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December 9, 2005

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Incoming
C/007/0016 OK
#2384

RE: Application for Phase II Bond Release, Gordon Creek No. 2/7/8 Mines,
C/007/016, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Mountain Coal Company has completed Phase II of the approved reclamation plan for the Gordon Creek No. 2/7/8 Mines. This is based upon the establishment of revegetation and sediment control in accordance with the approved plan and R645-301-880.320.

In accordance with the provisions of R645-301-880, Mountain Coal Company is hereby applying for the partial release of the performance bond. The original bond posted for this site was \$641,443.00. Phase I bond Release was approved on October 9, 2003, reducing the bond by \$384,865.00. The present bond posted for the site is now \$256,578.00. Mountain Coal Company is applying for the release of \$146,578.00. This will leave an amount of \$110,000.00 to be held until Final Bond Release. The \$110,000.00 amount is the escalated cost for the sediment pond removal and revegetation as shown in Appendix 3-12 of the approved MRP.

The disturbed area for this site was 34.88 acres. The portion requested for Phase II Bond Release is 32.52 acres, which excludes the 2/7/8 Sediment Pond area of 1.63 acres and the Sweet's Pond area of 0.73 acres. The Sweet's pond area has received Final Bond Release. The 2/7/8 Sediment ponds will be removed and revegetated according to the approved plan during the first construction season following the Phase II Bond Release approval.

The revegetation success is based on the enclosed report by Dr. Patrick Collins, "Vegetation Monitoring for Phase II Bond Release at the Gordon Creek Mine, 2003". The success of sediment control is based on the following:

1. There have been no discharges from the 2/7/8 Sediment Pond within the last 5 years;

File In C 0070016 Incoming
Date: 12/09/2005 Refer to:

Confidential
 Shelf
 Expandable
For additional information

RECEIVED

DEC 12 2005

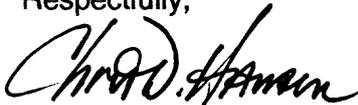
DIV. OF OIL, GAS & MINING

2. The ponds have not reached the sediment cleanout level, even with the additional sediment contribution from the illegal count road regarding above the site;
3. Water monitoring indicates no additional sediment contributions from the reclaimed site; and
4. The revegetation is shown to be better than the reference area, indicating better cover and erosion control than natural conditions.

Copies of letters for the notification to landowners, agencies, and water companies in the area are enclosed. A copy of the newspaper advertisement to be placed along with submittal of this application is also enclosed. This advertisement will run for four consecutive weeks in the local area paper. Proof of publication will be forwarded to you upon receipt.

It is our hope this application will meet with your approval. If you have any questions, or need any further information, please let me know.

Respectfully,



Chris D. Hansen
AWBG Environmental Coordinator

Encl.

Cc: Phil Schmidt, Mountain Coal Company
Dan Guy, Blackhawk Engineering
file

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Mountain Coal Company, LLC

Mine: Gordon Creek 2/7/8 Mines

Permit Number: C/007/016

Title: Phase II Bond Release Submittal

Description, Include reason for application and timing required to implement:

Application for Phase II Bond Release based on revegetation success and sediment control

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Chris D. Hansen
Print Name

Chris Hansen Project Manager 12-12-05
Sign Name, Position, Date

Subscribed and sworn to before me this 12th day of DEC, 2005

[Signature]
Notary Public

My commission Expires: _____
Attest: State of Utah) ss:
County of Carbon

For Office Use Only: 	Assigned Tracking Number: 	Received by Oil, Gas & Mining <div style="text-align: center; font-size: 1.2em; font-weight: bold;">RECEIVED</div> <div style="text-align: center; font-size: 1.2em; font-weight: bold;">DEC 12 2005</div> <div style="text-align: center; font-weight: bold;">DIV. OF OIL, GAS & MINING</div>
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