



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 6, 2006

Dennis Ware, Controller
Castle Gate Holding Company
P.O. Box 30
Helper, Utah 84526-0030

Subject: Conditional Approval of Bond Releases at Mine Facilities Area, Phase I (Overland Conveyor Corridor) and Phase III (Mine Buildings), Task 2521, Plateau Mining Corporation, Willow Creek Mine, C/007/0038

Dear: Mr. Ware:

Phase I bond release in the amount of \$434,699 at the Willow Creek Mine on 20.8 acres of land related to the overland conveyor corridor in the Willow Creek and Price Canyons and a portion of the main mine facilities area is conditionally approved pending receipt of five (5) clean copies. Additionally, Phase III bond release in the amount of \$2,925,790 on 36.4 acres of land where the mine buildings are located in Willow Creek Canyon is conditionally approved upon the completion of the transfer of the land described in Exhibit 23 of the bond release application to the College of Eastern Utah and receipt of five (5) clean copies for incorporation.

OSM concurred with both of these bond releases by letter dated June 27, 2006 (attached). The amounts of bond to be released for the mine facilities at the Willow Creek Mine are:

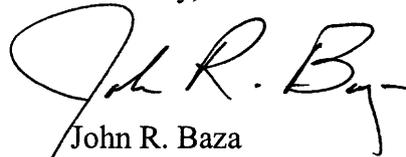
Bond Releases	Totals	Phase III – Mine Buildings Area	Phase I – Overland Conveyor Area and Small Portion of Mine Facilities Area
Acreages	57.2 Acres	36.4 Acres	20.8 Acres
Bond Release	\$3,360,489	\$2,925,790	\$434,699
Remaining Bond - Overland Conveyor/ Mine Facilities Area	\$289,800	\$0	\$289,800

Page 2
July 6, 2006
Dennis Ware

The current bond for the Willow Creek Mine is for \$7,866,000 with Travelers Casualty & Surety Ins. Co (#104329637). You are authorized to reduce the bond by \$3,360,489. The bond amount posted after these bond releases is \$4,505,511.

If you have any questions please call Pamela Grubaugh-Littig at 801-538-5268.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza". The signature is written in a cursive style with a large, looping initial "J".

John R. Baza
Director

sm
Attachment: (OSM concurrence letter)
cc: Jim Fulton, OSM (w/o)
Carbon County Planning (w/o)
O:\007038.WIL\FINAL\WG2521\Wareletter.doc



IN REPLY REFER TO:

United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 46667
Denver, Colorado 80201-6667

Noted - JRB 7/3/06

June 27, 2006

Jacobs
C/007/0038

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

RE: Phase I and Phase III Bond Release, Plateau Mining Corporation, Willow Creek Mine, Mine Facilities Area, Utah Permit No. C/007/038

Dear Mr. Baza,

This letter acknowledges the Office of Surface Mining (OSM), Western Region (WR), Denver Field Division's (DFD) receipt and review of the above Phase I and Phase III Bond Release State Decision Document (decision) dated June 21, 2006. That decision includes the June 12, 2006, technical analysis prepared by the Division of Oil, Gas, and Mining (OGM). DFD agrees with the findings in the decision and hereby provides OSM concurrence for this bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 944.30, Article IX, of the State-Federal Cooperative Agreement.

A thorough summary of the operational and reclamation history of the mine are accurately captured in the OGM decision. The required public, governmental agencies, and landowner notifications of the bond release application were provided by the permittee (Plateau Mining Corporation, or PMC, is the surface land owner of the areas proposed for release) and are documented in the bond release application.

The bond release inspection notifications provided by OGM are documented in the decision, the inspection report for the bond release inspection conducted by OGM on June, 8, 2006, or related correspondence. OSM, the Bureau of Land Management (BLM), and adjacent landowners were notified of the bond release inspection. OSM and BLM participated with OGM and PMC in the bond release inspection.

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DIV. OF OIL, GAS & MINING



Willow Creek Mine; pg. 2

OSM has reviewed the OGM bond release inspection report; and OSM's Mine Site Evaluation Report is dated June 13, 2006. OSM's evaluation report is available in the DFD offices or upon request.

Backfilling and grading to achieve the approximate original contour, surface water runoff control, and topsoil replacement and seeding on the 20.8 acres related to the overland conveyor corridor were evaluated by OGM while reclamation was occurring during the Fall of 2004, further evaluated on subsequent monthly inspections by OGM, and finally evaluated and approved during the required bond release inspection. Phase I bond release criteria were met or exceeded by the permittee on this acreage.

A post mining land use change to industrial land use on the 36.4 acres related to the mine buildings and associated facilities in Willow Creek Canyon has been approved by OGM. These buildings and facilities will be used to house and operate the new Western Energy Training Center associated with the College of Eastern Utah in Price, Utah. Phase III bond release criteria have been met or exceeded by the permittee on this acreage, buildings, and support facilities.

BLM concurred with the decision in a letter received by OGM on June 16, 2006 (copy enclosed). No other federal, state, or local government agencies are required to provide a concurrence for this bond release action; and no written comments on the bond release application were received by OGM from the public, governmental agencies, or adjacent landowners.

OGM's decision demonstrates the applicant's compliance with the Utah approved regulatory program at Rule R645-301-800, Bonding and Insurance. Bond release criteria found in the above regulatory provision(s) have been met or exceeded by the permittee.

As noted above, this Phase I bond release applies to 20.8 acres of reclaimed disturbance (the former overland conveyor corridor) and the bond amount proposed for release is \$434,699; and the Phase III release applies to 36.4 acres consisting of the main mine facilities and support areas approved as industrial post mining land use to facilitate the Western Energy Training Center. The Phase III bond amount proposed for release is \$2,925,790 which represents a one hundred percent release of bond monies and reclamation liability associated with the 36.4 acre release area.

Willow Creek Mine, pg.3

In their technical analysis dated June 12, 2006, OGM has determined that the remaining bond amount of \$289,800 will be sufficient to ensure environmental monitoring and reclamation success through Phase III bond release requirements for all remaining areas of the Willow Creek Mine, Utah Permit No. C/007/038.

OSM concurs with the findings in the OGM Phase I and Phase III bond release decision, full Phase III bonding monies and liability release for the 36.4 acres of industrial land use, and the Phase I bond monies proposed for release as documented above.

Thank you and your staff for coordinating this federal lands bond release through the DFD. Please direct any questions concerning this action to Henry Austin, Senior Reclamation Specialist, at haustin@osmre.gov or to (303) 844-1440 x1446.

Sincerely,



James. F. Fulton, Chief
Denver Field Division

Enclosure

cc: Plateau Mining Corp.
BLM, Salt Lake City, UT