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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

BRIAN C. STEED
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 9, 2020

Karin Madsen, Resident Agent
UtahAmerican Energy, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Conditional Approval of As-Built/Power Poles, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013, Task #6147

Dear Ms. Madsen:

The Division has reviewed the Horse Canyon Mine's application for surface facility updates. The revisions to the Mining and Reclamation Plan (MRP) and bond cost estimates have been conditionally approved. Final approval will be granted when the following conditions have been met:

1. Provide 2 clean copies prepared for incorporation. A stamped incorporated copy will be returned to you for inclusion into your copy of the Mining and Reclamation Plan (MRP).
2. The current bond held by the Division is \$2,229,000 with Indemnity National Insurance Co. #N6000363. A rider to increase the bond by \$106,000 for a total of \$2,335,000 is required. Please submit the rider along with an Exhibit "D" Stipulation to Revise the Reclamation Agreement and required affidavits.

Please submit the clean copies and posted bond increase by July 9, 2020.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan.

If you have any questions, please call me at (385) 290-9937 or Suzanne Steab, Bond Coordinator at (801) 538-5265.

Sincerely,

Steve Christensen
Coal Program Manager

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070013
TaskID: 6147
Mine Name: HORSE CANYON MINE
Title: AS-BUILT/POWER POLES

Reclamation Plan

Bonding Determination of Amount

Analysis:

The application satisfies the State of Utah R645 requirements for Determination of Bonding Amount.

The application meets the requirements of R645-301-830 because bonding calculations have been updated to account for increased reclamation costs to demolish and dispose of additional power poles within the permit area. The direct unit costs for the Demolition section were increased and the entire bond escalated to 2023, the date of the next Midterm permit review. The application was originally found deficient because escalation had only been applied until 2021. The increased demolition costs and escalation resulted in an overall increase of \$106,000.

The updated bond amount is \$2,335,000, whereas the total posted bond is \$2,229,000. Permittee must post an additional \$106,000 to maintain the reclamation bond current.