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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

February 1, 2012

Kenneth S. 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 Deer Creek Mine, PacifiCorp, Deer Creek Mine, C/015/0018, Task ID #3984

Dear Mr. Fleck:

The Division received your request for surety reduction for the Rilda Facilities to reflect the as-built conditions on February 1, 2012. The update to the reclamation bond was received on December 1, 2011 and approved on January 4, 2012.

The current amount of surety that the Permittee has posted is \$4,113,000. The updated surety amount that the Permittee must post in order to maintain adequate bond coverage until 2016 is \$3,374,000. Therefore, the amount the surety can be reduced is \$739,000. This reduction will leave \$3,374,000 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 Suzanne Steab at (801)538-5265 or Daron Haddock, Coal Program Manager at (801)538-5325.

Sincerely,

John R. Baza
Director

JRB/sqs

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: Deer Creek Mine
Permit Number: C/015/0018
Effective Date: _____
Bond Number: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT

--ooOOoo--

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 Deer Creek Mine is eligible for bond reduction as a result of approval of Rilda Facilities as-built conditions resulting in an updated reclamation bond.

The Permittee has provided cost escalation figures using the 1.7% escalation factor for the entire permit term of 5 years. The amount that the Permittee must post in order to maintain adequate bond coverage until 2016 is \$3,374,000.

Therefore, the bond is reduced by \$739,000. This reduction leaves \$3,374,000 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 \$ 4,113,000 to \$ 3,374,000

The bonding type is changed from _____ to _____.

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

The expiration date is revised from _____ to _____.

Exhibit "D"
Stipulation to Revise
Reclamation Agreement
Federal

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.

**AFFIDAVITS
OF
QUALIFICATION**

Bond Number _____

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, _____, being first duly sworn under oath, deposes and says that he/she is
the (officer or agent) _____ of _____;
and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said
PERMITTEE is authorized to execute the same and has complied in all respects with the laws of
Utah in reference to commitments, undertakings and obligations herein.

(Signed)
Name - Position

Attest: _____
Secretary of the Corporation

STATE OF _____)

) ss:

COUNTY OF _____)

Subscribed and sworn to before me this ____ day of _____, 20____.

Notary Public

My Commission Expires:

_____, 20 ____.

