

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



May 15, 2006

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

*Incoming*  
*C/007/0039 OK*  
*#2456*

RE: Revisions to M&RP – Bond Calculations Revised to Include Degas Wells G-13 thru G-17 and Corrections associated with the Refuse Pile and Pace Canyon. 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 include bond coverage for Degas Wells G-13 thru G-17. The corrections made to the bond associated with the refuse pile include adjustment to soil yardage and paved road yardages. The topsoil is all stored on site at Pace Canyon, therefore the off site truck hauling has been removed from the bond.

In addition, we have secured a rider to increase our bond to \$3,300,000. The reclamation agreement will be revised to increase the bond.

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

Sincerely yours,

*Vicky S. Miller*

Vicky S. Miller

cc: Dave Spillman  
Pete Hess

File in: *C/0070039 Incoming*  
Refer to:  
 Confidential  
 Shelf  
 Expandable  
Date: *05/15/06* for additional information

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MAY 16 2006

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:** Bond Revision to include Degas Wells G-13 thru G -17 and Corrections associated with Refuse Pile & Pace Cyn

**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: 10.5  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.

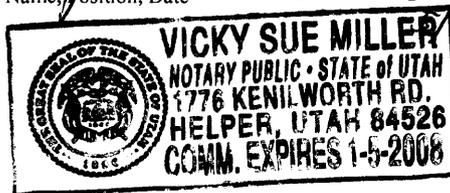
David Spillman  
Print Name

David Spillman, Engineering Manager  
Sign Name, Position, Date

Subscribed and sworn to before me this 15 day of MAY, 2006

Vicky Sue Miller  
Notary Public

My commission Expires: 1-5, 2008 } ss:  
Attest: State of UTAH }  
County of CARBON



**For Office Use Only:**

Assigned Tracking Number:

Received by Oil, Gas & Mining

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**MAY 16 2006**

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