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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 29, 2016

Elliot Finley, Resident Agent
Hiawatha Coal Company
P.O. Box 1240
Huntington, Utah 84528

Subject: Bond Reduction, Hiawatha Coal Company, Hiawatha Mine, C/007/0011, Task ID #5285

Dear Mr. Finley:

The Division has reviewed your request for a bond reduction. The Division has denied the request.

The application requested a release of \$420,000 but the Permittee may only ask for a release of \$316,566 based on the minimum reclamation cost estimate of \$1,811,344 approved in the Hiawatha Mining and Reclamation Plan. The current bond held by the Division is \$2,128,000.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
cc: Charles Reynolds
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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

September 29, 2016

TO: Internal File

THRU: Joe Helfrich, Permit Lead

FROM: Cheryl Parker, Mine Engineer

RE: Phase III Bond Release, Hiawatha Coal Company, Hiawatha Mine, C/007/0011, Task ID #5285

SUMMARY:

On April 26, 2016, the Utah Division of Oil Gas & Mining conducted a site visit to assess the bond release application for to the Mining & Reclamation Plan (MRP) of the Hiawatha Mine. The application was approved and released 133.1 acres of Phase III bond release for \$316,656.

The bond release application me the minimum requirements of R645-301-500 and -800 by presenting the mine plan details, plates, and drawings presented within the bond release application and was approved by the Division in August 2016.

The application requested a release of \$420,000 but the Permittee may only ask for a release of \$316,656 as the current bond held by the Division is only \$2,128,000.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

ANALYSIS:

General

The bond release application does not meet the State of Utah R645 requirements for Bonding and Insurance Requirements.

The original bond release application met the minimum requirements of R645-301-800 as the applicant is current on the bond and insurance standings. The application sought the release of 133.1 acres of Phase III bond release for a no reduction of the bond. The bond release area included acres for the Slurry Pond 4 and Refuse pile 2, portions of Slurry Pond 5, borrow areas associated with these two ponds, a portion of the preparation plan area, and the King 4 mine portal and North Fork facilities. The Division approved the application and the Permittee's approved MRP, August 31, 2016, shows a total minimum reclamation cost estimate bond to be \$1,811,344. The application requested a release of \$420,000 but the Permittee may only ask for a release of \$316,656 as the current bond held by the Division is only \$2,128,000.

RECOMMENDATIONS:

Return denied.