



**Canyon Fuel  
Company, LLC**

A Subsidiary of Bowie Resource Holdings, LLC

**Dugout Canyon Mine**

P.O. Box 1029  
Wellington, Utah 84542  
(435) 637-6360  
Fax (435) 636-2897

C/007/0039  
Received 10/15/2014  
Task ID #4705

October 10, 2014

Mr. Daron Haddock  
Division of Oil, Gas and Mining (DOG M)  
P.O. Box 145801  
Salt Lake City, Utah 84114

Dear Mr. Haddock:

As required by R645-301-880.300, I have enclosed a copy of the application for Phase I and Phase II Bond Release for select Methane Degasification Sites at Dugout Canyon Mine, Carbon County, Utah, C/007/039. Three Copies are provided.

- Application for Phase I and II Bond Release
- C1 and C2 Forms
- Revised Bond Calculations
- Proposed Public Notice Bond Release Application

Please contact me at (435) 636-2872 should you have any questions or comments regarding the enclosed information.

Sincerely,

David G. Spillman, P.E.  
Technical Services Manager

**Application for Phase I and II Bond Release  
Dugout Canyon Mine  
Canyon Fuel Company  
P.O. Box 1029  
Wellington, UT 84542  
MSHA # 42-01890  
Permit # C/007/039  
Permit Renewed 3/16/2013**

Canyon Fuel Company has filed with the Division of Oil, Gas and Mining an application for Phase I and II Bond Release for 37.3 acres of the Dugout Canyon Mine.

All areas for bond release have met the regulation of the R645 Utah Coal Rules in regards to the vegetation standards for Phase I and II Bond Release (refer to R645-301-880.300). The Methane Degasification Well sites are proposed for release. The locations of the areas are as follows:

Methane Degasification Well Sites, the permit area is located in Carbon County, Utah as follows:

- G-2 Portion of N1/2SW1/4NE1/4 Section 24 Township 13 South, Range 12 East
- G-3 Portion of N1/2SW1/4NW1/4 Section 19 Township 13 South, Range 13 East
- G-4 Portion of N1/2NE1/4NW1/4 Section 24 Township 13 South, Range 12 East
- G-5 Portion of N1/2NW1/4NE1/4 Section 24 Township 13 South, Range 12 East
- G-6 Portion of S1/2SW1/4NW1/4 Section 18 Township 13 South, Range 13 East
- G-7 Portion of SW1/4NE1/4SE1/4 Section 24 Township 13 South, Range 12 East
- G-9 Portion of NW1/4NW1/4SW1/4 Section 21 Township 13 South, Range 13 East
- G-10 Portion of NE1/4NE1/4SE1/4 Section 20 Township 13 South, Range 13 East
- G-12 Portion of SE1/4NW1/4SW1/4 Section 20 Township 13 South, Range 13 East
- G-13 Portion of NW1/4NE1/4SE1/4 Section 19 Township 13 South, Range 13 East
- G-14 Portion of SW1/4SW1/4SE1/4 Section 17 Township 13 South, Range 13 East
- G-16 Portion of SW 1/4SE1/4SE1/4 Section 18 Township 13 South, Range 13 East
- G-18 Portion of NE1/4SE1/4NW1/4 Section 20 Township 13 South, Range 13 East
- G-19 Portion of SW1/4NW1/4SE1/4 Section 20 Township 13 South, Range 13 East
- G-22 Portion of NE1/4SE1/4SE1/4 Section 18 Township 13 South, Range 13 East
- G-22 Access Road Portions of SE 1/4 Section 18 Township 13 South, Range 13 East
- G-25 Portion of SW1/4SE1/4SE1/4 Section 20 Township 13 South, Range 13 East
- G-26 Portion of NE1/4NE1/4NW1/4 Section 29 Township 13 South, Range 13 East
- G-30 Portion of NE1/4SW1/4NW1/4 Section 29 Township 13 South, Range 13 East
- G-31 Portion of NW1/4SW1/4NW1/4 Section 20 Township 13 South, Range 13 East
- AMV Road Part 1 Portion of S1/2NW1/4 Section 20 Township 13 South, Range 13 East

Incremental reclamation of the noted areas above began in 2005.

The Phase I and II bond release application is for a bond reduction of \$ 250,320 on the current bond for Dugout Canyon Mine. All areas within the Methane Degasification Well sites meet the requirements of the regulations for post mine land use of Wildlife Habitat, Recreational, Grazing and Vegetation establishment.

## 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:**

<b>C/007/039</b>
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**Title:** Methane Degasification Site Bond Release C/007/039

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

Application for Phase I and II Bond Release for Multiple Methane Degasification Sites.

**Instructions:** If you answer yes to any of the first eight 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?
- Yes  No 24. Does the application include confidential information and is it clearly marked and separated in the plan?

**Please attach three (3) review copies of the application. If the mine is on or adjacent to Forest Service land please submit four (4) 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.

Print Name	Position	Date	Signature (Right-click above choose certify then have notary sign below)
Subscribed and sworn to before me this _____ day of _____, _____			
Notary Public: _____, state of Utah.			
My commission Expires: _____ } Commission Number: _____ } ss:			
Address: _____ } City: _____ State: _____ Zip: _____ }			

<b>For Office Use Only:</b>	<b>Assigned Tracking Number:</b>	<b>Received by Oil, Gas &amp; Mining</b>
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## Bonding Calculations

## Direct Costs

Subtotal Demolition and Removal	\$912,373.00	
Subtotal Earthwork - Backfilling and Grading	\$812,380.00	
Subtotal Revegetation	\$335,065.00	
Direct Costs	\$2,059,818.00	

## Indirect Costs

Mob/Demob	\$205,982.00	10.0%
Contingency	\$102,991.00	5.0%
Engineering Redesign	\$51,495.00	2.5%
Main Office Expense	\$140,068.00	6.8%
Project Mainagement Fee	\$51,495.00	2.5%
Subtotal Indirect Costs	\$552,031.00	26.8%

Total Cost	\$2,611,849.00	
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Escalation factor		0.005
Number of years		5
Escalation	\$65,952.00	

Reclamation Cost Escalated	\$2,677,801.00	
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Reclamation Cost (rounded to nearest \$1,000) 2015 Dollars	\$2,678,000.00	
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Bond Amount in 2010 dollars	\$3,550,000.00	
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Difference Between Cost Estimate and Bond Percent Difference	\$872,000.00 32.56%	
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Description	Cost		
Mine Belt BC-1 No 1	23106		
Transfer Building No 2	42445		
Feed Belt BC 2 No3	16451		
Stack Tubes 2 No4	4914		
Head House 1 No 5	7967		
Transfer Belt BC 2 No 6	10481		
Head House 2 No 7	1940		
Reclaim Tunnel No 8	44494		
Reclaim Belt BC 4 No 9	14435		
Escape Tunnel 60 inch No 10	1133		
Crusher Building No 11	37557		
Truck Loadout Belt BC 5 No 12	11979		
Truck Loudout and Scale No 13	31078		
Bathroom/Shop/Warehouse No 14	151606		
Substation No 15	1984		
Power Lines and Poles No 16	1958		
Retaining Wall No 17	936		
Gabion Wall No 18	23533		
Pump House No 19	3503		
Paved Road No 20	167700		
Stream Culvert 72 inch No 21	4193		
Water Tanks No 22	3842		
Rock Dust Bin No 23	1340		
Fuel Tank and Fuel Station No 24	578		
Holding Tank No 25	335		
Ventilation Fan No 26	2689		
Magnet No 27	940		
Water System No 28	78482		
Sewage System No 29	26303		
Storage Containers (8) No 30	2400		
Gilson Well No 31	2190		
Switch House No 32	57		
Portals No 33	26000		
Storage Bolts & Bits	3341		
Storage Building No 35	27302		
Sampling System No 36	12199		
Stoker Storage Bin No 37	1099		
Substation No 2 No 38	3328		
Gabion Baskets No 39	1091		
Pace Fan Culvert No 40	1726		
Pace Fan Generator no 41	22487		
Pace Fan Portal no 42	5200		
Refuse Site No 43	9783		
		Phase I Bond Release 60 %	Phase II Bond Release 40%
Degas Well G2	11604	6962.4	4641.6
Degas Well G3	8088	4852.8	3235.2
Degas Well G4	8265	4959	3306
Degas Well G5	10835	6501	4334
Degas Well G6	8585	5151	3434
Degas Well G7	11731	7038.6	4692.4
Degas Well G9	10953	6571.8	4381.2
Degas Well G10	11240	6744	4496
Degas Well G11	9487		
Degas Well G12	7973	4783.8	3189.2
Degas Well G13	12444	7466.4	4977.6
Degas Well G14	10375	6225	4150
Degas Well G15	11019		
Degas Well G16	10289	6173.4	4115.6
Degas Well G17	10125		
Degas Well G18	18834	11300.4	7533.6
Degas Well G19	12311	7386.6	4924.4
Degas Well G31	23458	14074.8	9383.2
AMV Road	50430	10086	6724
Degas Well G22 & Road	20545	12327	8218
Degas Well G25	12107	7264.2	4842.8
Degas Well G26	11417	6850.2	4566.8
Degas Well G-29	12017		
Degas Well G-30	12456	7473.6	4982.4
<b>Total</b>	<b>1162693</b>	<b>150192</b>	<b>100128</b>
<b>Phase I &amp; II bond release total</b>	<b>912373</b>	<b>Total</b>	<b>250320</b>

Part 1, only 1/3 complete

# Proposed Public Notice Phase I and II Bond Release Application Dugout Canyon Mine, Canyon Fuel Company

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Dugout Canyon Mine  
Canyon Fuel Company  
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A copy of the Phase I and II bond release application may be examined at the office of Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801 and written comments, objections, or requests for an informal conference may be submitted to the Salt Lake City address. Said comments must be submitted thirty (30) days from the date of the last publication of this notice. This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, and State and Federal regulations promulgated pursuant to said Act.

Published in the Sun Advocate of Carbon County Utah for four consecutive weeks beginning October XX, 2014