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GARY R. HERBERT
Governor

GREG 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

July 25, 2012

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

Subject: Acceptance of Bond Decrease Rider, PacifiCorp, Deer Creek Mine, C/015/0018

Dear Mr. Fleck:

Attached is a copy of the Bond Decrease Rider with completed signatures. Also attached is a copy of the Exhibit D with the Accepted Signature of the State of Utah.

The Bond Decrease of \$739,000 was a result of the updated bond calculations to reflect the as-built Rilda Canyon Portal Facilities.

If you have any questions, please call me at (801) 538-5265 or Daron Haddock at (801) 538-5325.

Sincerely,

Suzanne Steab
Bond Coordinator

ss
Attachment
cc: Scott Child
O:\015018.DER\bonddecrease.doc



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1407 W. North Temple, Suite 310
Salt Lake City, UT 84116

HAND DELIVERED

RECEIVED

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March 12, 2012

DIV. OF OIL, GAS & MINING

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

***RE: Reclamation Bond Decrease Rider – Deer Creek Mine Permit C/015/0018,
Emery County, Utah***

Dear Mr. Baza:

On behalf of PacifiCorp and in response to your letters dated November 8, 2011 and February 1, 2012, addressed to Ken Fleck of Energy West Mining Company, enclosed is a decrease rider bond to Travelers Bond No. 103908970 decreasing the amount from \$4,113,000 to \$3,374,000 together with other supporting documents. This action comes as a result of DOGM's approval to (1) decrease the reclamation bond liability to reflect the as-built Rilda Canyon surface support facilities, and (2) remove from bond coverage and regulatory jurisdiction the Grimes Wash 9th East ventilation breakout portals having satisfied the required final phase II and III bond release criteria for this area

With this transmittal, we are providing the following to update the Deer Creek Mine Reclamation Agreement accordingly:

1. Updated Exhibit "A" – Bonded Area Legal Description (revised to reflect the as-built Rilda Canyon facilities reduced disturbance and the deletion of the Grimes Wash 9th East breakout portals from the bonded area, together with two updated bond maps – the Master Bond Map and DC Bond Map 2).
2. Exhibit "B" (Rider Bond to Travelers Bond No. 103908970 decreasing the amount from \$4,113,000 to \$3,374,000),

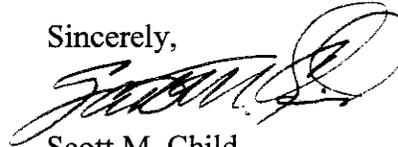
John R. Baza
March 12, 2012
Page 2

3. Exhibit "D" (Stipulation to Revise Reclamation Agreement) noting the purpose of this bonding change, and
4. Updated Affidavits of Qualifications for the surety and the permittee.

A complete copy of this information has been sent to our Energy West Mining Company offices located in Huntington, Utah.

Should you have any questions or need any additional information, please feel free to contact Ken Fleck at 435-687-4712 or myself at 801-220-4612.

Sincerely,



Scott M. Child
Manager, Lands & Regulatory Affairs

Enclosures

SMC\EnergyWest\DOGM 2012-02(DeerCreekDecreaseRiderBond).doc

cc: IMC w/encl. – C. Crane
EWMC w/encl. – R. Poulson, C. Semborski, K. Fleck, D. Oakley
PacifiCorp Risk Mgmt. w/encl. NTO 330 – M. Reed (B-SUR-749)
Aon Risk Services – Claudia Rathbun w/encl.
5000 Central Park Drive, Suite 204
Lincoln, NE 68504

EXHIBIT "B"

**Surety Bond
Deer Creek Mine**

(Federal Coal)



B-SUR-749

RIDER

To be attached to and form part of Bond No. _____

Issued on behalf of PacifiCorp as Principal, and in favor of STATE OF UTAH as Obligee.

It is agreed that:

1. The Surety hereby gives its consent to change the Name:

from:
to:

2. The Surety hereby gives its consent to change the Address

from:
to:

3. The Surety hereby gives its consent to change the bond limit

from: Four Million One Hundred Thirteen Thousand and No/100---(\$4,113,000.00)
to: Three Million Three Hundred Seventy Four Thousand and No/100---(\$3,374,000.00)

4. This rider shall become effective as of 02/01/2012

PROVIDED, however, that the liability of the Surety under the attached bond as changed by this Rider shall not be cumulative.

Signed, sealed and dated 02/28/2012

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

By: Claudia A. Rathbun
Claudia A. Rathbun Attorney-in-Fact

Accepted: _____
Obligee

By: J.R. Bg

or PACIFICORP
Principal

By: Micheal G. Dunn
Micheal G. Dunn, President of PacifiCorp Energy,
a division of PacifiCorp

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)

In accordance with DOGM letter dated February 1, 2012, Permittee hereby submits a Rider to Surety Bond Number _____ decreasing the reclamation bond in the amount of \$739,000.00. This Rider decreases the total reclamation bond amount from \$4,113,000.00 to \$3,374,000 (2016 dollars) to reflect the as-built Rilda Canyon Portal Facilities (See DC Bond Map 2).

In addition, site no. 5 (see Master Bond Map) consisting of 0.60 acres has been removed from bond coverage given the Final Phase II and III bond release of the Grimes Wash 9th East ventilation breakout portals accepted by DOGM by letter dated November 8, 2011.

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"- permit area.
- Replace Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 4,113,000.00 to \$ 3,374,000.00 .

The bonding type is changed from N/A to N/A .

The surface disturbance is revised from 98.05 acres to 91.63 acres.

Exhibit "D"
Stipulation to Revise
Reclamation Agreement
Federal

The expiration date is revised from N/A to N/A.

The liability insurance carrier is changed from N/A to N/A.

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

IN WITNESS WHEREOF, PacifiCorp the **PERMITTEE** has hereunto set its signature and seal this 8th day of March, 2012.

PacifiCorp

PERMITTEE

By:

Michael G. Dunn
Michael G. Dunn

Title:

President, PacifiCorp Energy
An unincorporated division of
PacifiCorp, an Oregon corporation

ACCEPTED BY THE STATE OF UTAH this 13th day of March, 2012.

John R. Bay
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 on 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.