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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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March 16, 1998

Johnny Pappas, Senior Environmental Engineer
AMAX Coal Company
P.O. Drawer PMC
Price, Utah 84501

Re: Degasification Wells, Cyprus Plateau Mining Company, Willow Creek Mine, ACT/007/038-97K, File #3, Carbon County, Utah

Dear Mr. Pappas:

Two items need to be addressed prior to approving this amendment. Please submit five clean copies of the referenced amendment and revise your current bond amount as follows by March 24, 1998:

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of bond amount

The permittee drilled 2 holes--designated 97-30-5-DG and 97-30-2A-DG-- during the Fall of 1997. The holes were drilled as exploration holes under an exploration permit and were drilled within the permit area. Now, however, the permittee intends to case and cap the holes and use them as degassification wells to remove gas from caved gob areas within the mine. As degassification wells, the holes will no longer be treated as exploration holes. Thus, both the wells and the road created to access them must be included within the disturbed area and subject to the same regulatory requirements, including final reclamation, as other operational surface facilities.

The permittee estimates the total cost of reclaiming the degassification wells, well pads and the access road to be \$10,859, in year 2001 dollars. When added to the reclamation cost estimate for the entire mine site, this raises that cost estimate to \$12,009,601, in year 2001 dollars. Since the present bond amount is \$11,949,205, the bond must be raised to at least \$12,009,601.

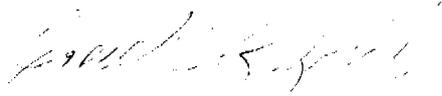
Findings:

The January 30, 1998 submittal fulfills the requirements of this section. However, the permittee must increase the bond from its present \$11,949,205 to *at least* \$12,009,601 in order to cover the additional costs associated with the reclamation of the degassification wells, well pads, and the access road.

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If you have any questions please call.

Sincerely,



Joseph C. Helfrich
Permit Supervisor

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Enclosure

cc: Ranvir Singh, OSM
Richard Manus, BLM
Mark Page, Water Rights, w/o
Dave Ariotti, DEQ, w/o
Bill Bates, DWR, w/o
David T. Terry, SITLA, w/o
Price Field Office

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