



United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
Western Region Office
1999 Broadway, Suite 3320
Denver, CO 80202-3050



JUL 29 2016

RECEIVED

AUG 01 2016

DIV. OF OIL, GAS & MINING

Daron Haddock, Coal Program Manager
Utah Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: Phase III Bond Release, Canyon Fuel Company, LLC, Dugout Canyon Mine, (Permit No. C/007/0039), DOGM Proposed Decision and Findings of Compliance

Dear Mr. Haddock:

This letter acknowledges the Office of Surface Mining Reclamation and Enforcement (OSMRE), Denver Field Branch's (DFB) receipt and review of the above Phase III Bond Release Decision Document prepared by the Division of Oil, Gas, and Mining (DOGM) dated July 26, 2016. DFB agrees with the findings and Decision Document and hereby provides OSMRE concurrence for the above bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 944.30, Article IX B., of the State-Federal Cooperative Agreement.

DOGM's Proposed Decision documents the applicant's compliance with the Utah approved regulatory program at Rule R645-301-880.330.

This Phase III bond release request applies to 1.82 acres, specifically:

- 1) Methane Degasification Well G-3 (0.97 acres)
- 2) Methane Degasification Well G-4 (0.85 acres)

OSMRE participated in the bond release site inspection on June 23, 2016. The Bureau of Land Management (BLM) did not participate in the site inspection. By email dated July 27, 2016, the BLM provided their concurrence. OSMRE interprets the BLM's concurrence to mean that Canyon Fuel Company, LLC (CFC), is in compliance with all applicable BLM coal lease stipulations.

DOGM currently holds a performance bond in the amount of \$3,550,000.00 and the updated minimum reclamation cost for the Dugout Canyon Mine is \$3,002,909.00. CFC is not requesting an adjustment to the surety bond amount at this time. Surface ownership of the land for which bond release was requested is private, and the coal was federally owned. Based on available documentation, OSMRE agrees with DOGM's determination that CFC has met or exceeded the requirements for Phase III bond release on the 1.82 acres of land described above.

Thank you and your staff for coordinating this federal mine bond release action through the OSMRE-DFB. Please direct any questions concerning this action to Howard Strand, Management/Program Analyst, at hstrand@osmre.gov or (303) 293-5026.

Sincerely,



Alan Boehms, Manager
Denver Field Branch

Cc: Canyon Fuel Company, LLC