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UtahAmerican Energy, Inc.

INCOMING
0070013
Task 2560
cc: Wayne H
Pam G

Mike Herkimer
Division of Water Quality
Department of Environmental Quality
288 North 1460 West
P.O. Box 144870
Salt Lake City, Utah 84114-4870

RE: Inactivate UPDES Permit # UTG040013 for the Horse Canyon Mine

Dear Mr. Herkimer:

As we discussed on the phone on Friday, UtahAmerican Energy, Inc. ("UEI") respectfully requests that UPDES Permit # UTG040013 for the Horse Canyon Mine be put on permanent inactivate status.

In the fall of 1990 and spring of 1991 portions of the Horse Canyon Mine were reclaimed. Phase I bond release was granted on February 5, 1997. The Phase II bond release for the reclaimed areas was approved on January 24, 2002. On January 3, 2006 UEI applied for Phase III bond release.

Sediment pond #1, monitoring location 001A, was reclaimed as part of the Phase II bond release in the fall of 2001. Sediment pond #2, monitoring location 002A was modified in 2005 to allow for a change in post mine land use and ultimate donation to the College of Eastern Utah Foundation ("CEUF"). The modifications were completed under the guidance of the Division of Oil, Gas and Mining ("DOG M") and the Division of Water Quality.

The approved change in post mine land use from wildlife habitat to residential/recreational allowed for the properties not originally reclaimed in the Phase I reclamation work, including modified monitoring point #002A, to be donated to CEUF. The donation was completed in September 13, 2005.

UEI respectfully requests that Permit #UTG40013 for Horse Canyon be permanently inactivated for the following reasons; 1) monitoring location 001A was reclaimed as part of Phase II bond release. 2) Modifications made to monitoring location 002A whereas it no longer functions as a discharge location. 3) Sediment pond #2 (002A) has been donated to CEUF. 4) UEI has applied for Phase III (final) bond release which is under review with DOGM.

Should you have any questions please contact me.

Sincerely,

R. Jay Marshall
Vice President

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JUN 23 2006

DIV. OF OIL, GAS & MINING

cc. Pamela Grubaugh-Littig, Permit Supervisor, Division of Oil, Gas and Mining.