



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 17, 2006

Mr. Jay Marshall, Vice President
UtahAmerican Energy Inc.
P.O. Box 986
Price, Utah 84501

Re: Remote Lila Canyon Portals – Decision to Retain Bond Amount for Permanent Closure, UtahAmerican Energy Inc., Horse Canyon Mine, C0070013

Dear Mr. Marshall:

The Division has made a decision that it will not grant Phase III bond release for the portion of the Horse Canyon Mine that is called the Remote Lila Canyon portals. Moneys will remain in the bond for the permanent closure of these portals. The reason for this decision is that we are not able to make the findings required by R645-301-880.330 for final bond release, specifically R645-301-551:

“ When no longer needed for monitoring or other use approved by the Division upon a finding of no adverse environmental or health and safety effects, each shaft, drift, adit, tunnel or other opening to the surface from underground will be capped, sealed and backfilled, or otherwise properly managed, as required by the Division and consistent with MSHA, 30 CFR 75.1711. Permanent closure measures will be designed to prevent access to the mine workings by people, livestock fish and wildlife, machinery and to keep acid or other toxic drainage from entering ground or surface waters.”

Therefore, the Division will need a plan from UEI for the closure of the two remote portals. The plan must be reviewed and approved prior to implementation.

If you have any questions, please call me at 801-538-5306.

Sincerely,

Mary Ann Wright
Associate Director, Mining

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cc: Jim Kohler, BLM
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