

Castle Valley Resources, Inc.

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December 8, 1992

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DEC 10 1992

DIVISION OF
OIL GAS & MINING

Mr. Lowell Braxton
Mr. Daron Haddock
Division of Oil, Gas & Mining
355 West North Temple
3 Triad, Suite 350
Salt Lake City, Utah 84180

**RE: Wellington Coal Preparation Plant ACT/007/012 Revised
Bond Estimate and Final Land Use**

Gentlemen:

Enclosed for your review is Castle Valley Resources's ("CVR's") revised bond estimate for the Wellington Coal Preparation Plant (the "Wellington Plant"), ACT/007/012. This bond estimate has been revised to reflect a general industrial post-mining land use for the Wellington Plant. The bond estimate originally prepared by U. S. Steel for this site proposed to return all disturbed areas to grazing lands. The permit currently on file with the Division of Oil, Gas & Mining ("DOGM") recognizes that the Wellington Plant has potential as an industrial post-mining land use. The industrial use of the Wellington Plant also meets DOGM's criteria for alternative post-mining land uses set forth at R645-301-413.300, as follows:

First, there is a reasonable likelihood for achievement of the use, as required by R645-301-413.310. Castle Valley Resources ("CVR") has received proposals from parties interested in leasing the site for industrial uses, and CVR is conducting its own feasibility studies for potential industrial uses of the site.

Second, this area is currently zoned for heavy industrial use by Carbon County (see enclosed map), and therefore meets the criteria set forth at R645-301-413, 320, 330, 331, 332, 333 and 334. The Wellington Plant is ideally located for many heavy industries due to its proximity to roads and railroads. Buildings, transportation facilities, and utilities which have value in the industrial setting would remain on the site after reclamation. Because this area has been zoned for heavy industrial use, Carbon County has already determined that this use does not present any actual or probable hazard to the public or safety or threat of water diminution or pollution. In addition, industrial use would be consistent with applicable land-use policies

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and federal, state, and local law. Finally, due to the fact that preparation plant facilities are currently in place, use of the facility for some other industrial use will not involve unreasonable delay and implementation, or involve unreasonable delay and implementation and would not be impractical or unreasonable.

CVR recognizes that approval of an alternative post-mining land use may require a permit revision pursuant to R645-303-220. In addition, the reclamation plan and bond estimate would be amended. We have enclosed the revised bond estimate for a general industrial land use. These revised figures reflect the fact that most buildings, roads, railroads, power lines, gas lines, water lines and utilities would stay in place to support an industrial use. In addition, site grading and reclamation would be reduced consistent with the industrial end use.

At this time, the final disposition of refuse fines in the Refuse Basin has not been determined. CVR may propose to either utilize the coal fines for cogeneration of power on site or to sell them to an off-site facility. However, because CVR has not finalized its plans in this regard, the enclosed bond computations reflect the cost of leaving the fines in place with a soil cover.

Prior to submitting a permit revision, we would like an opportunity to meet with you to review the enclosed bond estimate and the final proposed land use.

Thank you for your assistance in this matter.

Sincerely,



Robert W. Mower
Vice President

/ab

Enclosures

cc: Sharon Falvey
Patrick Collins, Mt. Nebo Scientific
Gregory Poole, Hansen, Allen & Luce, Inc.

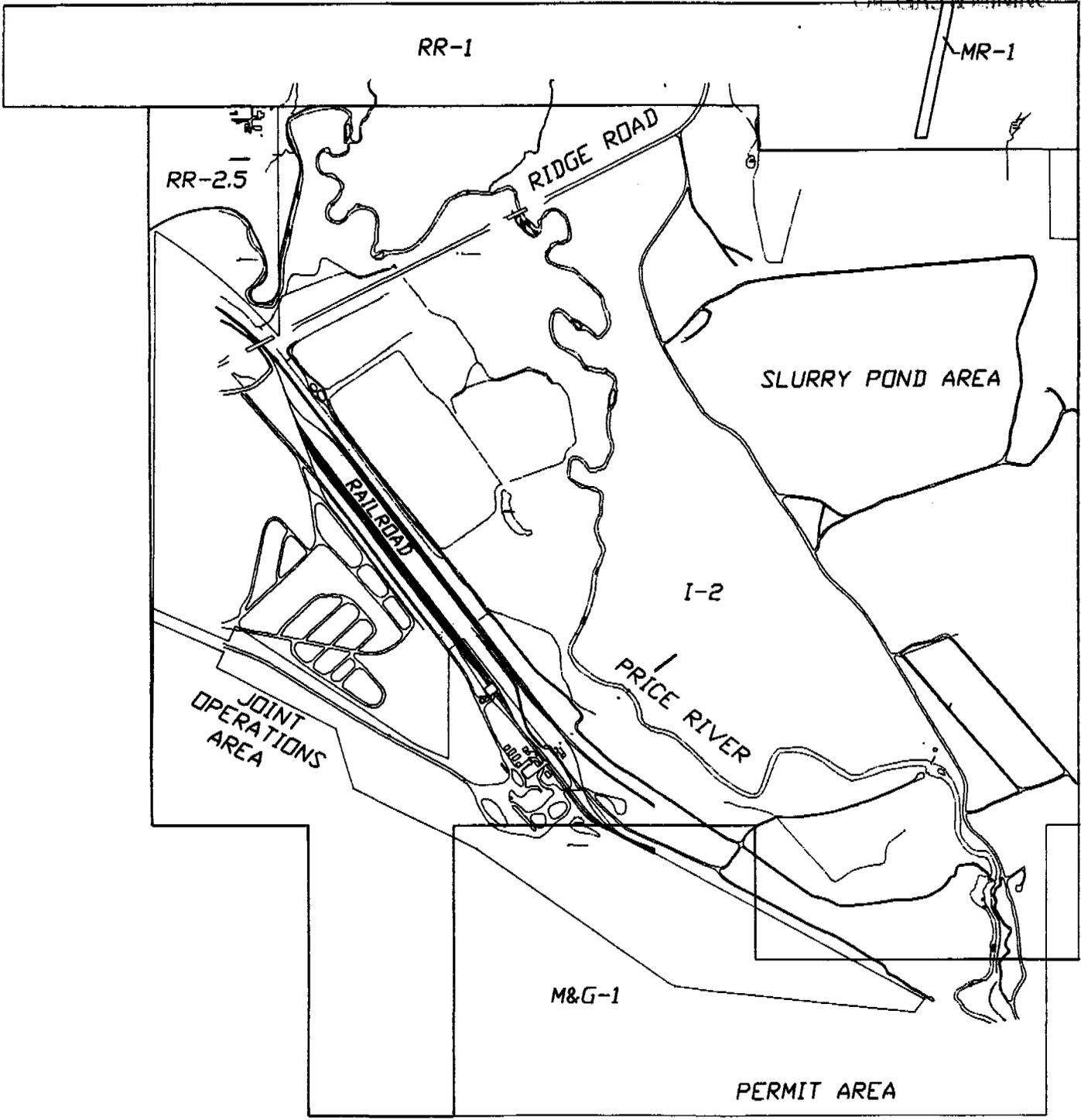
bcc: Denise A. Dragoo, Esq.

LEGEND	
M&G-1	MINING AND GRAZING ZONE
MR-1	MOBILE RESIDENTIAL ZONE
RR-1	RURAL RESIDENTIAL ZONE 1 ACRE MIN. AREA
RR-2	RURAL RESIDENTIAL ZONE 2.5 ACRE MIN. AREA
I-2	INDUSTRIAL ZONE HEAVY MANUFACTURING

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DIVISION OF OIL GAS & MINING



COUNTY PLANNING ZONES
of the WELLINGTON SITE
Mt. Nebo Scientific
Date 12-4-92
J. Mageno

