matter. We believe that the current Bond is adequate for the reclamation of Hiawatha and that additional time should be allowed by the Division to resolve the remaining discrepancies.

If you have any questions, please call me at (435)636-5777 (X-2501).

Sincerely,



Cliff Baker
Environmental Coordinator