

0050

Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, Utah 84542



INCOMING
C0070039

April 4, 2005

Ms. Pamela Grubaugh-Littig
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: Degassification Amendment - Revisions to Bond Associated with the Permitting of Degas Well G-7, Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find four copies of revisions to the bond (Appendix 5-6) to cover Degas Well G-7.

A copy of this submittal has been delivered to the Price field office.

Thank you for your assistance and if you have any questions, please call me at (435) 636-2869.

Sincerely yours,

Vicky S. Miller

cc: Dave Spillman
Pete Hess

RECEIVED

MAY 04 2005

DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Canyon Fuel Company, LLC

Mine: Dugout Canyon Mine

Permit Number: C/007/039

Title: Revisions to Bond for Associated with the Permitting of Degas Well G-7 - Task ID No. 2178

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

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

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: 1.25 increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

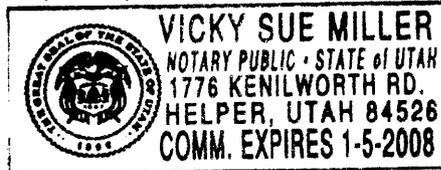
I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Erwin Sees
Print Name

Vicky Sue Miller 5/4/05 G.M.
Sign Name, Position, Date

Subscribed and sworn to before me this 4 day of MAY, 2005

Vicky Sue Miller
Notary Public
My commission Expires: 1-5, 2008
Attest: State of UTAH } ss:
County of CARBON



For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining <div style="font-size: 2em; font-weight: bold; margin: 10px 0;">RECEIVED</div> <div style="font-size: 1.5em; font-weight: bold; margin: 5px 0;">MAY 04 2005</div> <div style="font-weight: bold; margin: 5px 0;">DIV. OF OIL, GAS & MINING</div>
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APPENDIX 5-6

Reclamation Bond Estimate

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$862,899.00
Subtotal Backfilling and Grading	\$551,461.00
Subtotal Revegetation	\$383,995.00
Direct Costs	\$1,798,355.00

Indirect Costs

Mob/Demob	\$179,836.00	10.0%
Contingency	\$89,918.00	5.0%
Engineering Redesign	\$44,959.00	2.5%
Main Office Expense	\$122,288.00	6.8%
Project Mainagement Fee	\$44,959.00	2.5%
Subtotal Indirect Costs	\$481,960.00	26.8%

Total Cost	\$2,280,315.00
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Escalation factor		0.0259
Number of years		2
Escalation	\$119,650.00	

Reclamation Cost Escalated	\$2,399,965.00
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Bond Amount (rounded to nearest \$1,000) 2005 Dollars	\$2,400,000.00
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Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
Mine Belt BC-1 No 1																			15493
Transfer Building No 2																			27938
Feed Belt BC 2 No3																			10946
Stack Tubes 2 No4																			3175
Head House 1 No 5																			5248
Transfer Belt BC 2 No 6																			6987
Head House 2 No 7																			1359
Reclaim Tunnel No 8																			29096
Reclaim Belt BC 4 No 9																			9755
Escape Tunnel 60 inch No 10																			780
Crusher Building No 11																			25336
Truck Loadout Belt BC 5 No 12																			7956
Truck Loudout and Scale No 13																			20600
Bathhouse No 14																			111344
Substation No 15																			1489
Power Lines and Poles No 16																			1958
Retaining Wall No 17																			603
Gabion Wall No 18																			57513
Pump House No 19																			2315
Paved Road No 20																			56520
Stream Culvert 72 inch No 21																			45027
Water Tanks No 22																			2899
Rock Dust Bin No 23																			915
Fuel Tank and Fuel Station No 24																			1336
Holding Tank No 25																			318
Ventilation Fan No 26																			1842
Magnet 27																			434
Water System 28																			71041
Sewage System 29																			23808
Item 30 removed																			
Storage Containers 31																			7560
Gilson Well No 32																			1294
Shop Building No 33																			4014
Switch House No 34																			989
Portals No 35																			26000
Storage Building No 36																			1531
Sampling System No 37																			1260
Degas Well G4 No 38																			7609
Degas Well G2 No 39																			18840
Degas Well G3 No 40																			13095
Stoker Storage Bin No 41																			711
Substation No 2 No 42																			2194
Gabion Baskets No 43																			970
Methane Degas Wells 45																			130917
Degas Well G 6 MW 06																			9897
Degas Well G 5 MW 05																			10291
Pace Fan Culvert																			1246
Pace Fan Generator																			48785
Pace Fan Portal																			5200
Refuse Site No 44																			9490
DegasWellG7																			15417
Total																			861341

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
	Methane Gas Wells 45																				
	Structure's Demolition Cost	Plug Well	AML3	5000 EA.											12 EA	EA		12 EA	EA	60000	
	Rubble's Weight (exclude steel)																				
	Truck's Capacity																				
	Haulage																				
	Transportation Cost Non Steel Truck																				
	Transportation Cost Non Steel Drive																				
	Disposal Cost Non Steel																				
	Steel's Weight																				
	Truck's Capacity																				
	Haulage																				
	Transportation Cost Steel Truck																				
	Transportation Cost Steel Truck Drive																				
	Disposal Cost Steel																				
	Subtotal																				60000
	Fence																				
	Silt Fence	Silt fence	02370 700 1100	1.05 LF		12700										FT					13335
	Chicken Wire Fence	Fence Chicken Wire	02820 410 0012	4.57 LF		12600										FT					57662
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	Subtotal																				
	Total																				

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Degas Well G7"																			
	Grade and Backfill	Front end loader 3 CY	02315 424 1300	1.39	/CY						56					CY		56	CY	78
	Fill in Mud Pit	Backfill Trench Mininal Haul 2 1/4 CY	02315 610 3080	1.53	/CY						2543					CY		2543	CY	3891
	Subtotal																			3969
	Plug Well Casing	Concrete Ready Mix 8000 psi	03310 220 0412	184	/CY						21					CY		21	CY	3864
	Subtotal																			3864
	Spread Topsoil	Front end loader 3 CY	02315 424 1300	1.39	/CY						1251					CY		1251	CY	1730
	Spread Topsoil	Backfill Trench Mininal Haul 2 1/4 CY	02315 610 3080	1.53	/CY						1251					CY		1251	CY	1914
	Subtotal																			2653
	Fence																			
	Remove Barbed Wire	Fencing Barbed wire 3 strand	02220 220 1600	1.55	/LF	917										FT		917	FT	1421
	Subtotal																			1421
	Support																			
	Pickup Truck	Pickup Rental	01590 400 7200	80.42	/day									37.2		hr		4.7	day	378
	Foreman	Foreman Average, Outside	Foreman	\$57.30	HR									37.2		hr		37.2	hr	2132
	Subtotal																			3910
	Total																			16417

Ref.	Description	Materials	Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Degas Well G7																			
	Soil Preparation																			
	Pocking	Excavation Bulk Bank 2 CY (322BL)	02315 400 0260	1.73	/CY					1.25						AC		2017	CY	3489
	Subtotal																			3489
	Seed Mix No 1																			
	Hydroseed Equipment and Labor	Hydro Spreader (equip. & labor) B-81 80MS	Reveg002	18.8	/MSF					1.25						AC		54	MSF	1015
	Hydroseed Material	Dugout Seed Mix No 1	Dugout 07391S	394.75	/AC					1.25						AC		1.25	AC	493
	Hay Mulch	Hay material only 02370 700 1200	Reveg001R	57.2	/ton					1.25						AC		1.25	ton/AC	72
	Transplant Area No 1																			
	Area																			
	Transplant Materials	Dugout Transplant Mix No 1	Dugout 07391T	349	/AC											AC		0	AC	0
	Transplant Labor	Bare root seedlings, 6" to 10"	02912 350 0711	1.21	Ea											#/AC		0	EA	0
	Subtotal																			1550
	Direct Vegetation																			5098
	Reseeding																			
	Assume 25% reveg rate																			1271
	Total																			6940

Ref.	Description	Materials	Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Degas Well G45																			
	Soil Preparation																			
	Packing	Excavation Bulk Bank 2 CY (322BL)	02315 400 0260	1.73	/CY					19						AC		30653	CY	53030
	Subtotal																			53030
	Seed Mix No 1																			
	Hydroseed Equipment and Labor	Hydro Spreader (equip. & labor) B-81 80MS	Reveg002	18.8	/MSF					19						AC		828	MSF	15566
	Hydroseed Material	Dugout Seed Mix No 1	Dugout 07391S	394.75	/AC					19						AC		19	AC	7500
	Hay Mulch	Hay material only 02370 700 1200	Reveg001R	57.2	/ton					19						AC		19	ton/AC	1087
	Transplant Area No 1																			
	Area																			
	Transplant Materials	Dugout Transplant Mix No 1	Dugout 07391T	349	/AC					19						AC		19	AC	8831
	Transplant Labor	Bare root seedlings, 6" to 10"	02912 350 0711	1.21	Ea										550	#/AC		10450	EA	12845
	Subtotal																			49479
	Control Vegetation																			
	Reseeding																			
	Assume 25% reveg rate																			0
	Total																			62409