

# HIAWATHA COAL COMPANY

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

C/007/0011  
Received 10/18/16  
Task ID #5300

October 17, 2016

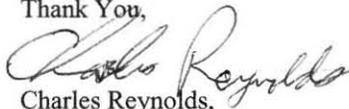
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

**Re: Phase III Bond Release for East Slope of Slurry Pond 5A and Phase I Bond Release on Sediment Pond D007 Hiawatha Mine Complex, C/007/011.**

We are requesting a Phase I and Phase III Bond Release for select portions of the Hiawatha Mine Complex. The vegetation study on the Phase III area was done in 2013 and 2014 and is included in Appendix VIII-5 and VIII-6 of the MRP. The area was inspected by DOGM officials as part of the earlier 2016 Phase III Bond Release. 10.17 acres of Slurry Pond 5A was withheld from the previous bond release due to an error in the acreage reported in the previous bond release application and is being submitted now as discussed with DOGM. Hiawatha Coal Company requests that the Division approve the release of \$52,211 from the bond as part of the Phase III Bond Release and allow Hiawatha to reduce their bond by this much.

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

Thank You,

  
Charles Reynolds,  
Mine Manager

Enclosure(s)

## APPLICATION FOR COAL PERMIT PROCESSING

Permit Change  New Permit  Renewal  Exploration  Bond Release  Transfer

**Permittee:** Hiawatha Coal Company

**Mine:** Hiawatha Mine Comles

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

**Title:** Phase III Bond Release for Slurry Pond 5A East Slope, Phase I Bond Realse for Sediment Pond D007

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

The associated areas were reclaimed and the required vegetation monitoring was done.

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

- Yes  No 1. Change in the size of the Permit Area? Acres: \_\_\_\_\_ Disturbed Area: 10.17  increase  decrease.
- Yes  No 2. Is the application submitted as a result of a Division Order? DO# \_\_\_\_\_
- Yes  No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes  No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes  No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes  No 6. Does the application require or include public notice publication?
- Yes  No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes  No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes  No 9. Is the application submitted as a result of a Violation? NOV # \_\_\_\_\_
- Yes  No 10. Is the application submitted as a result of other laws or regulations or policies?

*Explain:* \_\_\_\_\_

- Yes  No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes  No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes  No 13. Does the application require or include collection and reporting of any baseline information?
- Yes  No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes  No 15. Does the application require or include soil removal, storage or placement?
- Yes  No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes  No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes  No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes  No 19. Does the application require or include certified designs, maps or calculation?
- Yes  No 20. Does the application require or include subsidence control or monitoring?
- Yes  No 21. Have reclamation costs for bonding been provided?
- Yes  No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes  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.

NJ Finley  
Print Name

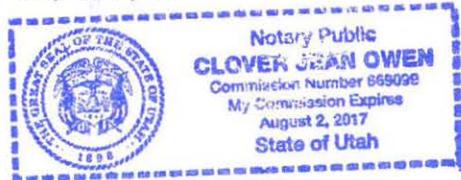
N J Finley  
Sign Name, Position, Date

10-18-2016

Subscribed and sworn to before me this 18 day of October, 2016

Claes Jean Owen  
Notary Public

My commission Expires: August 2, 2017  
Attest: State of UT } ss:  
County of Salt Lake



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



## Public Notice

Notice is hereby given that Hiawatha Coal Company, P.O. Box 1202, Huntington, Utah 84528, has filed an application with the Utah Department of Natural Resources, Division of Oil, Gas, and Mining pursuant to R645-301-880 for Phase I Bond Release and Phase III Bond Release for portions of the Hiawatha Mine Complex, Permit C/007/011. The Phase III bond release applies to the east slope of Slurry Pond 5A and includes 10.17 acres of disturbed and reclaimed land. This bond release application is based on meeting the vegetation and water quality requirements for Phase III reclamation in accordance with the approved reclamation plan pursuant to the Utah Coal Program Regulations. The Phase I bond release applies to sediment pond D007 and includes 1.6 acres of disturbed and reclaimed land.

In accordance with the provisions of R645-301-880, of the Utah R645 Coal Mining Rules, notice is hereby given that Hiawatha Coal Company is applying for full release of performance bond posted for these 10.17 acres in the amount of \$52,211.

The areas of requested bond release are located in and around the town of Hiawatha, Carbon County, Utah. The bond release area can be found on the Hiawatha and Poison Spring Bench, U.S. Geological Survey 7.5 minute quadrangle maps on the following described lands:

Township 15 South, Range 8 East, SLB&M, Utah  
Section 35: Portions of the W1/2 NW1/4

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 Coal Mining rules.

A copy of the Phase III bond release application may be examined at the office of Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801. Any written comments, objections, or requests for an informal conference may be submitted to the Salt Lake City address. Said comments must be submitted thirty (30) days from the date of the last publication of this notice. To be published in the Sun Advocate October 25, November 1, 8, 15, 2016.

### **Borrow Areas E and F**

In the spring of 1993, U.S. Fuel Company investigated two potential substitute topsoil borrow sites adjacent to slurry ponds 1 and 4. These sites, identified as alternative substitute borrow areas E and F and shown on Exhibit II-4A, were investigated because of their closer proximity to the slurry ponds and waste disposal areas where topsoil will be required.

EarthFax Engineering Inc. was contracted to conduct field investigations and to determine the feasibility of utilizing these sites. Pedon examinations and soil sample analyses indicate that areas E and F contain soils with physical and chemical properties suitable for use as substitute topsoil material and that there is sufficient material available to justify their use.

Borrow Area "F" was subsequently used to reclaim the Refuse Pile No. 2 and No. 4 Slurry Pond Area. Borrow Area "E" remains designated as a "Potential Borrow Area" (Exhibit II-4A).

### **Potential Borrow Area E**

Borrow area E comprises 6.6 acres and consists of the same Haverdad family of soils as areas B, C and D. See discussion of Haverdad series in Appendix II-4, Section 1. Physical and chemical analyses results from representative test pits in area E are given in Appendix II-4, Table 1.4.

A volume of at least 53,000 cubic yards is available from this site by excavating the 6.6 acres to a depth of 5 feet.

### **Borrow Area F**

This Borrow Area has been utilized and reclaimed at this time. [A Phase III bond release was approved by DOGM on July 19, 2016 \(Task ID#5114\)](#)

Borrow area F comprises 6.7 acres and consists of the same Hernandez family of soils as borrow area A. See Appendix II-4, section 1, for a discussion of the Hernandez series. Physical and chemical analyses results from representative test pits in area F are given in Appendix II-4, Table 1.4. A volume of 42,000 cubic yards is available by excavating the 6.7 acres to a depth of 4 feet. Coal fines were noted in the top 0.2 feet of the soil in this area. Areas containing coal fines will be removed and disposed of in the slurry ponds before the remaining substitute topsoil is recovered.

It is important to note that these volumes indicate the materials that are available on the surface and that the best available material from regrading and reclamation activities of the entire pad area will be temporarily stockpiled until the regrading and reclamation activities are complete. The salvaged materials will then be distributed to achieve a six inch cover according to the reclamation plan for South Fork. Once reclamation starts it will be a continuous operation and will be completed during one growing season. Because the substitute topsoil stockpile will be added to on a continuous basis during regrading and reclamation it is impractical to try to vegetate the topsoil stockpile. The stockpiles will be protected from erosion by diverting channel flows away from the stockpile. Designs for these channels will be submitted to the Division for approval prior to stockpiling activities.

Based on the results of analyses of the soil samples collected in the South Fork area, soils in the area are low in organic matter, nitrogen, phosphorus and potassium (see Appendix II-4, Table 2.1).

Soil amendments which will be required to make the pad soils more suitable for revegetation are provided in Table 2.3 (Appendix II-4).

The coal stockpile area and truck loadout will be reclaimed with topsoil salvaged during construction. The salvaged topsoil has been stockpiled and protected. It is located in the area designated on Exhibit II-4A as the South Fork topsoil stockpile area. The total volume available from these piles are 1,206 cubic yards.

## **North Fork Area**

### **North Fork Substitute Topsoil**

An intake ventilation portal for the King IV mine was constructed in the North Fork area in 1979-80. The disturbed area comprises 1.5 acres (see Exhibit II-4D). Topsoil was salvaged during construction and redistributed on the regraded slopes near the portal. No further topsoiling is required at this site. Table II-12 summarizes the available substitute topsoil volumes for the minesite. [The North Fork area is reclaimed and Phase III bond release was approved by DOGM on July 19, 2016 \(Task ID# 5114\). This area is no longer part of the disturbed area.](#)

## **North Fork Area Reclamation**

The North Fork ventilation portal and stream diversion (Exhibit II-4D) contains 1.5 acres (See Table II-13, RA-26, 27). The ventilation portal (1.0 acres) was reclaimed using in situ soils northeast of the portal. The 0.5 acre area containing the stream diversion and pipeline to the King 2 mine portal was also reclaimed using the in situ soils. [The North Fork area is reclaimed and Phase III bond release was approved by DOGM on July 19, 2016 \(Task ID# 5114\).](#)

## **Middle Fork Area Reclamation**

The Middle Fork mine yard, loadout facility and sediment pond, as delineated on Exhibit II-4C, contains a total disturbed area of 11.8 acres. The storage areas adjacent to the Middle Fork haul road comprises and additional 3 acres. Reclamation area RA-23 (sediment pond) will use the material in the pond bank for reclamation. The area between the bath house and water tank and the area west of the King 5 mine portals (RA-24) will be reclaimed using in situ material. The 3 acre storage areas (RA-25) will also be reclaimed using in situ material. The remaining 9.4 acres (RA-22) will be reclaimed with material from Middle Fork substitute topsoil areas A, B, and C.

## **South Fork Area Reclamation**

The South Fork mine yard, conveyor corridor, truck loadout and sediment ponds, as delineated on Exhibit II-4B, contain a total disturbed area of 12.6 acres, excluding the haul road. The 0.6 acre area between the bath house and water tank (RA-20) will be reclaimed utilizing in situ soils. Little, if any, regrading will be required in this area. The 1.87 acre area comprising sediment pond D009 and sediment pond D011 (RA-21) will utilize soil material in the pond embankments. The 6.41 acre mine yard and bath house area (RA-19) will be reclaimed with material from the South Fork substitute topsoil areas A and B. The 1.84 acre conveyor corridor will utilize in situ soil materials contained in its embankment. The 1.94 acre coal stockpile and truck loadout area will be reclaimed with topsoil from the South Fork topsoil stockpile at the mouth of the canyon. A strip of land bounded by the conveyor, the coal stockpile and the haul road (approximately 1 acre) has received interim revegetation and will require only minor reclamation. The South Fork haul road occupies approximately 1.93 acres within the South Fork disturbed area. See Appendix II-3 for a discussion of the soil materials available in the vicinity of the conveyor corridor and truck loadout area.

## **Hiawatha Area Reclamation**

There was ~~are~~ originally a total of 221.36 disturbed area acres within the lower Hiawatha area, excluding the canyon roads. Unfortunately, due to the age of the facilities, there has been very little topsoil or fill material salvaged and stockpiled for reclamation from these areas. Table II-13 shows the acreage by area. Exhibit II-4A shows the locations of the areas. Some of the area has already been reclaimed since it is no longer needed. On July 19, 2016 DOGM approved Phase III bond release on 83.1 acres in this area. (Task ID #5114) The current disturbed acreage in this area is 138.26 acres

The following is a summary of the status of areas which are currently reclaimed at this site as of Spring 2008:

	Area	Total Acres	Reclaimed Acres	Topsoiled Acres	Remaining
RA-5	Slurry Pond 4 / Refuse Pile 2	26.37	26.37	26.37	-0-
RA-1	Affected Areas	29.11	19.83	-0-	9.28
RA-7	Preparation Plant Area	23.87	5.51	-0-	18.36
RA-6	Borrow Area "F"	9.12	9.12	-0-	-0-
RA-2	Slurry Pond 5 Main Cell	40.39	40.39	40.39	-0-
RA-4	Borrow Area "A"	16.87	5.28	-0-	11.59
Total		145.73	106.5	66.76	39.23

A complete description of all of the disturbed areas, acreage and topsoil volumes is found in Table II-13.

Slurry Pond "4" has been completely reclaimed. The area on the northeast corner (approx. 1 acre) required recontouring and topsoiling. The topsoil pile East of Slurry Pond No. 4 was used to reclaim this area. An additional 577 yards of substitute material was needed to complete Pond 4, which came from Borrow Area "A". The affected areas were reclaimed by vacuuming coal fines and/or topsoiling the areas. Areas being topsoiled were ripped to a depth of 18" to 24" before topsoil was placed.

The main cell of slurry pond 5 has been completely reclaimed. The reclamation was completed in 1999. An affected area 1.91 acres in size exists West of Slurry Pond "5". Portions of this area may require additional topsoil, which will come from Borrow Area "A". Following topsoiling activities in 1998, Borrow Area "A" was surveyed for remaining volumes (completed 6-6-08). Any areas in Borrow Area "A" which have reached the maximum depth of substitute topsoil were ripped and seeded with the seed mix No. 1 (Table III-6). The remaining areas were seeded with an interim seed mix as described in R645-301-331. Approximately 5.28 acres of borrow area "A" have been reclaimed. The remaining acreage will be used to reclaim slurry pond 5A. Areas that have received bond release are shown on Exhibit II-4A

## **Non-Refuse Areas**

Approximately 5.51 acres of the preparation plant area have been reclaimed at this time. The remainder of the preparation plant area and affected non-refuse areas will be reclaimed utilizing in-site soils. Where greater than 50% coal (visual estimation) or other contaminants (oil, grease, etc.) are present on the surface, this material will be removed and taken to a Slurry Pond for final burial. The remaining in

since the original bond was established. Through the years, the reclamation bonding requirement was increased when new facilities were approved, but no adjustments were made when facilities were removed. To rectify this flaw the Division approved U. S. Fuel's request to adjust the reclamation bond on February 13, 1995. However, the bond calculation still includes some additional facilities which may no longer exist and are not mentioned in this discussion. These facilities will be removed from the bond calculation after completion of regrading for Phase I bond release or as a result of another bond adjustment. The bond calculations can be found in Chapter 8, Appendix 8-4.

### **NORTH FORK SURFACE FACILITIES**

During 1981, a portal was constructed in the North Fork drainage to provide the King 4 mine with intake ventilation. The plan for the construction of this facility is included in Appendix 5-7 of this chapter. Originally, the plan called for return ventilation warranting the construction of a fan and powerline. However, the area was not developed with power so the portal provided an additional intake airway for the mine. Exhibit 5-4 shows the disturbed area, approximately one and a half acres, for the portal facility. A three mile jeep road from Hiawatha to the ventilation portal is the only access. This site is classified as an alternative sediment control area (see Appendix 5-8). Sediment control is provided as specified in Appendix 5-7. The portal is constructed of 14 foot diameter arched steel beams on 4 foot centers covered with 8 gauge preformed liner plates. The portal has been sealed and the area regraded and reseeded. No future disturbance is proposed for this site. ANR Company intends to extend the jeep trail beyond the portal area as part of timbering, recreation and wildlife post-mining land uses, as described in R645-301-412. ~~It is visited infrequently by mine personnel, only to inspect the reclamation and sediment control structures.~~ [Phase III bond release on this area was approved by DOGM on July 19, 2016 \(Task ID# 5114\).](#)

Bonding Calculations

Direct Costs

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

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%
Subtotal Indirect Costs	\$310,520.00	26.8%

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	
<del>Phase I Bond Remaining Dollars</del>	<del>\$52,211.00</del>	

Bond Amount (rounded to nearest \$1,000) 2019 Dollars ~~\$1,666,367.00~~ \$1,614,000.00

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

Difference Between Cost Estimate and Bond ~~\$462,000.00~~ \$94,000.00  
 Percent Difference ~~21.71%~~ 5.5%

## **R645-301-840 GENERAL TERMS AND CONDITIONS OF THE BOND**

The general terms and conditions of the bonds can be determined by review of copies of the bond documents contained in Appendix VIII-2.

## **R645-301-850 BONDING REQUIREMENTS**

See bonding documents in Appendix VIII-2.

## **R645-301-860 FORMS OF BONDS**

Hiawatha Coal Company is currently bonded in the amount of ~~\$2,128,000~~ **\$1,708,000** in the form of a US Treasury Note with the Division of Oil Gas and Mining held in escrow by the Bank of Utah.

## **R645-301-870 REPLACEMENT OF BONDS**

No response required by applicant.

## **R645-301-880 BOND RELEASE APPLICATION**

If a bond release is requested an application will be filed with the Division at a time appropriate for evaluation of reclamation success. Reclamation time tables are given under R645-301-240 in Chapter II (Soils). Within 30 days after an application for bond release has been filed with the Division a newspaper advertisement will be placed in a local newspaper. The advertisement will contain the permittee's name, permit number and approval date, notification of the precise location of the land affected, the number of acres, the type and amount of the bond filed and the portion sought to be released, the type and appropriate dates of reclamation work performed, a description of the results achieved as they relate to the operator's approved reclamation plan and the name and address of the Division to which written comments, objections, or requests for public hearings and informal conferences on the specific bond release may be submitted pursuant to R645-301-880.600 and R645-301-880.800. In addition, as part of any bond release application, the applicant will submit copies of letters which he or she has sent to adjoining property owners, local governmental bodies, planning agencies, sewage and water treatment authorities, and water companies in the locality in which the coal mining and reclamation operation took place, notifying them of the intention to seek release from the bond.

### **2008 Phase I Bond Release**

Over the years there have been several structures removed, and reclamation performed. In December 2007, a Phase I bond release application was submitted to reflect this reclamation. It was approved on February 18, 2009 with a condition that \$478,833 be held back to insure vegetation of the Slurry Pond 4 and Slurry Pond 5 areas.

### **2016 Phase III Bond Release**

Vegetation studies were performed on various areas in 2013 and 2014(See Appendix VIII-5 and VIII-6). In December 2015 Hiawatha Coal submitted a Phase III bond release. It was for all the areas included in the vegetation study with the following exceptions.

- The two RA-1 areas West of Slurry pond 5 and 5A were part of the vegetation study but were not included in the bond release as DOGM personnel had expressed reservations about

it being included due to the amount of coal fines in the area.

- Approximately 10.17 acres of the east slope of pond 5A was not included as reclamation of sediment pond D007 was planned for 2016 and HCC was not sure if these activities would affect the slope of the pond.

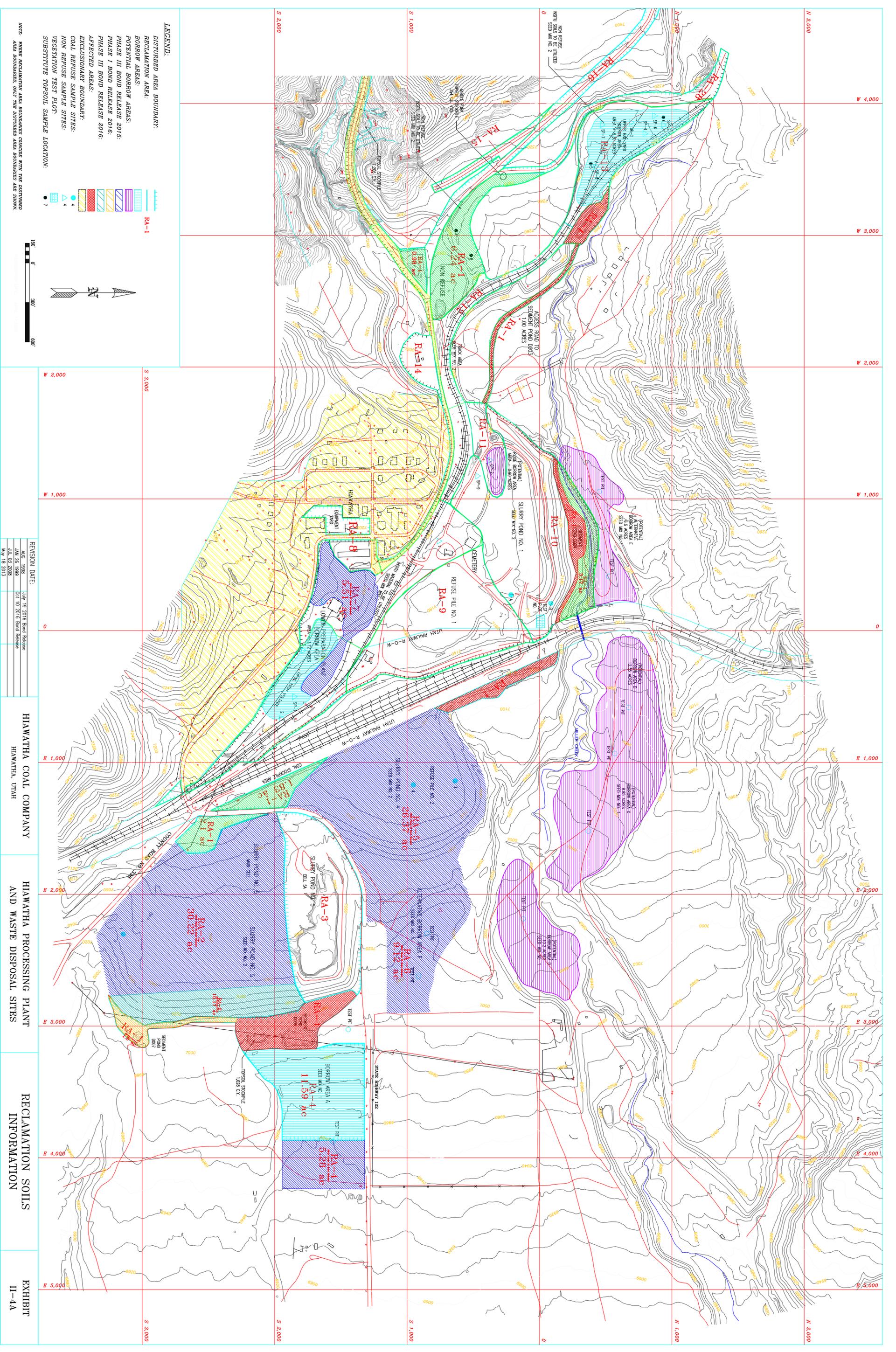
This bond release was approved on July 19, 2016 and DOGM released \$426,622 of the 2008 Phase I money held back, and left \$52,211 in place to cover the remaining 10.17 acres.

#### **2016 Phase I and Phase III bond release**

In September of 2016 pond D007 was reclaimed. This work did not impact any of the 10.17 acres of pond 5A west slope excluded from the 2015 bond release. In October of 2016 HCC submitted a bond release asking for Phase III release of the 10.17 acres of Pond 5A slope and a Phase I release of pond D007 and the ditch leading to it (approx. 1.6 acres).

### **R645-301-890 TERMS AND CONDITIONS OF LIABILITY INSURANCE**

A copy of Hiawatha Coal Company liability insurance certificate is given in Appendix VIII-3.



**LEGEND:**

RECLAMATION AREA BOUNDARY:

DISTURBED AREA BOUNDARY:

RECLAMATION AREA:

BORROW AREAS:

POTENTIAL BORROW AREAS:

PHASE III BOND RELEASE 2016:

PHASE II BOND RELEASE 2016:

PHASE I BOND RELEASE 2016:

AFFECTED AREAS:

EXCLUSIONARY BOUNDARY:

COAL REFUSE SAMPLE SITES:

NON REFUSE SAMPLE SITES:

VEGETATION TEST PLOT:

SUBSTITUTE TOPSOIL SAMPLE LOCATION:

160' 0" 320' 480'

0 300' 600'

0 100' 200' 300'

0 100' 200' 300'

REVISION DATE:	DESCRIPTION:
AUG. 1998	July 19 2016 Bond Release
JAN. 26 1999	Oct 10 2016 Bond Release
MAY. 03 2006	
NOV. 18 2013	

HIAWATHA COAL COMPANY  
HIAWATHA, UTAH

HIAWATHA PROCESSING PLANT  
AND WASTE DISPOSAL SITES

RECLAMATION SOILS  
INFORMATION

EXHIBIT  
II-4A

# HIAWATHA COAL CO.

HIAWATHA, UTAH

## PHASE III BOND RELEASE AREAS

SCALE:

1" = 1500'

DRAWN BY:

M. REYNOLDS

DATE:

12/21/15

HIAWATHA MINE

PLATE 8-2

2015 Bond  
Release Area



2016 Bond  
Release Area



REV.	DATE	REMARKS	APPR.
1	10/4/16	Removed 2015 from map name, added 2016 Bond Release	
2			
3			
4			
5			
6			
7			
8			
9			
10			

