

0079

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



INCOMING
C007039

July 20, 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: Revisions to M&RP – Bond Calculations Revised for Paved Road and Degas Well 45.
Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find four copies of the revisions to the reclamation bond for Dugout Canyon Mine. The revisions have been made to the paved road worksheet (page 23) and to the Degas Well 45 (page 43) worksheet. The total page (page 2) for demolition has been updated to reflect these changes as well as the general total page (page 1).

A copy of this amendment has been delivered to the Price Field Office.

A timely review of these bond calculations would be appreciated. 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

JUL 21 2005

DM. 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 to Add and Correct Paved Road Calculations and Degas Well 45

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.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" 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 checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved? |
| <input checked="" 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 checked="" type="checkbox"/> No | 6. Does the application require or include public notice publication? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes <input checked="" 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 checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies?
<i>Explain:</i> _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes <input checked="" 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 checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 19. Does the application require or include certified designs, maps or calculation? |
| <input type="checkbox"/> Yes <input checked="" 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 checked="" 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 checked="" type="checkbox"/> 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.

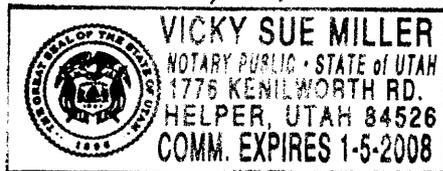
David Spillman
Print Name

David Spillman, Engineering Manager
Sign Name, Position, Date

Subscribed and sworn to before me this 20 day of JULY, 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

JUL 21 2005

ENR/OIL/GAS DIVISION

Canyon Fuel Company, LLC
SCM/Dugout Canyon Mine

Mining and Reclamation Plan
July 20, 2005

APPENDIX 5-6

Reclamation Bond Estimate

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$861,809.00
Subtotal Backfilling and Grading	\$551,775.00
Subtotal Revegetation	\$382,523.00
Direct Costs	\$1,796,107.00

Indirect Costs

Mob/Demob	\$179,611.00	10.0%
Contingency	\$89,805.00	5.0%
Engineering Redesign	\$44,903.00	2.5%
Main Office Expense	\$122,135.00	6.8%
Project Maignement Fee	\$44,903.00	2.5%
Subtotal Indirect Costs	\$481,357.00	26.8%

Total Cost \$2,277,464.00

Escalation factor 0.0259
Number of years 2
Escalation \$119,500.00

Reclamation Cost Escalated \$2,396,964.00

Bond Amount (rounded to nearest \$1,000)
2005 Dollars \$2,397,000.00

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	
	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																				20069
	Reclaim Belt BC 4 No 9																				9735
	Escape Tunnel 60 Inch No 10																				780
	Crusher Building No 11																				25336
	Truck Loadout Belt BC 5 No 12																				7958
	Truck Loadout and Scale No 13																				20900
	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																				50547
	Stream Culvert 72 Inch No 21																				45027
	Water Tanks No 22																				2859
	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																				7590
	Gilson Well No 32																				1294
	Shop Building No 33																				4014
	Switch House No 34																				989
	Pond No 35																				26000
	Storage Building No 36																				1531
	Sampling System No 37																				1531
	Degas Well G4 No 38																				1260
	Degas Well G2 No 39																				7609
	Degas Well G3 No 40																				19840
	Stoker Storage Bin No 41																				13095
	Substation No 2 No 42																				711
	Gabon Baskets No 43																				2194
	Methane Degas Wells 45																				970
	Degas Well G 6 MW 06																				136936
	Degas Well G 5 MW 05																				9897
	Pace Fan Culvert																				10281
	Pace Fan Generator																				1668
	Pace Fan Portal																				48785
	Refuse Site No 44																				5200
	Degas WellG7																				9490
	Degas WellG7																				15417
	Total																				881808

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
	Paved Road No 20																			
	Structure's Demolition Cost																			
	Structure's Vol. Demolished																			
	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																			
	Equipment's Disposal Cost																			
	Dismantling Cost																			
	Equipment's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	Subtotal																			
	Asphalt Demolition																			
	Demolition Cost	Pavement Removal 4-8"	02220 250 5050	6.55 /SY						6783						SY		6783 SY		44429
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs	On site disposal	02220 240 5550	7.6 /CY							805					CY		805 CY		6118
	Subtotal																			50547
	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																			50547

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	
	Mechanics Diggs Walls 45																				
	Structures Demolition Cost	Plug Well	AML3	5000	EA																
	Structures Vol. Demolished																				
	Rubber's Weight (exclude steel)																				
	Truck's Capacity																				
	Handling																				
	Transportation Cost Non Steel Truck																				
	Transportation Cost Non Steel Drive																				
	Disposal Cost Non Steel																				
	Steel's Weight																				
	Truck's Capacity																				
	Handling																				
	Transportation Cost Steel Truck																				
	Transportation Cost Steel Truck Drive																				
	Disposal Cost Steel																				
	Subtotal																				65000
	Fence																				
	Silt Fence	Silt fence	02370 700 1100	1.05	LF	12800															13440
	Chicken Wire Fence	Fence Chicken Wire	02820 410 0012	4.57	LF	12800															59496
	Subtotal																				71936
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Cost																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Cost																				
	Subtotal																				
	Total																				136436