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IN REPLY REFER TO:

United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 46667
Denver, Colorado 80201-6667

June 27, 2007

John R. Baza, P.E., Director
Department of Natural Resources
Division of Oil, Gas, and Mining
1594 West North Temple
Suite 1210, PO Box 145801
Salt Lake City, UT 84114-5801

J. Baza
C/015/0018

**RE: PacifiCorp, Deer Creek Mine, Utah Permit No. C/015/0018,
OGM Phase I Bond Release Decision Document**

Dear Mr. Baza,

This letter acknowledges the Office of Surface Mining (OSM), Western Region (WR), Denver Field Division's (DFD) receipt and review of the above Phase I Bond Release State Decision Document (decision) dated June 7, 2007. That decision includes the June 7, 2007, technical analysis prepared by the Division of Oil, Gas, and Mining (OGM). DFD agrees with the findings in the decision and hereby provides OSM concurrence for this bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 944.30, Article IX, of the State-Federal Cooperative Agreement.

A thorough summary of the operational and reclamation history of the mine is accurately captured in the OGM decision. The required public, governmental agencies, and landowner notifications of the bond release application were provided by the permittee and are documented in the bond release application and subsequent correspondence. No public comments concerning this bond release application are discussed in the OGM findings documents.

The bond release inspection notifications provided by OGM are documented either in the decision, the inspection report for the bond release inspection conducted by OGM on May 7, 2007 or related correspondence. OSM, the Bureau of Land Management (BLM), the United States Forest Service (USFS), the Utah Division of Wildlife Resources (UDWR), the Emery County Lands Council, and adjacent landowners were notified of the bond release inspection.

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DIV. OF OIL, GAS & MINING

Deer Creek Mine, Phase I Bond release, pg.2

The BLM, USFS, and OSM participated with OGM and the permittee in the bond release inspection. The surface land (0.60 acre) is owned and managed by the USFS. No problems or issues were identified during the bond release inspection. Ground conditions were dry throughout the areas inspected and there were no signs of recent surface water runoff. Two pre-law wagon mine portals which were not used post SMCRA, and 3 pre-law ventilation portals that were used post SMCRA were reclaimed in this area. The 3 post SMCRA portals were permanently sealed in 1990 (double block seals), and final reclamation backfilling was completed on all 5 portals and the associated access road in 1999 according to MSHA requirements (portals backfilled 25 feet in from the surface). Reclamation was completed in accordance with the approved mine plan. The 0.60 acre subject to this Phase I release request and adjacent areas are becoming well vegetated and no erosion was evident on the areas backfilled. No highwalls remain.

OSM has reviewed the OGM state decision document, May 7, 2007 bond release inspection report, and technical analysis noted above. Phase I bond release is requested for 0.60 acre. No bond reduction was requested by the permittee.

The OGM technical analysis including analysis of the completed backfilling and grading plan, hydrologic balance protection, and surface water runoff control has determined that the site is stable with respect to erosion and is not contributing any suspended solids above background levels to surface water runoff outside the permit area. OSM finds that Phase I bond release criteria have been met or exceeded by the permittee on the 0.60 acre proposed for release.

BLM and the USFS have concurred with the OGM proposed decision. The BLM concurrence letter is dated May 9, 2007; and an e-mail from the USFS to OGM dated May 15, 2007 serves as the USFS written concurrence for this release request.

No other federal, state, or local government agencies are required to provide a written concurrence for this bond release action; and no written comments on this bond release action from the public, governmental agencies, affected surface landowners, or adjacent landowners are discussed by OGM in their findings or technical analysis.

OGM's decision document demonstrates the applicant's compliance with the Utah approved regulatory program at Rule R645-301-800, Bonding and Insurance. Phase I bond release criteria found in the above regulatory provision(s) have been met or exceeded by the permittee.

Deer Creek Mine, Phase I bond release, pg.3

As noted above, this Phase I bond release applies to 0.60 acre of reclaimed disturbance and the permittee has not requested the release of any monies associated with this acreage. The remaining bond amount of \$4,113,000 is sufficient to ensure environmental monitoring and reclamation success through Phase III for all the remaining affected and reclaimed acreage at this mine.

OSM concurs with the OGM Phase I bond release decision as documented above.

Thank you and your staff for coordinating this federal lands bond release through the DFD. Please direct any questions concerning this action to Henry Austin, Senior Reclamation Specialist, at haustin@osmre.gov or to (303) 844-1440 x1446.

Sincerely,



James. F. Fulton, Chief
Denver Field Division

Cc: PacifiCorp
BLM, Salt Lake City, UT
USFS, Price, UT