



Savage Services Corporation
2025 East 5000 South
Price, UT 84501

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

RECEIVED

NOV 29 2004

DIV. OF OIL, GAS & MINING

Re: Update of Bond Contingency
Savage Coal Terminal
ACT/007/022
Carbon County, Utah

*Filing
of 007/00.22*

Dear Pam:

Enclosed are 3 copies of an Update of Reclamation Costs and Remaining Bond Contingency. This information was requested by Mr. Steve Demczak.

A C₁/C₂ Form is also provided. If you need any additional information, please let me know.

Sincerely,

Dan W. Guy
for
Boyd Rhodes,
Manager

cc: Boyd Rhodes-Savage
Steve Demczak-DOGM
File

APPLICATION FOR PERMIT PROCESSING

<input checked="" type="checkbox"/> Permit Change X	<input type="checkbox"/> New Permit	<input type="checkbox"/> Renewal	<input type="checkbox"/> Transfer	<input type="checkbox"/> Exploration	<input type="checkbox"/> Bond Release	Permit Number: C/007/022
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Title of Proposal: Update of Bond Contingency	Mine: Savage Coal Terminal
	Permittee: Savage Services Corp.

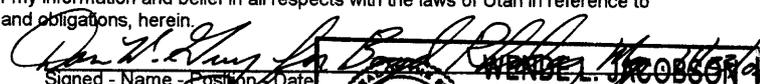
Description, include reason for application and timing required to implement:
Request by Division.

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

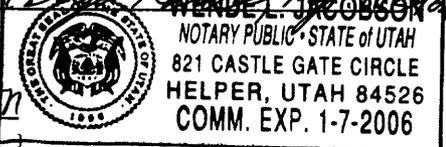
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application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

X Attach 3 complete copies of the application.

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.


 Signed - Name - Position - Date

Subscribed and sworn to before me this 23 day of NOV, 2004



My Commission Expires: 1-7-2006
 Attest: STATE OF Ut COUNTY OF Carbon } ss.

Received by Oil, Gas & Mining

ASSIGNED TRACKING NUMBER

Addendum
to

APPENDIX 3-5

Update of Reclamation
Costs and Remaining Bond Contingency

November 2004

Addendum to Appendix 3-5

Update of Reclamation Costs and
Remaining Bond Contingency

This addendum is provided to address those projects that have included bonding costs from the main reclamation bond contingency and to provide an estimate of the remaining contingency amount as of November 2004.

The following are projects which utilized bonding amounts from the contingency:

<u>Project</u>	<u>Plan Location</u>	<u>Bond Amount</u>
Coal Sampler	Appendix 3-6	\$6,279.95
Conveyor Addition	Appendix 3-8	14,332.40
Shop/Oil Storage	Appendix 3-9	<u>18,091.88</u>
	Sub-Total Bonding Costs =	<u>\$38,704.23</u>
	Original Bond Contingency =	<u>\$126,250.00</u>
	Remaining Contingency = (As of November 21, 2004)	<u>\$87,545.77</u>

Based on the above, \$87,545.77 of the original contingency amount remains.

It should also be noted that the Permit Mid-Term T/A on 5/22/02 indicated that the Division had recalculated the Reclamation Bonding costs at \$2,154,000.00. The existing Reclamation Bond in effect is \$2,525,000.00, which, according to the Division, provides a bond overage of \$371,000.00.