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United States Department of the Interior

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



July 14, 2011

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DIV. OF OIL, GAS & MINING

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

**RE: Partial Phase II and III Bond Release, Deer Creek Mine, Permit No. UT-015-018
DOGM Proposed Decision and Findings of Compliance, June 2, 2011**

Dear Mr. Baza,

This letter acknowledges the Office of Surface Mining (OSM), Denver Field Division's (DFD) receipt and review of the above Phase II and III Bond Release Proposed Decision document prepared by the Division of Oil, Gas, and Mining dated June 2, 2011. DFD agrees with the findings and decision document and hereby provides OSM concurrence for the above bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 906.30, Article IX, Section 24, 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.

This Phase II and III bond release requests applies to approximately 0.6 acres of the 9th East Portal Breakout Site. This site is located on an east-facing slope in the Right Fork of Grimes Wash, immediately adjacent to the surface facilities of the Cottonwood/Wilberg Mine.

There are a total of five (5) reclaimed portals at the 9th East Portal Breakout site. All portals and access are considered pre-SMCRA sites. Two of these portals were developed in the 1920's for wagon operations and went 50-75 feet into the mountain. The other three portals (referred to as the 9th East Breakout Portals) were developed in 1977 and utilized for intake ventilation purposes until 1990.

OSM participated in the bond release inspection held May 17, 2011.

OSM finds that Energy West Mining Co. has met or exceeded the requirements for Phase II and III bond release on the 0.6 acres of land as described above. DOGM currently holds a performance bond in the amount of \$4,113,000.00. Energy West Mining Co. is not requesting a reduction in this bond because the site acreage is small and the bond amount is insignificant.

DOGM has determined that the remaining bond amount of \$4,113,000.00 is sufficient to complete all remaining reclamation obligations at this site if the work had to be completed by a third party contractor. OSM concurs with DOGM's decision.

Thank you and your staff for coordinating this Federal mine bond release action through the DFD. Please direct any questions concerning this action to Elizabeth Shaeffer, Environmental Protection Specialist at eshaeffer@osmre.gov or (303) 293-5025.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kenneth Walker", with a long horizontal flourish extending to the right.

Kenneth Walker, Chief
Denver Field Division

cc: Daron Haddock, DOGM
Energy West Mining Company
Joe DiBenedetto, USFS