



OLENE S. WALKER
Governor
GAYLE F. McKEACHNIE
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director
LOWELL P. BRAXTON
Division Director

OUTGOING
0000018

DIVISION OF OIL, GAS AND MINING
FACSIMILE COVER SHEET

DATE: October 12, 2004
FAX#: Vicky Miller
ATTN: 1-435-636-2897
COMPANY: Canyon Fuel
DEPARTMENT: _____

NUMBER OF PAGES (INCLUDING THIS ONE): 4

FROM: Ran 6-L

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We are sending from a Sharp facsimile machine. Our telecopier number is (801) 359-3940.

MESSAGES:
Ticky - I tried to find out when the
bond amount was approved. It
wasnt (see page 11). But could be quickly.
Also, the midterm is here.
Bond will be inflated to 1,593,000
Any questions, please call me.

Important: This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.

RECLAMATION PLAN

on new seed mixes and current reclamation techniques such as pocking. The Division approved the changes to the vegetation plan with amendment 1784.

The Division updated the unit cost by using the 2004 editions of *Means* and *Blue Book*. The new unit costs were usually lower than the escalated unit costs from the 1990's.

The current bond is for \$3,238,000 and the new reclamation cost estimate is \$1,442,000 in 2005 dollars. CFC will submit an amendment that contains the Division's bond calculations and a request for bond reduction. The Division will evaluate CFC request for a bond adjustment in a future amendment.

Findings:

The information provided in the application met the minimum requirements of the regulations.

Vicky -
this was
done

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$705,300.00	
Subtotal Backfilling and Grading	\$319,497.00	
Subtotal Revegetation	\$80,723.00	
Direct Costs	\$1,105,520.00	

Indirect Costs

Mob/Demob	\$110,552.00	10.0%
Contingency	\$55,276.00	5.0%
Engineering Redesign	\$27,638.00	2.5%
Main Office Expense	\$75,175.00	6.8%
Project Mainagement Fee	\$27,638.00	2.5%
Subtotal Indirect Costs	\$296,279.00	26.8%

Total Cost	\$1,401,799.00	
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Escalation factor		0.0259
Number of years		5
Escalation	\$191,183.00	

Reclamation Cost Escalated	\$1,592,982.00	
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Bond Amount (rounded to nearest \$1,000) 2009 Dollars	\$1,593,000.00	
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Pam, we incorporated the bond figures on

Soldier Canyon Mine C/007/018

Bond Amount

Revised April 2003

Bonding Calculations

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Contingency	\$55,276.00	5.0%
Engineering Redesign	\$27,638.00	2.5%
Main Office Expense	\$75,175.00	6.8%
Project Management Fee	\$27,638.00	2.5%
Subtotal Indirect Costs	\$296,279.00	26.8%

Total Cost \$1,401,799.00

Escalation factor 0.0289
 Number of years 1
 Escalation \$40,512.00

Reclamation Cost Escalated \$1,442,311.00

Bond Amount (rounded to nearest \$1,000) \$1,442,000.00
 2004 Dollars

** 2009 \$ 1,593,000*

INCORPORATED

APR 14 2004

DIV OF OIL GAS & MINING

TRANSACTION REPORT

P. 01

OCT-12-2004 TUE 04:49 PM

FOR: OIL, GAS & MINING

801 359 3940

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2/07/0018

2/07/0015

Outgoing

Withdrawn rider - will resubmit her

rider of \$1,593,000.

10/14/04