



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0150017
#3532
B

May 11, 2010

Kenneth Fleck, Manager of Geology and Environmental Affairs
Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528

Subject: Authorization to Reduce Surety for the Des-Bee-Dove Mine, PacifiCorp, Des-Bee-Dove Mine, C/015/0017, Task ID #3532

Dear Mr. Fleck:

The Division received your request for surety reduction for the Phase 3 Area and the Haul Road at the Des-Bee-Dove Mine on April 14, 2010. The Phase 3 Area received Phase I Bond Release on September 17, 2009 and is eligible for a 60% reduction (\$76,832). The Haul Road received Phase III Bond Release on August 24, 1998 and is eligible for a 100% reduction (\$591,334).

The Permittee has provided cost escalation figures using the 1.005 escalation factor for the entire permit term of five years. The amount that the Permittee must post in order to maintain adequate bond coverage until 2015 is \$511,000. Therefore, you are hereby authorized to reduce your surety by \$658,718. This reduction will leave \$511,000 remaining for surety coverage for the disturbed areas. Please complete the enclosed Exhibit 'D' to document this change in surety amount and return to the Division along with the surety rider.

If you have any questions, please feel free to call Angela Nance, bond coordinator at (801) 538-5264 or Daron Haddock, permit supervisor at (801) 538-5325.

Sincerely,

FOR
John R. Baza
Director

an
Enclosure: Exhibit 'D'
cc: Price Field Office
Travelers Casualty and Surety Company
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EXHIBIT "D"

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Mine Name: Des-Bee-Dove Mine

Permit Number: C/015/0017

Effective Date: _____

Bond Number: _____

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STIPULATION TO REVISE RECLAMATION AGREEMENT
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This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

The Des-Bee Dove Mine is eligible for bond reduction as a result of Phase I bond release at Phase 3 Area (\$76,832) and Phase III bond release for the Haul Road (\$591,334).

The Permittee has provided cost escalation figures using the 1.005 escalation factor for the entire permit term of five years. The amount that the Permittee must post in order to maintain adequate bond coverage until 2015 is \$511,000.

Therefore, the bond is reduced by \$658,718. This reduction leaves \$511,000 remaining for surety coverage for the disturbed areas.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- Replace the Reclamation Agreement in its entirety.
- Replace Exhibit "A"- bonded area.
- Rider added to existing Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$1,169,718 to \$ 511,000

The bonding type is changed from _____ to _____.

The surface disturbance is revised from _____ acre to _____ acres.

The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed
from
\$ _____ to \$ _____.

IN WITNESS WHEREOF, _____ the PERMITTEE has hereunto set
its signature and seal this _____ day of _____, 20__.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH this ___ day of _____, 20__.

Director,
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

