

**UtahAmerican Energy, Inc.**

December 30, 2002

Pam Grubaugh-Littig  
Permit Coordinator  
DOGM  
1594 West North Temple, Suite 1210  
Salt Lake, Utah 84114-5801

*Amendment* *OK*  
*Incoming*  
*C/007/013*  
*AM03A*

**Subject: ACT/007/013 6-02 Bond Reduction Reflecting Phase II Approval**

Dear Ms Grubaugh Littig:

Pam please find enclosed five (5) copies of submittal 6-02. The submittal includes a decreased bond rider for Bond Number #4892. The reduction is from \$1,253,000 to \$1,061,328. C1 and C2 forms are included.

The attached spreadsheet depicts the bond history at Horse and Lila Canyons.

Should you have any questions or comments please give me a call.

Sincerely,

R. Jay Marshall P.E.  
Project Engineer

**RECEIVED**

JAN 6 8 2003

DIV. OF OIL, GAS &amp; MINING

# APPLICATION FOR PERMIT PROCESSING

<b>Permit Change</b> <input checked="" type="checkbox"/>	New Permit <input type="checkbox"/>	Renewal <input type="checkbox"/>	Transfer <input type="checkbox"/>	Exploration <input type="checkbox"/>	Bond Release <input type="checkbox"/>	Permit Number: ACT/007/013
Title of Proposal: 6-02 Bond reduction as a result of Phase II approval						Mine: Horse Canyon
						Permittee: UtahAmerican Energy, Inc.

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

**Instructions:** If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

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

**X Attach 5 complete copies 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.

*R. J. Marshall*  
 Signed - Name - Position - Date  
 Project Engineer

Subscribed and sworn to before me this 3 day of January, 2003

*Delia Paletta*  
 Notary Public  
 My Commission Expires: 7-16, 2003  
 Attest: STATE OF UTAH  
 COUNTY OF CHADRON



Received by Oil, Gas & Mining  
**RECEIVED**

**JAN 08 2003**

DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER



## DECREASE RIDER

To be attached to Bond Number #4892, issued by LINCOLN GENERAL INSURANCE COMPANY (as Surety) for Utah America Energy, Inc. (as Principal), in the amount of One Million Two Hundred Fifty Three Thousand and 00/100 \_\_\_\_\_ (\$ 1,253,000.—), effective the 24th day of January, 2001, (Increased by a rider), Effective date of original bond is 15<sup>th</sup> of September, 1998.

In consideration of the premium charged for the attached bond, it is mutually understood and agreed by the Principal and the Surety that, the bond amount is hereby decreased from the amount above to: One Million Sixty One Thousand Three Hundred Twenty Eight and 00/100 (\$1,061,328.—).

All other items, limitations and conditions of said bond except as herein expressly modified shall remain unchanged.

This rider shall be effective as of the 23rd day of July, 2002.

LINCOLN GENERAL INSURANCE COMPANY  
3350 Whiteford Road  
York, Pennsylvania 17402

Attorney-In-Fact:   
Pauline K. Messerly

## Horse and Lila Canyon Mines Bond History

	Horse Canyon			Lila Canyon			UEI Total
Date	Bond #	Status	Amount	Bond #	Status	Amount	Total Bonds
15 Sept 98	4892	Initial Horse Canyon Bond	\$ 1,137,726.00	NA	Not yet Bonded	NA	\$ 1,137,726.00
24 Jan 01	4892	Adjustment at permit renewal, increased by \$115,274.00 for inflation.	\$ 1,253,000.00	NA	Not yet Bonded	NA	\$ 1,253,000.00
27 July 01	4892	No Change	\$ 1,253,000.00	9905586	Initial Lila Bond	\$ 1,556,000.00	\$ 2,809,000.00
23 July 02	4892	Decrease of \$191,672 due to Phase II Approval	\$ 1,061,328.00	9905586	No Change	\$ 1,556,000.00	\$ 2,617,328.00

**NOTE:**

- 1) Horse Canyon is bonded by Lincoln General Insurance Company Bond # 4892.
- 2) Lila Canyon is bonded by XL Speciality Insurance Company Bond #9905586.



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor  
Kathleen Clarke  
Executive Director  
Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

April 11, 2002

Jay Marshall  
UtahAmerican Energy, Inc.  
P.O. Box 968  
Price, Utah 84501

Re: Approval of Phase II Bond Release, UtahAmerican Energy, Inc. (UEI), Horse Canyon Mine, C/007/013-97BR, Outgoing File

*Joy*  
Dear Mr. Marshall:

The phase II bond release for a portion of the Horse Canyon Mine is approved. OSM concurrence was received for this phase II bond release on November 9, 1999 (see attachment). This bond release is for 51.56 acres of disturbance in the amount of \$191,672. The amount of \$88,492 is being held back as the amount necessary to revegetate the 51.56 acres in the event of revegetation failure during the remainder of the permittee's liability period for this area.

Currently, a bond for \$2,809,000 is posted (which includes the Lila Canyon extension, as well as the increased amount for the permit renewal). Therefore, the posted amount will be \$2,617,328.

This bond release was conditionally approved on November 10, 1999, conditioned upon the removal of culverts and sedimentation ponds. This work was recently done by UEI and signed off during an inspection done by the Division on March 21, 2002 (see attached field visit report).

If you have any questions, please call Pamela Grubaugh-Littig at 801-538-5268.

Sincerely,

Lowell P. Braxton  
Director

an  
Enclosures  
cc Carbon County (certified mail) (w/o)  
Emery County (certified mail) (w/o)  
Jim Fulton  
Price Field Office  
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