



OGMCOAL DNR &lt;ogmcoal@utah.gov&gt;

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## Dugout 007/039 MDW Site Phase I & II Bond Release

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Bill King <bking@bowieresources.com>

Tue, Jan 6, 2015 at 9:33 AM

To: Steve Christensen <stevechristensen@utah.gov>, Daron Haddock <daronhaddock@utah.gov>, OGMCOAL DNR <ogmcoal@utah.gov>, "cherylparker@utah.gov" <cherylparker@utah.gov>

Cc: David Spillman <Dspillman@bowieresources.com>, Kirt Tatton <Ktatton@bowieresources.com>

Daron,

Attached you will find the Dugout Bond updated with the Phase I & II Bond Release numbers and corresponding acres. If you need anything else please let me know.

### **William King**

Mining Engineer



**Canyon Fuel Company, LLC**

**A Subsidiary of Bowie Resource Partners, LLC  
Dugout Canyon Mine**

P.O. Box 1029

Wellington, UT 84542

(435) 636-2898

[bking@bowieresources.com](mailto:bking@bowieresources.com)



**Dugout 0070394711.010615 Bond Release.pdf**

91K



**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

January 6, 2015

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

Dear Mr. Haddock:

This letter is written in response to notification received on November 24, 2014 detailing deficiencies in the Phase I and II Bond Release Application, Dugout Canyon Mine, C/007/039, Task 4711.

Dugout Canyon Mine is re-submitting the bond with corrections to the Phase I and II bond release calculations. The escalation factor provided by the division of 1.2% and the number of escalated years (4) was applied to the bond.

The Phase I Bond Release is for 37.3 acres. Of the 37.3 acres 18.95 acres also obtained Phase II Bond Release.

Please contact me at (435) 636-2872 or Bill King at (435) 636-2898 should you have any questions or comments regarding the enclosed information.

Sincerely,

A handwritten signature in blue ink that reads "David G. Spillman". The signature is fluid and cursive, with the first name being the most prominent.

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

**Bonding Calculations****Direct Costs**

Subtotal Demolition and Removal	\$955,128.00
Subtotal Earthwork - Backfilling and Grading	\$812,380.00
Subtotal Revegetation	\$335,065.00
<b>Direct Costs</b>	<b>\$2,102,573.00</b>

**Indirect Costs**

Mob/Demob	\$210,257.00	10.0%
Contingency	\$105,129.00	5.0%
Engineering Redesign	\$52,564.00	2.5%
Main Office Expense	\$142,975.00	6.8%
Project Management Fee	\$52,564.00	2.5%
<b>Subtotal Indirect Costs</b>	<b>\$563,489.00</b>	<b>26.8%</b>

<b>Total Reclamation Cost 2011 Dollars</b>	<b>\$2,666,062.00</b>
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Escalation factor for 2011		0.012
Number of years to next review		4
Escalation	\$130,293.00	

<b>Escalated Reclamation Cost to 2015</b>	<b>\$2,796,355.00</b>
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Reclamation Cost (rounded to nearest \$1,000)	\$2,796,000.00
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Bond Amount in 2009 dollars	\$3,550,000.00
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Difference Between Cost Estimate and Bond	\$754,000.00
Percent Difference	26.97%

Description	Cost
Mine Belt BC-1 No 1	23,106
Transfer Building No 2	42,445
Feed Belt BC 2 No3	16,451
Stack Tubes 2 No4	4,914
Head House 1 No 5	7,967
Transfer Belt BC 2 No 6	10,481
Head House 2 No 7	1,940
Reclaim Tunnel No 8	44,494
Reclaim Belt BC 4 No 9	14,435
Escape Tunnel 60 inch No 10	1,133
Crusher Building No 11	37,557
Truck Loadout Belt BC 5 No 12	11,979
Truck Loudout and Scale No 13	31,078
Bathhouse/Shop/Warehouse No 14	151,606
Substation No 15	1,984
Power Lines and Poles No 16	1,958
Retaining Wall No 17	936
Gabion Wall No 18	23,533
Pump House No 19	3,503
Paved Road No 20	167,700
Stream Culvert 72 inch No 21	4,193
Water Tanks No 22	3,842
Rock Dust Bin No 23	1,340
Fuel Tank and Fuel Station No 24	578
Holding Tank No 25	335
Ventilation Fan No 26	2,689
Magnet No 27	940
Water System No 28	78,482
Sewage System No 29	26,303
Storage Containers (8) No 30	2,400
Gilson Well No 31	2,190
Switch House No 32	57
Portals No 33	26,000
Storage Bolts & Bits	3,341
Storage Building No 35	27,302
Sampling System No 36	12,199
Stoker Storage Bin No 37	1,099
Substation No 2 No 38	3,328
Gabion Baskets No 39	1,091
Pace Fan Culvert No 40	1,726
Pace Fan Generator no 41	22,487
Pace Fan Portal no 42	5,200
Refuse Site No 43	9,783
Degas Well G2	11,604
Degas Well G3	8,088
Degas Well G4	8,265
Degas Well G5	10,835
Degas Well G6	8,585
Degas Well G7	11,731
Degas Well G9	10,953
Degas Well G10	11,240
Degas Well G11	9,487
Degas Well G12	7,973
Degas Well G13	12,444
Degas Well G14	10,375
Degas Well G15	11,019
Degas Well G16	10,289
Degas Well G17	10,125
Degas Well G18	18,834
Degas Well G19	12,311
Degas Well G31	23,458
AMV Road	50,430
Degas Well G22 & Road	20,545
Degas Well G25	12,107
Degas Well G26	11,417
Degas Well G-29	12,017
Degas Well G-30	12,456
<b>Total</b>	<b>1,162,893</b>
Subtract Phase I	(150,192)
Subtract Phase II	(57,373)

Phase I Bond Release 60 %	Phase II Bond Release 40%
6,962	4,642
4,853	3,235
4,959	3,306
6,501	4,334
5,151	3,434
7,039	4,692
6,572	
6,744	4,496
4,784	3,189
7,466	4,978
6,225	4,150
6,173	
11,300	7,534
7,387	
14,075	9,383
10,086	
12,327	
7,264	
6,850	
7,474	
<b>150,192</b>	<b>57,373</b>

<b>Total Phase I &amp; II</b>	<b>207,565</b>
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<b>Total Less Phase I &amp; II Bond Release</b>	<b>955,128</b>
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