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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 14, 2017

Karin Madsen, Resident Agent
West Ridge Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Midterm Completion Response, West Ridge Resources, Inc., West Ridge Mine,
Task ID #5449, C/007/0041

Dear Ms. Madsen:

The Division has reviewed the most recent midterm completion response and has identified deficiencies relative to the bonding of the property. The deficiency must be addressed prior to final approval. The deficiency is listed as an attachment to this letter.

The midterm permit review was completed in October of last year (Task #5268). Since that time, there have been three rounds of review (including this one) where the bonding calculations have been identified as deficient. In order to facilitate the completion of the midterm review response, I would strongly recommend a sit down meeting with the staff at our Salt Lake City office in order to finalize the required bonding calculations and totals.

Please resubmit the entire application by no later than July 7, 2017. Prior to submitting your response to the aforementioned deficiency, please contact myself and or Bev Wiser (801) 538-5346 to schedule a sit down meeting to resolve the outstanding bonding deficiency. It's imperative that the bonding information be up to date and accurate.

If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen
Permit Supervisor

SKC/sqs

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070041
TaskID: 5449
Mine Name: WEST RIDGE MINE
Title: MIDTERM COMPLETION RESPONSE

Reclamation Plan

Bonding Determination of Amount

Analysis:

The West Ridge Midterm Completion Response, Task 5449 is deficient and does not meet the minimum requirements of Utah State R645-301-830 due to missing and incorrect information. Permittee must submit corrected and complete bonding sheets with support documentation.

West Ridge bonding sheets are not representative of what is written in the bonding section of the written submitted amendment. Example: Page 9 item 5) Bonding - 1) Remove the steel filter boxes compares with (bond item 04) can't find the removal of the steel filter boxes 22 x \$154 that equal to \$3,388. Permittee needs to review the bonding sheets and the written bonding section and make sure that they are current, correct and representative of reclamation plan. Remember that bonding doesn't take into consideration salvage costs.

There is an adding error on Demo worksheet - Pumphouse 37 the total should be \$7556.16. Permittee total missed adding the subtotal for the 1st listed Concrete Demolition of about \$3199.

The Earthwork sheets (Backfilling and Grading) do not include current or accurate references. Example: p.45 of the amendment item 988 G II reference is 1H2008 which refers to EquipmentWatch Rental Rate Blue Book year 2008. Identify and include all of the references from EquipmentWatch Rental Rate Blue Book for equipment in sections 9 and 20 of the tractors, earthmoving and trucks in the year 2016 Blue Book. Also include overhead and profit in the calculations. For each earthwork item include a) cost reference and year, b) page the reference is found on, c)Equipment cost, d) hourly operating cost, e)equipment overhead, f) Operator's Hourly wage Rate, g)Hourly Cost, h) number of men or equipment i) Total Equipment & labor costs, j) units, k) Quantity, l)Units, m)Production rate n) Units.

Deficiencies Details:

The West Ridge Midterm Completion Response, Task 5449 is deficient and does not meet the minimum requirements of Utah State R645-301-830 due to missing and incorrect information. Permittee must submit corrected and complete bonding sheets with support documentation. See Analysis Details for details.

bwiser