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EarthFax Engineering, Inc.
7324 South Union Park Avenue, Suite 100
Midvale, Utah 84047
Phone: 801-561-1555
Fax: 801-561-1861
Web Site: www.earthfax.com

Jensen
4/007/0039

To Wayne Western
Company Utah DOGM
Fax No. 359-3940
Phone No. 538-5340
No. of Pages 13, including this cover sheet
Date 5-19-05

*Copy of May 17 submittal for the Pacc Canyon
Fan Portal.*

RECEIVED

MAY 19 2005

DIV. OF OIL, GAS & MINING

From: Layne Jensen





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

May 16, 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: Pace Canyon Fan Portal - Drainage and Topsoil Revisions - Bond Revisions
Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find four copies of an amendment to address revisions to the Dugout Canyon Mine bond. The revisions were requested by the UDOGM staff during a meeting on May 13, 2005. In attendance at the meeting were Wayne Western, Wayne Hedberg, Priscilla Burton and David Darby.

Revisions were also requested to be made to the reclamation plan, however upon examination we have determined that the information currently approved in Section 762.100 was sufficient to describe the reclamation to the extended channel and culvert.

Please add this bond information to the submittal made on May 13, 2005 which deals with the extension of the culvert in the south drainage of the Pace Canyon Fan Portal facilities. If further clarification is needed do not hesitate to call or contact one of the individuals who attended the meeting.

Please do not hesitate to contact us with concerns as they arise in your review process. We are committed to address your concerns as they arise.

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

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MAY 19 2005

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RECEIVED
MAY 17 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: Pace Canyon Fan Portal - Drainage and Topsoil Stockpile Revisions - Bond Revisions

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: _____ 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.

David Spillman
Print Name

David Spillman, Engineering
Sign Name, Position, Date

Subscribed and sworn to before me this 16 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 RECEIVED MAY 17 2005 DIV. OF OIL, GAS & MINING
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RECEIVED
MAY 19 2005
DIV. OF OIL, GAS & MINING

Canyon Fuel Company, LLC
SCM/Dugout Canyon Mine

Mining and Reclamation Plan
May 16, 2005

APPENDIX 5-6

Reclamation Bond Estimate

Dugout Canyon C/007/039

Bond Amount

Revised May 16, 2005

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$861,763.00
Subtotal Backfilling and Grading	\$551,775.00
Subtotal Revegetation	\$382,523.00
Direct Costs	\$1,796,061.00

Indirect Costs

Mob/Demob	\$179,606.00	10.0%
Contingency	\$89,803.00	5.0%
Engineering Redesign	\$44,902.00	2.5%
Main Office Expense	\$122,132.00	6.8%
Project Mainagement Fee	\$44,902.00	2.5%
Subtotal Indirect Costs	\$481,345.00	26.8%

Total Cost	\$2,277,406.00
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Escalation factor	0.0259
Number of years	2
Escalation	\$119,497.00

Reclamation Cost Escalated	\$2,396,903.00
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Bond Amount (rounded to nearest \$1,000) 2005 Dollars	\$2,397,000.00
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Revised May 14, 2005

Detailed Item Costs

Dugout Canyon 0207/0309

Ref.	Description	Material	Main Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Volume	Weight	Density	Time	Number	Unit	Small Factor	Quantity	Unit	Cost	
	Item B01 No 1																			1653
	Item B02 No 2																			2752
	Item B03 No 3																			1045
	Item B04 No 4																			3175
	Item B05 No 5																			2048
	Item B06 No 6																			6907
	Item B07 No 7																			1569
	Item B08 No 8																			2000
	Item B09 No 9																			9755
	Item B10 No 10																			784
	Item B11 No 11																			2354
	Item B12 No 12																			7794
	Item B13 No 13																			2049
	Item B14 No 14																			11144
	Item B15 No 15																			1079
	Item B16 No 16																			1819
	Item B17 No 17																			843
	Item B18 No 18																			5713
	Item B19 No 19																			2815
	Item B20 No 20																			6820
	Item B21 No 21																			4427
	Item B22 No 22																			2890
	Item B23 No 23																			115
	Item B24 No 24																			1336
	Item B25 No 25																			218
	Item B26 No 26																			1842
	Item B27 No 27																			634
	Item B28 No 28																			71241
	Item B29 No 29																			21808
	Item B30 No 30																			7589
	Item B31 No 31																			1284
	Item B32 No 32																			4344
	Item B33 No 33																			200
	Item B34 No 34																			20708
	Item B35 No 35																			1331
	Item B36 No 36																			1284
	Item B37 No 37																			975
	Item B38 No 38																			132817
	Item B39 No 39																			8907
	Item B40 No 40																			10291
	Item B41 No 41																			4975
	Item B42 No 42																			2325
	Item B43 No 43																			3000
	Item B44 No 44																			10117

Revised May 16, 2005

Earthwork Costs

Daguerre Canyon C007/039

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Drs.	Units	Cost
Facilities Area D1															208108
Facilities Area D2															119177
Stream Channel 03															32886
Gabion Basin 04															
Refuse Pile 05															71327
Pace Canyon Fish Portal															20290

Revised May 16, 2005

Earthwork Costs

Dugout Canyon C-007/R35

Equipment	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dl.	Units	Cost
Pace Canyon Fan Portal														
Backfill Shell														
CAT 325BL (10-21)(2nd04)	9170	35.55	0.1	148.42	1	148.42	3 HR					3 HR		465
6x4 70,000lbs 12-18 CY (20-15) (1004)	3800	25.75	0.1	92.83	3	278.49	3 HR	641 CY	218 CY/HR			3 HR		835
Trucking Topsoil														
CAT 325BL (10-23)(2nd04)	9170	35.55	0.1	148.42	1	148.42	8 HR					8 HR		905
6x4 70,000lbs 12-18 CY (20-15) (1004)	3800	25.75	0.1	92.83	13	1206.79	8 HR	822 CY	150 CY/HR			8 HR		7561
Backfill Portal														
DPR Series II Semi-U EROPS (9-55) (2nd04)	13720	53.4	0.1	186.49	1	186.49	3 HR	331 CY	171 CY/HR			3 HR		373
Subsoil Pile contact														
DPR Series II Semi-U EROPS (9-55) (2nd04)	13720	53.4	0.1	186.49	1	186.49	3 HR	4045 CY	30 CY/HR			3 HR		8822
Doze On-110 Topsoil														
DPR Series II Semi-U EROPS (9-55) (2nd04)	13720	53.4	0.1	186.49	1	186.49	3 HR	1205 CY	480 CY/HR			3 HR		481
Doze Tracked Topsoil														
DPR Series II Semi-U EROPS (9-55) (2nd04)	13720	53.4	0.1	186.49	1	186.49	3 HR	822 CY	171 CY/HR			3 HR		1061

