

C/007/038 Incoming

**PLATEAU
MINING
CORPORATION**

November 13, 2013

Mr. Steve Christensen
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

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Re: **Midterm Review Bonding Update, Task ID #4401, Plateau Mining Corporation, Willow Creek Mine, C/007/0038**

Dear Mr. Christensen:

The Permittee received your letter of October 21, 2013 concerning the midterm permit review for the Willow Creek Mine. The letter identifies one deficiency which is for the Permittee to provide updated information for estimated bonding costs with supporting calculations.

The Willow Creek Mine is in Phase II bond release and therefore the only remaining bonding cost is for revegetation. The current bond is \$489,166. The recalculated bond amount is \$503,105. The recalculated bond utilized the RSMeans for the year 2013 adding 26.8% for indirect costs and then escalating this result for five years arriving at the bond cost in 2018 dollars. The attached permit amendment includes the C1 and C2 as well as the Willow Creek Mine - Midterm Review Bonding Cost Calculation Spreadsheet which provides the details of the bonding cost calculation.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,


Dennis N. Ware
Authorized Representative

Enclosures

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: PLATEAU MINING CORPORATION

Mine: WILLOW CREEK MINE

Permit Number:

C/007/0038

Title: UPDATE BONDING - MIDTERM REVIEW

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

UPDATE BONDING - MIDTERM REVIEW

Instructions: If you answer yes to any of the first eight questions, this application may require Public Notice publication.

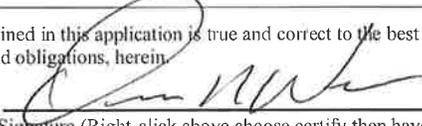
- | | |
|--|---|
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 6. Does the application require or include public notice publication? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? |

Explain: _____

- | | |
|---|--|
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2) |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 19. Does the application require or include certified designs, maps or calculation? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 21. Have reclamation costs for bonding been provided? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | 24. Does the application include confidential information and is it clearly marked and separated in the plan? |

Please attach three (3) review copies of the application. If the mine is on or adjacent to Forest Service land please submit four (4) 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.

Dennis N. Ware Authorized Representative 11-19-13 
 Print Name Position Date Signature (Right-click above choose certify then have notary sign below)

Subscribed and sworn to before me this 19th day of Nov., 2013

Notary Public: Ruanne LeeFlang, state of Utah.

My commission Expires: 6-30-17 }
 Commission Number: 6667709 } ss:
 Address: 25 No. Main }
 City: Orangeville State: Ut Zip: 84537 }



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Willow Creek Mine - Midterm Review Bonding Cost Calculation Spreadsheet - November 2013

Willow Creek Seeding Cost taken from the Willow Creek MRP, Volume 9, Exhibit 17

Description	Materials	2013 Means #		Unit	Unit Cost	Surface Facilities/Conveyor Corridor		Prep. Plant, Loadout and Refuse Pile		Gravel Canyon		Crandall Canyon		Totals
		Quantity	Cost			Quantity	Cost	Quantity	Cost	Quantity	Cost			
Initial Seeding														
Place Hay Mulch	Hay, 1" deep, power mulcher large	32 91	13.16	0350	41.19	MSF	2215	\$91,236	3132	\$129,007	218	\$8,979	800	\$32,952
Seeding	Hydro Seeding with mulch and fertilizer	32 92	19.14	5800	38.5	MSF	2215	\$85,278	3132	\$120,582	218	\$8,393	800	\$30,800
Place Hay Mulch	Hay, 1" deep, power mulcher large	32 91	13.16	0350	41.19	MSF	2215	\$91,236	3132	\$129,007	218	\$8,979	800	\$32,952
Seeding Bareroot	Bareroot Seeding	32 93	43.10	0560	0.65	EA	0	\$0	0	\$0	0	\$0	600	\$390
Total Direct Cost of Initial Seeding								\$267,749		\$378,596		\$26,352		\$97,094
Assume 20% Reseeding Rate								\$53,550		\$75,719		\$5,270		\$19,419
Total Direct Cost of Seeding in Bond								\$321,299		\$454,315		\$31,622		\$116,513

Increase Direct Cost of Seeding by Adding Indirect Costs and Escalate to 2018 Dollars

Indirect Costs	Surface Facilities/Conveyor Corridor		Prep. Plant, Loadout and Refuse Pile		Gravel Canyon		Crandall Canyon	
	Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
Mob/Demob (10.0%)		\$32,130		\$45,432		\$3,162		\$11,651
Contingency (5.0%)		\$16,065		\$22,716		\$1,581		\$5,826
Engineering Redesign (2.5%)		\$8,032		\$11,358		\$791		\$2,913
Main Office Expense (6.8%)		\$21,848		\$30,893		\$2,150		\$7,923
Project Management Fee (2.5%)		\$8,032		\$11,358		\$791		\$2,913
Subtotal Indirect Costs (26.8%)		\$86,107		\$121,757		\$8,475		\$31,226
Total Direct and Indirect Cost for Reseeding in 2013 Dollars		\$407,406		\$576,072		\$40,097		\$147,739
Escalation Factor (1.5 %)		0.015						
Escalation Years (5)		5						
Escalation		\$31,486		\$44,521		\$3,099		\$11,418
Total Direct Cost and Indirect Cost or Reseeding in 2018 Dollars		\$438,892		\$620,593		\$43,196		\$159,157

Convert Total Direct and Indirect Cost of Seeding to Cost Per Acre and Apply to Acres Remaining in the Permit/Bond

Convert Direct and Indirect Cost of Seeding, Cost to Cost/Acre	Surface Facilities/Conveyor Corridor		Prep. Plant, Loadout and Refuse Pile		Gravel Canyon		Crandall Canyon		Totals
	Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost	
Acres used in Bond Calculation (includes acres changed to industrial and acres removed from the bond/permit)		\$0.85		71.90		5.01		18.36	146.12
Total Direct and Indirect Cost of Seeding per Acre in 2018 Dollars		\$8,631.11		\$8,631.34		\$8,630.61		\$8,668.67	
Actual Acres Seeded (only those acres that were actually seeded which remain in the bond/permit)									
Total Direct and Indirect Cost of Seeding the Remaining acres in the permit/bond		11.77	(A)	26.23		4.29	(B)	15.93	58.22
Bond Posted as of November 2013		\$101,588		\$226,400		\$37,025		\$138,092	\$503,105
Difference									\$489,166
Difference (%)									-2.77%

NOTES:

(A) 26.01 acres seeded at the Refuse Pile and 0.22 acres seeded at the Loadout for a total of 26.23 total acres seeded

(B) 15.24 acres seeded at the Crandall Canyon Facilities area and 0.69 acres seeded at the Crandall Canyon Topsoil Stockpile area for a total of 15.93 acres seeded
For a detailed view of all of the acreage numbers by area see the Phase II Reclamation Maps