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Canyon Fuel Company, LLC

Dugout Canyon Mine

P.O. Box 1029

Wellington, Utah 84542

(435) 637-6360

Fax (435) 636-2897

Incoming
4/10/07/0039

FACSIMILE TRANSMITTAL

DATE: 5/19/05 No. of Pages (Including Cover) _____

TO: Wayne Western

COMPANY: _____

FROM: Vicky Miller

REMARKS: _____

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MAY 19 2005

DIV. OF OIL, GAS & MINING



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

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, 20 05

Vicky Sue Miller
Notary Public

My commission Expires: 1-5, 20 08
Attest: State of UTAH) ss:
County of CARBON



For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

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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	\$179,808.00	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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	Equipment Cost	Hourly Operating Costs	Equipment Overhaul	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/Dis.	Units	Cost
Facilities Area 01															308109
Facilities Area 02															119177
Stream Channel 03															32889
Gabion Basin 04															71327
Refuse Pile 05															20293
Pace Canyon Fan Portal															
															811726

	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/Dls.	Units	Cost
Pace Canyon Fan Portal															
Backfill Shell															
CAT 325BL (10-21)(2nd04)	9170	35.55	0.1	52	148.42	1	148.42 \$/HR		641	CY	216	CY/HR	3	HR	445
BX4 79,000lbs 12-18 CY (26-11) (1Q04)	3600	25.75	0.1	42	92.83	3	278.49						3	HR	835
Trucking Topsoil															
CAT 325BL (10-21)(2nd04)	9170	35.55	0.1	52	148.42	1	148.42 \$/HR		922	CY	150	CY/HR	6.1	HR	905
BX4 79,000lbs 12-18 CY (26-11) (1Q04)	3600	25.75	0.1	42	92.83	13	1206.79						6.1	HR	7361
Backfill Partial															
DBR Series II Semi-U EROPS (9-55) (2nd04)	13720	53.4	0.1	52	196.49	1	196.49 \$/HR		331	CY	171	CY/HR	1.9	HR	373
Subsoil Placement															
DBR Series II Semi-U EROPS (9-55) (2nd04)	13720	53.4	0.1	52	196.49	1	196.49 \$/HR		4045	CY	60	CY/HR	44.8	HR	8822
Doze On -offe Topsoil															
DBR Series II Semi-U EROPS (9-55) (2nd04)	13720	53.4	0.1	52	196.49	1	196.49 \$/HR		1208	CY	460	CY/HR	2.5	HR	491
Doze Tracked Topsoil															
DBR Series II Semi-U EROPS (9-55) (2nd04)	13720	53.4	0.1	52	196.49	1	196.49 \$/HR		922	CY	171	CY/HR	5.4	HR	1061

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