



IN REPLY REFER TO:

United States Department of the Interior

OFFICE OF SURFACE MINING

Reclamation and Enforcement

P.O. Box 46667

Denver, Colorado 80201-6667

February 14, 2007

*Incoming
C/007/0016
copy PJK*

John R. Baza, P.E., Director
Department of Natural Resources
Division of Oil, Gas, and Mining
1594 West North Temple
Suite 1210, PO Box 145801
Salt Lake City, UT 84114-5801

**RE: Mountain Coal Company, Gordon Creek #2, #7, and # 8 Mines,
Utah Permit No. C/007/016, Phase II Bond Release**

Dear Mr. Baza:

This letter acknowledges the Office of Surface Mining (OSM), Western Region (WR), Denver Field Division's (DFD) receipt and review of the above Phase II Bond Release State Decision Document (decision) dated December 11, 2006. That decision includes the October 17, 2006, technical analysis prepared by the Division of Oil, Gas, and Mining (OGM). DFD agrees with the findings in the decision and hereby provides OSM concurrence for this bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 944.30, Article IX, of the State-Federal Cooperative Agreement.

A thorough summary of the operational and reclamation history of the mine are accurately captured in the OGM decision. The required public, governmental agencies, and landowner notifications of the bond release application were provided by the permittee and are documented in the bond release application and subsequent correspondence. No public comments concerning this bond release application are discussed in the OGM findings documents.

The bond release inspection notifications provided by OGM are documented either in the decision, the inspection report for the bond release inspection conducted by OGM on September 28, 2006, or related correspondence. OSM, the Bureau of Land Management (BLM), affected surface landowners, and adjacent landowners were notified of the bond release inspection. BLM participated with OGM and the permittee in the bond release inspection. OSM did not participate in the inspection, but has inspected the site after final reclamation and vegetation reestablishment.

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DIV. OF OIL, GAS & MINING

Gordon Creek #2, #7, and #8 Mines; pg. 2

OSM has reviewed the OGM state decision document, bond release inspection report and technical analysis noted above. Phase I bond release criteria were met or exceeded by the permittee on this site, and Phase I bond release for 32.52 acres was approved by OGM during 2003. Phase III bond release for the Sweets Pond was also approved by OGM in 2003.

Revegetation establishment criteria are discussed on pages 7 & 8 of the OGM technical analysis; and analysis of the hydrologic balance presented has determined that the site is stable with respect to erosion and is not contributing any suspended solids to runoff outside of the reclaimed area (technical analysis, pages 6-8). OSM finds that Phase II bond release criteria have been met or exceeded by the permittee on the 32.52 acres proposed for release.

BLM concurred with the decision in a letter dated December 4, 2006 (copy enclosed). No other federal, state, or local government agencies are required to provide a concurrence for this bond release action; and no written comments on the bond release application from the public, governmental agencies, affected surface landowners, or adjacent landowners are discussed by OGM in their findings or technical analysis.

OGM's decision demonstrates the applicant's compliance with the Utah approved regulatory program at Rule R645-301-800, Bonding and Insurance. Phase II bond release criteria found in the above regulatory provision(s) have been met or exceeded by the permittee.

As noted above, this Phase II bond release applies to 32.25 acres of reclaimed disturbance (the former portals and facilities areas) and the bond amount proposed for release is \$85,578.00. The total bond on the site is \$ 256,578.00.

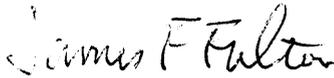
In their technical analysis OGM has determined that the remaining reclamation liability at the site to ensure environmental monitoring and reclamation success through Phase III bond release is \$ 171,000.00 in 2007 dollars. OGM proposes to release the bond amount of \$ 85,578.00 from the total noted above, leaving sufficient bond to ensure all remaining reclamation requirements will be completed at the Gordon Creek #2, #7, and # 8 Mines, Utah Permit No. C/007/016.

OSM concurs with the findings in the OGM Phase II bond release decision, and the Phase II bond monies proposed for release as documented above.

Gordon Creek #2, #7, and # 8 Mines, Phase II bond release, pg. 2

Thank you and your staff for coordinating this federal lands bond release through the DFD. Please direct any questions concerning this action to Henry Austin, Senior Reclamation Specialist, at haustin@osmre.gov or to (303) 844-1440 x1446.

Sincerely,



James. F. Fulton, Chief
Denver Field Division

Enclosure

Cc: Mountain Coal Company
BLM, Salt Lake City, UT

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, UT 84501
<http://www.blm.gov/utah/price/>



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(UT-070)

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

*Incoming of
c/007/0086*

Subject: Phase II Bond Release for Gordon Creek No. 2/7/8 Mines, Arch Western

Dear Mrs. Grubaugh-Littig:

The Bureau of Land Management (BLM) has been asked to respond if our agency has any objections or concerns with regards to a Phase II bond release (reclamation bond) for the Gordon Creek No. 2/7/8 mines.

We have participated in the September 28, 2006 onsite inspections and have reviewed our files. Reclamation in this area occurred on private land with federal minerals. All portal seals were noted to be properly intact with successful re-vegetation. Photographs of the onsite are attached.

We have no objections to Phase II bond release.

If you have any questions or comments, please contact Angela Wadman of my staff at 435-636-3661.

Sincerely,

Rebecca Doolittle
Rebecca Doolittle
Assistant Field Manager

cc: UT-923, SD, Utah

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