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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

C0070013
Outgoing
#4090
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June 25, 2012

Steve Rigby
Bureau of Land Management
125 South 600 West
Price, Utah 84501

Subject: Phase III Bond Release, Ditch #31, Utah American Energy, Horse Canyon Mine, C/007/0013, Task ID #4090

Dear Mr. Rigby:

Utah American Energy submitted an application for Phase III bond release on April 30, 2012 on 0.49 acres of land. The Permittee currently has surety bonds posted in the amount of \$1,807,000.00, which is payable to the Utah Division of Oil, Gas and Mining and the US Office of Surface Mining Reclamation and Enforcement. Utah American Energy is requesting an \$8,000.00 reduction in the current bond amount.

After review and approval of the application, the Division conducted a Phase III bond release inspection of the above referenced mine site. An invitation letter was sent to parties of interest on May 16, 2012 and the on-site inspection was done on Tuesday, June 12, 2012. Sue Wiler represented the USBLM at the inspection. JD Leonard represented the Permittee, Utah American Energy. A copy of the Division's inspection report is enclosed for your information and records.

The Division of Oil, Gas and Mining finds that Utah American Energy has completed Phase III reclamation of the above mentioned portion of the mine site as required. The Division seeks concurrence from the USBLM. Please provide a letter of concurrence by July 23, 2012.

If you have any questions or need further information, please feel free to call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Permit Supervisor

DRH/JCO/sqs
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