



INCOMING
 0070016
 Task 2591
 OK

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 Grand Junction, CO 81501
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July 27, 2006

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

RECEIVED

JUL 28 2006

DIV. OF OIL, GAS & MINING

Re: Response to Deficiencies in the Gordon Creek Phase II Bond Release Application
 Task ID# 2384
 Gordon Creek No. 2/7/8 Mines
 ACT/007/016
 Carbon County, Utah

Refer to Expandable 07272006
 file in 0070016. 2006. INCOMING
 for additional information

Dear Ms. Grubaugh-Littig:

Please find enclosed with this letter the materials requested by the Division in their February 28, 2006 letter listing the deficiencies to the initial Phase II Bond Release Application. Included are copies of the landowner notification letters, a copy of the proposed public notice of bond release application, a notarized statement certifying the reclamation activities were completed accordance with the R-645-rules, and maps illustrating the seeded and reseeded areas as well as the areas for which Phase II release is being requested. The remainder of this letter reviews what is covered in the Phase II application.

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 established 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 partial release of the performance bond. The original bond posed 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 this site is now \$256,578.00. Mountain Coal Company is applying for 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 sediment pond removal and revegetation as shown in Appendix 3-12 of the approved M.R.P.

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 Patrick Collins, "Vegetation Monitoring For Phase II Bond Release At The Gordon Creek 2/7/8 Mines, 2003." The success of sediment control is based on the following:

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

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

Copies of letters for notification to land owners, 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.

Sincerely,



Chris Hansen
Project Representative
Mountain Coal Company, LLC

Encl.

cc: Phil Schmidt
Dan Guy
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: Resubmittal of Phase II Bond Release material

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

- 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
2. Is the application submitted as a result of a Division Order? DO# _____
3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
4. Does the application include operations in hydrologic basins other than as currently approved?
5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
6. Does the application require or include public notice publication?
7. Does the application require or include ownership, control, right-of-entry, or compliance information?
8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
9. Is the application submitted as a result of a Violation? NOV # _____
10. Is the application submitted as a result of other laws or regulations or policies? Explain: _____
11. Does the application affect the surface landowner or change the post mining land use?
12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
13. Does the application require or include collection and reporting of any baseline information?
14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
15. Does the application require or include soil removal, storage or placement?
16. Does the application require or include vegetation monitoring, removal or revegetation activities?
17. Does the application require or include construction, modification, or removal of surface facilities?
18. Does the application require or include water monitoring, sediment or drainage control measures?
19. Does the application require or include certified designs, maps or calculation?
20. Does the application require or include subsidence control or monitoring?
21. Have reclamation costs for bonding been provided?
22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
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 D. Hansen
Sign Name, Position, Date

Subscribed and sworn to before me this 27th day of July, 2007

Notary Public

My commission Expires: 12/2, 2007

Attest: State of Utah } ss:
County of Carbon }

For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

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JUL 28 2006

DIV. OF OIL, GAS & MINING

