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**From:** Dave Darby  
**To:** jmarshall@coalsource.com; OGMCOAL  
**CC:** Daron Haddock; Jim Smith; Pete Hess  
**Date:** 12/22/2008 3:12 PM  
**Subject:** Phase III Bond Release  
**Place:** OGMCOAL

Jay, as discussed during the Phase III Bond Release Inspection (12/17/08), UtahAmerican will have to submit an amendment to the Lila Canyon (Part B) bond identifying line item reclamation costs for the Lila Canyon fan portals and Channel 31 before Phase III Bond can be approved. We realize this will mean an update to the amendment (Task 3017, Detailed Design Changes) currently under review. This update (to the bond and Lila Canyon Mine reclamation plan) can be handled separate to close the Horse Canyon (Geneva) Mine bond once it is approved. We still need to work out the problems with the 3rd party encroachment. Joe Helfrich is out of the office this week, we will get his opinion on the vegetaton when he returns. I will let you know ASAP. Thanks Dave