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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

Outgoing
C0070038
#3467
K
cc: Angela

July 7, 2010

Mr. Dennis Ware
Plateau Mining Company
P.O. Box 30
Helper, Utah 84526-0030

Subject: Approval of Phase I Bond Release of Remaining Reclaimed Areas, Task ID #3467, Plateau Mining Corporation, Crandall Canyon, Willow Creek Mine C/007/0038

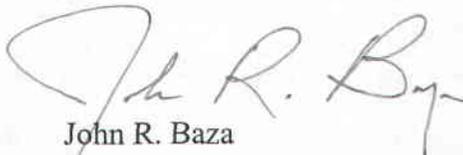
Dear Mr. Ware:

The Division has processed your application for Phase I bond release for the Crandall Canyon area of the Willow Creek Mine. Bond release is hereby approved. Plateau Mining Corporation has requested a reduction in the bond for the full 60% for the Crandall Canyon portion of the Willow Creek Bond. This Phase I bond release applies to the reclaimed 32.96 acres of land in Crandall Canyon. The reclamation work consisted of demolition of surface facilities, backfilling and sealing of two mine shafts, general backfilling and grading of the canyon, resoiling, seeding and mulching. Crandall Canyon is located in Sections 27 and 28, T. 12 S., R. 9 E. The effective date of this release is July 7, 2010.

A copy of the Division's Decision Document, which discusses the findings that support the bond release, is enclosed. The US Office of Surface Mining, the Utah Department of Water Quality and the Bureau of Land Management have concurred with this bond release.

Thank you for your help during this process. If you have any questions, please call April Abate at 801-538-5214 or Daron Haddock at 801-538-5325.

Sincerely,



John R. Baza
Director

JRB/DRH/sqs
Enclosure
cc: OSM
Price Field Office
O:\007038.WIL\FINAL\WG3467\Phase I Bond Release Decision Document.doc

File In C0070038. *Incoming*
Date: 07072010 Refer to:

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

Willow Creek Mine
Crandall Canyon
Phase I Bond Release
007/0038
Carbon County, Utah

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- DWQ Concurrence Letter
- OSM Concurrence Letter

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

DECISION DOCUMENT

Willow Creek Mine
Crandall Canyon
Carbon County, Utah

ACTION

Grant Approval of Bond Release

The Division received Plateau Mining Corporation's (PMC) application for Phase I bond release on November 30, 2009. The Permittee currently has a surety bond in the amount of \$2,175,114 of which \$1,251,000 is designated for Crandall Canyon payable to the Utah Division of Oil, Gas and Mining (DOG M) and the US Office of Surface Mining Reclamation and Enforcement (OSMRE). PMC is seeking release of \$750,600 - the full 60%, as required by the Utah coal rules for Phase I Bond Releases.

This Phase I bond release applies to the 32.96 acres of land in Crandall Canyon of that amount, 16.93 acres represent the reclaimed area. The reclaimed area includes 1 acre of reestablished road and 15.93 acres that have been deep gouged and seeded. The area surrounding the reclaimed 16.93 acres consists of a combination of undisturbed area and a road accessing the private property further up the canyon. The reclamation work consisted of demolition of surface facilities, backfilling and sealing of two mine shafts, general backfilling and grading of the canyon, resoiling, seeding and mulching. The reclaimed land is located in Crandall Canyon approximately 5.5 miles north of Helper, Utah off Highway 6 on the following described lands:

Township 12 South, Range 9 East, SLB&M, Utah

Section 22: Portions of the SE1/4, SW1/4, and SW1/4, SE1/4

Section 27: Portions of the NE1/4, NW1/4, and SW1/4, NW1/4

Section 28: Portions of the NW1/4, SW1/4,
NE1/4, SW1/4
SW1/4, SW1/4
NE1/4, SE1/4
SW1/4, SE1/4, and
SE1/4, SE1/4

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Utah Coal Regulatory Program

The Permittee published notification of the application for bond release in the Sun Advocate Newspaper, Price, Utah on February 2, 9, 16, 23, 2010. On May 12, 2010, the Division sent a letter inviting parties of interest to participate in a bond release inspection of the site, and the on-site inspection was done on Tuesday, June 8, 2010. Dennis Ware representing PMC accompanied one representative from the US Bureau of Land Management office, one representative from the OSMRE, one representative from the State of Utah Division of Water Quality, one representative of Blackhawk Coal Company – the parent company of PMC, and several Division personnel. A copy of the inspection report is enclosed.

The Division of Oil, Gas and Mining finds that PMC has completed Phase I reclamation of the Crandall Canyon area of the Willow Creek mine as required by the Utah Coal Mining Rules. In a letter dated June 11, 2010 the BLM stated their concurrence with Phase I bond release. In a letter dated June 15, 2010, the Division of Water Quality issued their concurrence with the Phase I bond release. The OSMRE sent a concurrence letter on June 29, 2010.

BACKGROUND

On November 30, 2010, the Permittee submitted an application to the Division for Phase I bond release of the Crandall Canyon portion of the Willow Creek reclamation bond.

The Willow Creek Mine is owned by PMC and is located approximately 5.5 miles north of Helper, Utah. Mining at this site began in 1997 and permanently closed in 2002. With the closure of the Willow Creek Mine and Preparation Plant, the Crandall Canyon shafts were no longer needed. The Crandall Canyon facilities were initially reclaimed in the summer of 2003 with final seeding in the fall of 2003. A small amount of settlement of the backfilled No. 1 (western) shaft occurred in 2004 (<10 feet) and in 2005 less than 5 feet additional soil from the immediate area was added and immediately reseeded after regrading was complete.

In November 2006, significant settlement of the backfilled shaft No. 2 (eastern) ventilation shaft was discovered. Soil from the immediate area was dozed into the shaft until water from inside the shaft began to spill into the adjacent drainage. The shaft area was then temporarily fenced for safety purposes. Elevated concentrations of suspended solids from water samples from inside the shaft indicated elevated levels of suspended solids. Therefore, a holding pond was constructed adjacent to the shaft to pump the water into. In July 2008, after the backfill was allowed to settle at Shaft No. 2, the backfilled soil was excavated to a depth of approximately 2 feet below the shaft collar. Bentonite was emplaced on the backfill to the top of the shaft collar and soil was then mounded over the shaft above the ground elevation in order to anticipate any additional settling. The area was then regraded and reseeded. There are no remaining sediment control structures (ponds, silt fences, straw bales) or diversions to be removed.

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CHRONOLOGY OF CRANDALL CANYON RECLAMATION

Fall 2003 Initial Backfilling of the #2 shaft as part of final reclamation

November 27, 2006 Discovery that significant settlement of the #2 shaft had occurred

December 2006 Temporary cover placed over shaft and area fenced for safety

April 2007 Clean water from the shaft discharged into the Price River
Evaporation pond was constructed to hold high TSS water

July 2007 Finished placing high TSS water in evaporation pond
#2 Shaft backfilled

July 2008 Evaporation pond reclaimed and area reseeded

CHRONOLOGY FOR PHASE I BOND RELEASE

November 30, 2009 PMC sends letters to local governments, state and Federal regulatory agencies, and property owners notifying them of the proposed bond release.

November 30, 2009 Division receives Phase I bond release application from PMC for Phase I bond release for approximately 32.96 acres of land within Crandall Canyon.

February 2, 9, 16, 23, 2010 Phase I bond release published in the Sun Advocate, a Carbon County newspaper based in Price, Utah.

March 23, 2010 End of public comment period. No comments received.

May 12, 2010 The Division sent letters of invitation to attend the bond release inspection on December 3, 2008.

May 4, 2010 Preliminary Bond Release Inspection – Permittee and Division Staff Only

June 8, 2010 Phase I Bond Release inspection.

In attendance: Dennis Ware, PMC
Sue Wiler, BLM
Christina Hulsman, OSM
Daron Haddock, DOGM

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

Priscilla Burton, DOGM
April Abate, DOGM
Joe Helfrich, DOGM
Pete Hess, DOGM
Jeff Studenka, DWQ
Tonya Hammond, Blackhawk Coal Company
Reed Martineau, Adjacent Private Landowner

SUMMARY OF FINDINGS:

A review of the mine site and technical evaluation of the supporting data was provided in the May 1, 2008 bond release request. The Phase I bond release is for 32.96 acres of the Crandall Canyon portion of the Willow Creek Mine. The Phase I bond release was advertised for four consecutive weeks. No comments were received during the public comment period. A bond release inspection was conducted on June 8, 2010. No issues were identified in the inspection report or by any of the representatives from other agencies who attended the inspection. The Division received letters of concurrence from BLM on June 11, 2010, the Division of Water Quality on June 15, 2010 and OSMRE on June 29, 2010.

PHASE I BOND RELEASE RECOMMENDATION

Grant approval of Phase I bond release. PMC has met all the requirements for the Phase I Bond Release in accordance with R645-301.800.