

April 19, 2006

Jay Marshall, Resident Agent
UtahAmerican Energy, Inc.
P.O. Box 986
Price, Utah 84501

Subject: Phase III Bond Release, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013, Task ID #2409, Outgoing File

Dear Mr. Marshall:

The above-referenced amendment has been reviewed. You must adequately address the following deficiencies before the Division can proceed with processing the bond release:

R645-301-762.100 The Permittee must reconstruct the Refuse Pile channel to meet the standard for a 100 yr-24 hr precipitation event prior to receiving Phase III bond release.

R645-301-880.130, The Permittee must include a notarized statement that certifies that all applicable reclamation activities have been accomplished in accordance with the requirements of the R645-Rules and the approved reclamation plan. The latter is important, since there were no modifications to the plan noted in the application for bond release.

R645-301-880.120, The Public Notice included in Ex. III-1-3 must include the type of bond, such as surety, letter of credit or collateral; describe the 6.5 acre borrow area and the 0.02 acre bridge abutment area.

- The Permittee must provide a list of addressee's in Ex. III-1-2 that includes adjoining property owners (including CEU) and government agencies, planning agencies, sewer and water treatment authorities, and water companies
- The sample letter included in Ex. III-1-2 sent to adjoining land owners and other parties must state the correct acreage (the letters state that 51.56 acres are scheduled for bond release instead of 74.26 acres noted in the public notice).
- The letter of Ex. III-1-2 and the Public Notice in Ex. III-1-3 must state that bond release will occur on four sub-areas and describe those sub-areas.
- In addition to the legal description, the Public Notice in Ex. III-1-3 must

include the location of the property. • The Public Notice in Ex. III-1-3 must include a description of the results achieved during reclamation as those results relate to the approved reclamation plan (i.e. were there any changes to the plan).

R645-301-121.100, The Permittee must include information in the bond release package that discusses the 6.5-acre area and 0.02 acre area. The Permittee must provide a reference to the reclamation plan for the 6.5 acres and documentation that the 6.5-acre area was not disturbed in the past ten years. and that the areas or sub-areas meet the requirements for Phase I and Phase II bond release. The Permittee must also provide documentation that the 0.02-acre has an alternative postmining land use.

R645-301-412.100, The Permittee must include detailed information in the bond release package about the postmining land use and how it will be achieved. The Division needs specific information on the 6.5-acre area and the 0.02-acre area. In addition, the Permittee did not include information on the road that was deeded to the County. Even though the transfer took place, the bond release on the road must take place as part of the bond release on the entire Horse Canyon site. Also, the Permittee did not include information about the remote portals.

R645-301-542.620, The Permittee must show in the bond release package that the bridge abutments are part of the postmining land use.

R645-301-553.100, The Permittee must include detailed information in the bond release package about how the 6.5-acre area and the 0.02-acre area met the AOC requirements.

R645-301-880.310 and R645-301-880.320, The Permittee must show how they met all of the requirements for Phase I and Phase II bond release on the 6.5 acre area that was not part of the Phase I and Phase II bond release.

R655-301-542.710 and R645-301-551, The Permittee must include a narrative that states how all underground openings including the portals were permanently sealed unless they were needed for the postmining land use. The Permittee must include information on the remote portals.

R645-301-542.600, The Permittee must include a narrative of which roads were retained, and which roads were reclaimed and how each effort met the regulatory requirements. For example, the Permittee must

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state how the main mine road was deeded to the County. Unless the County road was given Phase III bond release then the Permittee must include that area in the Phase III bond application.

R645-301-542.200 The Permittee must include as built maps and cross sections for the areas that were not part of the Phase II bond release.

R645-301-542.320 The Permittee must label and show all surface and subsurface manmade features that they will leave at Phase III bond release.

In order for us to continue to process your application, please respond to these deficiencies by July 20, 2006.

If you have any questions, please call me at (801) 538-5268 or Wayne Western at (801) 538-5263.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

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cc: Price Field Office
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