

C/007/011 Incoming

#5293

# HIAWATHA COAL COMPANY

P.O. BOX 1240  
HUNTINGTON, UTAH 84528  
Phone (801) 857-0399

RECEIVED

OCT 04 2016

DIV. OF OIL, GAS & MINING

October 4, 2016

Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

**Re: Phase III Bond Release, Hiawatha Mine Complex, C/007/011, Task ID #5285.**

Hiawatha Coal Company received your letter dated September 29, 2016 denying our request to authorize a reduction in the posted bond due to a discrepancy on page 8-8 of the Mining and Reclamation Plan (MRP). We have found that the finalized copy of page 8-8 submitted in August contained an error in adding the total amount of the bond resulting in the wrong bond total being shown on the finalized copy of page 8-8. Enclosed are 2 finalized copies of a corrected page 8-8 for inclusion in the MRP which correctly sums the total bond required and reflects the correct excess bond on file. Hiawatha requests that the Division of Oil, Gas & Mining include this corrected page in the MRP and we renew our request to issue an authorization to the Bank of Utah, the current bond surety company, for the release of \$420,000 from the bond surety.

If you have any questions, please call me at (801) 857-0399

Thank You



Charles Reynolds,  
Mine Manager

# APPLICATION FOR COAL PERMIT PROCESSING

Permit Change  New Permit  Renewal  Exploration  Bond Release  Transfer

**Permittee:** Hiawatha Coal Company

**Mine:** Hiawatha Mine Complex

**Permit Number:** C/007/011

**Title:** Phase III Bond Release for Slurry Pond 4, Slurry Pond 5, Associated Borrow Areas, and a Portion of the Preparation Plant Area - Clean Copies

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

Addition errors were corrected on page 8-8

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

- |   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: <u>  5  </u> <input type="checkbox"/> increase <input checked="" type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ <i>NO change</i>   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?   |
| <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice publication?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies?<br><i>Explain:</i> _____   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)  |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement?   |
| <input checked="" type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities?  |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures?  |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            | 19. Does the application require or include certified designs, maps or calculation?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring?   |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            | 21. Have reclamation costs for bonding been provided?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?  |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities?   |

**Please attach one (1) review copy of the application.**

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.

N J Finley  
Print Name

N J Finley V.P. 10-4-2016  
Sign Name, Position, Date

Subscribed and sworn to before me this 4<sup>th</sup> day of October, 2016

Elaine Crossley  
Notary Public

My commission Expires: 11-21, 2017  
Attest: State of Utah } ss:  
County of Salt Lake



<b>For Office Use Only:</b>	<b>Assigned Tracking Number:</b>	<b>Received by Oil, Gas &amp; Mining</b>

**APPLICATION FOR COAL PERMIT PROCESSING**  
**Detailed Schedule Of Changes to the Mining And Reclamation Plan**

**Permittee:** Hiawatha Coal Company

**Mine:** Hiawatha Mine Complex

**Permit Number:** C/007/011

**Title:** Addition errors were corrected on Page 8-8.

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

**DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED**

<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	
<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	
<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	
<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	
<input type="checkbox"/> Add	<input checked="" type="checkbox"/> Replace	<input type="checkbox"/> Remove	Page 8-8. Updated bond calculations
<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	
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<input type="checkbox"/> Add	<input type="checkbox"/> Replace	<input type="checkbox"/> Remove	

<b>Any other specific or special instruction required for insertion of this proposal into the Mining and Reclamation Plan.</b>	<b>Received by Oil, Gas &amp; Mining</b>
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**Bonding Calculations**

**Direct Costs**

Subtotal Demolition and Removal	\$341,691.00
Subtotal Backfilling and Grading	\$489,751.00
Subtotal Revegetation	\$327,217.00
<b>Direct Costs</b>	<b>\$1,158,659.00</b>

**Indirect Costs**

Mob/Demob	\$115,866.00	10.0%
Contingency	\$57,933.00	5.0%
Engineering Redesign	\$28,966.00	2.5%
Main Office Expense	\$78,789.00	6.8%
Project Management Fee	\$28,966.00	2.5%
<b>Subtotal Indirect Costs</b>	<b>\$310,520.00</b>	<b>26.8%</b>

**Total Cost in 2014 Dollars** \$1,469,179.00

Escalation factor		0.019
Number of years		5
Escalation	\$144,977.00	
Reclamation Cost Escalated	\$1,614,156.00	
Phase I Bond Remaining Dollars	\$52,211	

**Bond Amount (rounded to nearest \$1,000)** \$1,666,000  
2019 Dollars

**Posted Bond 2008** \$2,128,000.00

**Difference Between Cost Estimate and Bond** \$462,000  
**Percent Difference** 21.71%

**Bonding Calculations**

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**Bond Amount (rounded to nearest \$1,000)** **\$1,666,000**  
**2019 Dollars**

**Posted Bond ~~2008~~2016** **~~\$2,128,000.00~~ 1,708,000**

**Difference Between Cost Estimate and Bond** **\$462,000 42,000**  
**Percent Difference** **21.71% 2.5%**