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# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

Outgoing  
C0070035

# 3718

OK

June 1, 2011

Mr. Richard Carter, Plant Manager  
Sunnyside Co-generation Associates / Refuse and Slurry Facility  
One Power Plant Road  
P.O. Box 159  
Sunnyside, Utah 84539

Subject: Approval of Coarse Refuse Road Phase III Bond Release and Determination of the Required Bond Amount for Sunnyside Co-generation Associates / Refuse and Slurry Facility, Sunnyside, Utah, State of Utah DOGM Permit # C/007/035

Dear Mr. Carter:

The Utah Division of Oil, Gas and Mining (DOGM) completed a midterm review of the State issued permit / mining and reclamation plan for the Sunnyside Co-generation facility on December 21, 2010 (Task ID # 3655). During that review, the Division re-calculated the bond amount necessary to reclaim the remaining facilities, escalating it to the year 2015.

The amount which was required to be posted based on the Task ID # 3655 (Midterm Review) reclamation cost estimate is \$ 1,609,000.00.

On November 8, 2010, the Division received an application for phase II and III bond release of the Old Coarse Refuse Road (5.35 acres) from Sunnyside Co-Generation Associates. An inspection was done on April 26, 2011 and on May 18, 2010; the Division completed the Decision Document recommending approval of the bond release. We have now received concurrence from the Office of Surface Mining and this letter constitutes our final approval of the Phase II and III bond release in the amount of \$40,000 as requested. This means the total amount of bond that must be posted for the Refuse and Slurry Facility is \$1,569,000.

SCA is currently bonded in the amount of \$ 1,775,000.00 held in Treasury Securities at Wells Fargo Bank.

Wells Fargo Bank, in cooperation with Sunnyside Cogeneration Associates, is authorized to reduce the amount of bond held in escrow for the SCA Refuse and Slurry Facility from \$1,775,000.00 to \$1,569,000.00.

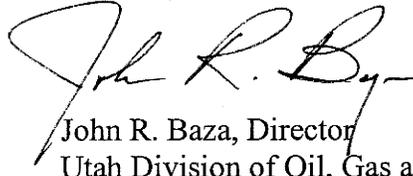


Should you have any questions, please contact:

Mr. Daron Haddock, Title V Coal Program Manager  
Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza". The signature is fluid and cursive, with a large initial "J" and "B".

John R. Baza, Director  
Utah Division of Oil, Gas and Mining

JRB/DRH/sqs  
Attachment: OSM concurrence letter  
cc: OSMRE / WRCC Bond File / Denver, Colorado  
O:\007035.SRS\WG3718\SCAsuretyletter612011\_1.doc



## United States Department of the Interior

OFFICE OF SURFACE MINING  
Reclamation and Enforcement  
Western Region Office  
1999 Broadway, Suite 3320  
Denver, CO 80202-3050



June 1, 2011

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

**RE: Partial Phase II, and III Bond Release, Sunnyside Refuse and Slurry Site, Permit No. UT-007-035, DOGM Proposed Decision and Findings of Compliance, May 18, 2011**

Dear Mr. Baza,

This letter acknowledges the Office of Surface Mining (OSM), Denver Field Division's (DFD) receipt and review of the above Phase II, and III Bond Release Proposed Decision document prepared by the Division of Oil, Gas, and Mining dated May 18, 2011. DFD agrees with the findings and decision document and hereby provides OSM concurrence for the above bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 906.30, Article IX, Section 24, of the State-Federal Cooperative Agreement.

DOGM's Proposed Decision documents the applicant's compliance with the Utah approved regulatory program at Rule R645-301-880.

This Phase II, and III bond release requests applies to 5.35 acres located on the south facing slope of the ridge which borders the south side of excess spoil disposal area No. 1. The reclaimed area was the "Old Coarse Refuse Road" which was constructed by the prior permittee, Sunnyside Coal Company, and was used for hauling refuse material to stabilize the lower bank of the refuse pile. In 1994, use of this road segment was ceased and the site was reclaimed that fall.

OSM participated in the bond release inspection held April 26, 2011. The inspection report is included for your records.

OSM finds that Sunnyside Cogeneration Associates has met or exceeded the requirements for Phase II, and III bond release on the 5.35 acres of land as described above. DOGM currently holds a performance bond in the amount of \$1,609,000.00. This action will release \$40,000.00. DOGM has determined that the remaining bond amount of \$1,569,000 is sufficient to complete all remaining reclamation obligations at this site if the work had to be completed by a third party contractor. OSM concurs with the proposed bond release amount.

Thank you and your staff for coordinating this Federal mine bond release action through the DFD. Please direct any questions concerning this action to Elizabeth Shaeffer, Environmental Protection Specialist at [eshaeffer@osmre.gov](mailto:eshaeffer@osmre.gov) or (303) 293-5025.

Sincerely,

*Elizabeth Shaeffer acting for*

Kenneth Walker, Chief  
Denver Field Division

cc: Daron Haddock, DOGM  
Sunnyside Cogeneration Associates

Attachment