

Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, Utah 84542



September 28, 2006

Ms. Pamela Grubaugh-Littig
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, UT 84114-5801

*Incoming OK
C/007/0034
#2619*

RE: Revisions to Reclamation Bond Calculations, Task # 2619, Canyon Fuel Company, LLC,
Banning Loadout, C/007/034

Dear Ms. Grubaugh-Littig:

Enclosed please find four copies of revisions to the Banning Reclamation Bond, updating the bond to 2006 dollars..

An additional copy of the submittal has been delivered to the Price Field Office. Please contact Vicky Miller at (435) 636-2869, if there are any questions concerning this submittal.

Sincerely yours,

Vicky S. Miller

Cc: Dave Spillman (enclosures)
Price Field Office (enclosures)

RECEIVED

SEP 29 2006

DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Canyon Fuel Company, LLC

Mine: Banning Loadout

Permit Number: C/007/034

Title: Submittal of Reclamation Bond Calculations- Task ID # 2619

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

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.

David Spillman
Print Name

David Spillman, Engineering Manager
Sign Name, Position, Date

Subscribed and sworn to before me this 28 day of September, 2006

Vicky Sue Miller
Notary Public

My commission Expires: 1-5, 2008 } ss:
Attest: State of UTAH }
County of CARBON



For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining RECEIVED SEP 29 2006 DIV. OF OIL, GAS & MINING
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Appendix 8-1
Reclamation Performance Bond

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$77,765.00	
Subtotal Backfilling and Grading	\$51,338.00	
Subtotal Revegetation	\$58,634.00	
Direct Costs	\$187,737.00	

Indirect Costs

Mob/Demob	\$18,774.00	10.0%
Contingency	\$9,387.00	5.0%
Engineering Redesign	\$4,693.00	2.5%
Main Office Expense	\$12,766.00	6.8%
Project Mainagement Fee	\$4,693.00	2.5%
Subtotal Indirect Costs	\$50,313.00	26.8%

Total Cost	\$238,050.00	
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Escalation factor		0.012
Number of years		5
Escalation	\$14,630.00	

Reclamation Cost Escalated	\$252,680.00	
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Bond Amount (rounded to nearest \$1,000)	\$253,000.00	
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Bond Posted 2006 dollars	\$350,000.00	
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Difference Between Cost Estimate and Bond	\$97,000.00	
Percent Difference	38.34%	

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swail Factor	Quantity	Unit	Cost	
	Frame 05																				
	Structure's Demolition Cost	Crush blk remove 8-10'	02220 220 1700	3.05 /LF		3800										FT		3800 FT		11895	
	Structure's Vol. Demolished																				
	Rubble's Weight (excluse Steel)																				
	Truck's Capacity																				
	Headage																				
	Transportation Cost Non Steel Truck																				
	Transportation Cost Non Steel Drive																				
	Disposal Cost Non Steel																				
	Steel's Weight																				
	Truck's Capacity																				
	Headage																				
	Transportation Cost Steel Truck																				
	Transportation Cost Steel Truck Drive																				
	Disposal Cost Steel																				
	Subtotal																				11895
	Equipment & Disposal Cost																				
	Dismantling Cost																				
	Equipment & Vol. Demolished																				
	Loading Costs																				
	Transport Costs																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Total																				11895

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
	Asphalt 07																				
	Structure's Demolition Cost																				
	Structure's Vol. Demolished																				
	Rubber's Weight (excludes steel)																				
	Truck's Capacity																				
	Truck's Capacity																				
	Transportation Cost Non Steel Truck																				
	Transportation Cost Non Steel Drive																				
	Disposal Cost Non Steel																				
	Steel's Weight																				
	Truck's Capacity																				
	Truck's Capacity																				
	Transportation Cost Steel Truck																				
	Transportation Cost Steel Truck Drive																				
	Disposal Cost Steel																				
	Subtotal																				
	Equipment's Disposal Cost																				
	Dismantling Cost																				
	Equipment's Vol. Demolished																				
	Loading Costs																				
	Transport Costs																				
	Disposal Costs																				
	Subtotal																				
	Asphalt Demolition																				
	Demolition Cost	Concrete demolition	ConcreteDemo1	6.81	/CY						963										6556
	Concrete's Vol. Demolished	Front end loader 3 CY	02315 424 1300	1.43	/CY																1790
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				5008
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				13396
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Total																				13396

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Backfilling and Grading 01															
Rough Grade															
DGR Semi-U EROPS (9-54) (2H2005)	18485	80.3	0.1	55.4	259.26	1	259.26 \$/HR						64 HR		16593
CLAB					42.65	0.5	21.33 \$/HR						64 HR		1365
Rip															
DGR Semi-U EROPS (9-54) (2H2005)	18485	80.3	0.1	55.4	259.26	1	259.26 \$/HR						30 HR		7778
Multi-Shank Ripper 260-359 P (9-61) (2nd2005)	2300	7.55	0.1		22.68	1	22.68 \$/HR						30 HR		680
CLAB					42.65	0.5	21.33 \$/HR						30 HR		640
Subtotal															27056

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
	Barring Loadout																				
	Packing (340 CY/AC)	Excavation Bulk Bank 2 CY (322BU)	M023154240280	1.74	ICY					21.4								7276	CY	12690	
	Spreading Material	Hydro Spreader (equip. & labor) B-81 80MS	Reveg002	19.8	MSF					21.4								932.18	MSF	18457	
	Mulch	Hydro Spreader (equip. & labor) B-81 80MS	Reveg007	504.22	\$/AC					21.4								21.4	AC	10790	
	Fertilizer	Fertilizer Hydro Spread	M0209351000190	61.6	ton					21.4								21.4	AC	1318	
				3.95	MSF					21.4								932.18	MSF	3682	
	Subtotal																			46907	
	Revegeting 25% reseeding rate																			11727	
	Subtotal																			11727	
	Total																			58634	