

C/007/0011
Received 12/10/2014
Task ID #4759

Hiawatha Coal Company

P.O. Box 1240
Huntington, UT 84528

(801) 857-0399

December 10, 2014

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

Re: **Midterm Permit Review, Hiawatha Mine, C/007/0011, Task ID #4646**

Dear Mr. Christensen:

This letter is in response to your deficiencies letter dated October 9, 2014. Hiawatha Coal Company has addressed each deficiency. The response is attached to this letter.

If you have any questions, please call me at (801) 857-0399 or email me at charles.reynolds@hiawathacoal.com.

Sincerely,



Charles Reynolds, PE
Mine Manager

Deficiency Response List
Task ID #4646
Midterm Permit Review

R645-301-230

An explanation and commitment has been added to the Topsoil Storage section on page 2-4. Since the soil placement by ANR Company is currently still ongoing, current volume estimates will not apply and therefore Hiawatha proposes to commit to determining volumes once we know what will be available for use, if any.

R645-301-800

The bond has been escalated to 2014 dollars and the escalation has been shown on page 8-8.

APPLICATION FOR COAL PERMIT PROCESSING

X Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: HIAWATHA COAL CO.

Mine: HIAWATHA COMPLEX

Permit Number: C/007/011

Title: Task 4646 Midterm Review Submittal

Description, Include reason for application and timing required to implement:

Update bond escalation and provide commitment for suitable soil protection, per Midterm review TA.

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- 1. Change in the size of the Permit Area? Acres: Disturbed Area: increase decrease.
2. Is the application submitted as a result of a Division Order? DO#
3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
4. Does the application include operations in hydrologic basins other than as currently approved?
5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
6. Does the application require or include public notice publication?
7. Does the application require or include ownership, control, right-of-entry, or compliance information?
8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
9. Is the application submitted as a result of a Violation? NOV #
10. Is the application submitted as a result of other laws or regulations or policies?

Explain:

- 11. Does the application affect the surface landowner or change the post mining land use?
12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
13. Does the application require or include collection and reporting of any baseline information?
14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
15. Does the application require or include soil removal, storage or placement?
16. Does the application require or include vegetation monitoring, removal or revegetation activities?
17. Does the application require or include construction, modification, or removal of surface facilities?
18. Does the application require or include water monitoring, sediment or drainage control measures?
19. Does the application require or include certified designs, maps or calculation?
20. Does the application require or include subsidence control or monitoring?
21. Have reclamation costs for bonding been provided?
22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Elliot Finley
Print Name

E Finley, Pres. 12-10-14
Sign Name, Position, Date

Subscribed and sworn to before me this 10th day of December 20 14

Elaine Crossley
Notary Public

My commission Expires: 11-21-2017

Attest: State of Utah } ss:
County of Salt Lake



Notary Public
ELAINE CROSSLEY
Commission Number 672213
My Commission Expires
November 21, 2017
State of Utah

Table with 3 columns: For Office Use Only, Assigned Tracking Number, Received by Oil, Gas & Mining

Topsoil will be removed in a separate layer unless substitute or supplemental materials are approved. If supplemental material is approved, all materials to be redistributed will be removed. Subsoil horizons or other underlying layers will be removed and segregated if necessary or desirable to ensure soil productivity. Soil will be sampled according to DOGM'S guidelines or recommendations. In some cases, such as very rocky or limited access areas, or where meager or poor quality soil makes removal unfeasible, substitute materials will be used upon approval. If the topsoil is less than six inches thick, a six inch layer that includes the topsoil and unconsolidated material immediately below the topsoil will be removed and later redistributed as the surface soil layer. In situations such as road cuts on steep slopes, it would be very difficult to remove topsoil in advance of road development due to inaccessibility. In such cases, especially if soils are thin, it may be more feasible to provide substitute materials upon final reclamation.

If removal of vegetation or topsoil results in erosion that causes air or water pollution, the size of the area from which topsoil is removed at any one time will be limited and the soil will be redistributed at a time when physical and chemical properties can be protected and erosion minimized.

Topsoil Storage

Topsoil and other materials will be stockpiled only when it is impractical to promptly redistribute such materials on regraded areas. Existing and proposed topsoil storage sites are shown on Exhibits II-4.

Stockpiled materials will be selectively placed on a stable surface area, not disturbed and protected from wind and water erosion, unnecessary compaction and contaminants that would interfere with revegetation. Protection will be accomplished by loosely piling soil materials, then constructing a temporary berm or diversion around the pile to prevent soil loss and planting an effective cover of non-noxious, quick growing plants during the first normal planting period for favorable planting conditions after removal. The seed mix to be used on the stockpiled topsoil will be determined based on its location. However, it will be one of the four seed mixes designated for final reclamation. No fertilizer has been necessary to establish vegetative cover on the topsoil piles and will not be applied in the future unless deemed necessary. Side slopes of storage piles will be kept to a minimum. Stockpiles will be marked with identification signs to help prevent unnecessary disturbance. Stockpiled topsoil will not be moved until required for redistribution unless approved.

Currently, five topsoil stockpiles containing 8,556 cubic yards of topsoil exist within the permit area. These stockpiles are identified on Exhibits II-4 and discussed individually under R645-301-231.400 "Topsoil Construction, Modification and Maintenance".

In 2012, the Sealy Forest Fire impacted the permit and adjacent areas. This impact resulted in a significant amount of suitable growth material being washed from offsite locations onto Middle Fork area in 2013 and 2014. ANR Company, the surface owner, has informed the Permittee that they intend to use this material to restore offsite impacted areas, develop food plots for wildlife in an attempt to mitigate the property damage from the fire, and repair the Middle Fork Access Road located in the watershed above the Middle Fork pad. In addition, some of the material has already been used by the Permittee to repair onsite erosion in Middle Fork. Excess material not used in 2014 was temporarily stockpiled on the Middle Fork pad pending use by ANR Company in the Spring, 2015. Any of this material left through the winter will be protected by a containment berm to prevent additional erosion until it is used. In the event ANR Company does not use all of the material for their purposes, any material remaining onsite will be added to the Middle Fork Topsoil Stockpile and stored in accordance with this section. At that time, the Permittee will calculate the volume of material and update the MRP to include the new volumes.

Upon final reclamation, after topsoil has been spread over regraded surfaces, random samples will be collected to determine the required amounts of nutrients and soil amendments for the redistributed topsoil. A minimum of 12 random samples of the top 12 inches of topsoil will be collected and composited for each reclamation site. Each composite sample will then be submitted for laboratory analyses to determine the availability of macronutrients: nitrogen, phosphorus, and potassium; and micronutrients,

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$333,328.00
Subtotal Backfilling and Grading	\$494,513.00
Subtotal Revegetation	\$432,442.00
Direct Costs	\$1,260,283.00

Indirect Costs

Mob/Demob	\$126,028.00	10.0%
Contingency	\$63,014.00	5.0%
Engineering Redesign	\$31,507.00	2.5%
Main Office Expense	\$85,699.00	6.8%
Project Management Fee	\$31,507.00	2.5%
Subtotal Indirect Costs	\$337,755.00	26.8%

Total Cost	\$1,598,038.00
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<u>Year</u>	<u>Escalation factor</u>	<u>Amount</u>	<u>0.032</u>
2009	1.005	\$1,606,028.00	
2010	1.017	\$1,633,331.00	
2011	1.012	\$1,652,931.00	
2012	1.015	\$1,677,725.00	
2013	1.015	\$1,702,890.00	
2014	1.090	\$1,856,151.00	

Number of years			4
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Escalation		\$51,137.00	
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Reclamation Cost Escalated	\$1,856,151.00	\$1,649,175.00	
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Phase I Bond Remaining Dollars		\$478,833.00	
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		\$2,335,000.00	
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Bond Amount (rounded to nearest \$1,000)		\$2,128,000.00	
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2009 Dollars

Posted Bond 2008		\$3,005,000.00	
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		\$670,000.00	
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Difference Between Cost Estimate and Bond		\$877,000.00	
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Percent Difference		22.30%	41.21%
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