



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340 telephone
801-359-3940 fax
801-538-7223 TDD/TTY
www.ogm.utah.gov

October 9, 2003

Chris Hansen, Environmental Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Re: Phase I Bond Release Approval, Gordon Creek #2, #7, and #8 Mine, Mountain Coal Company, C/007/016-BR01B, Outgoing File

Dear Mr. Hansen:

Phase I bond release for the Gordon Creek #2, #7 and #8 Mine is approved. This phase I bond release is for 332.52 acres and represents a reduction in the bond amount of \$384,865 (\$256,578 remains). OSM concurred with this decision on October 6, 2003 (attached.)

If you have any questions, please call Pamela Grubaugh-Littig.

Sincerely,

Lowell P. Braxton
Director

Enclosure

cc: Mitch Rollings - OSM, WRCC
Price Field Office

O:\007016.GC2\FINAL\PERMIT\AppPhaseI.doc



IN REPLY REFER TO:

United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
1999 Broadway, Suite 3320
Denver, Colorado 80202-5733

Mary Reed
cc Board Book
- Bonds
releases
10-9-03 U

October 6, 2003

Mr. Lowell P. Braxton
Division Director
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Decision Document to Approve Phase I Bond Release at the Gordon Creek #2,7, and 8 Mine, Mountain Coal Company, C/007/016-BR01B

Dear Mr. Braxton,

This letter acknowledges the Office of Surface Mining's (OSM) receipt and review of the subject decision document dated August 5, 2003, which was prepared by the Utah Division of Oil, Gas and Mining (DOGGM). The Gordon Creek #2,7, and 8 Mine contains Federal lands. OSM is in agreement with the decision document and hereby provides OSM concurrence to release Phase I bond on the Gordon Creek #2,7, and 8 Mine as documented below and in accordance with the Federal regulations at 30 CFR 740.15 (d) (3), and 30 CFR 944.30, Article IX, section B, of the Federal-State, Federal lands cooperative agreement.

The decision document thoroughly recounts the permitting, operational, and regulatory history of the Gordon Creek #2,7, and 8 Mine. The DOGGM decision dated August 5 documents the notifications required by the permittee to affected surface land owners, surface land owners adjacent to the permit area, government land management agencies, local governmental and planning agencies, and utilities. These notifications are required to process and approve the Phase I bond release application in accordance with Utah Rule R645-301-880, Requirement to Release Performance Bonds.

The bond release application is for 32.52 acres. The total Phase I bond release is for \$384,865. OSM concurs with the above bond amounts proposed for release and retention.

DOGGM has received no public comments concerning the bond release request. DOGGM conducted the bond release inspection required at Utah Rule R645-301-880.210 on May 22, 2003. OSM was a participant in the bond release inspection. OSM has reviewed DOGGM's bond release inspection findings and has no comments or concerns.

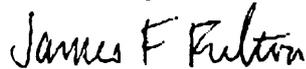
OCT 08 2003

The Bureau of Land Management (BLM) participated in the bond release inspection of the mine on May 22, 2003. BLM concurred with the proposed Phase I bond release via letter dated August 27, 2003 (copy attached). The DOGM January 24, 2003, Technical Analysis documents that all required public notices and surface landowner notifications were made in a timely manner prior to the bond release inspection.

OSM understands that DOGM has retained adequate bond to ensure final reclamation and environmental monitoring requirements. The permittee has met the requirements of the approved Utah Coal Regulatory Program at R645-301-880 for release of performance bonds. The permittee has met Phase I reclamation requirements on the Gordon Creek #2, 7, and 8 Mine. OSM concurs with DOGM's findings and BLM's bond release decisions.

Thank you and your staff for coordinating this Federal lands bond release with OSM's Denver Field Division. Please address any questions concerning this letter to Mitch Rollings at mrolling@osmre.gov or to (303) 844-1400 x1445.

Sincerely,



James F. Fulton, Chief
Denver Field Division

cc: Mountain Coal Company
BLM, Salt Lake City, UT; Price, UT