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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

JON M. HUNTSMAN, JR.
Governor

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

GARY R. HERBERT
Lieutenant Governor

October 5, 2010

James Fulton, Chief
Office of Surface Mining
1999 Broadway, Suite 3320
Denver, CO 80202-3050

Subject: Phase II and III Bond Release, Energy West Mining Company, Cottonwood/Wilberg Mine, Cottonwood Fan Portal, Miller Canyon Portals, C/015/0019, Task IDs # 3594, #3600, Outgoing File

Dear Mr. Fulton:

Enclosed is the Division's Decision Document for the Phase II and Phase III bond release of the Cottonwood Fan Portal and Miller Canyon Portals at Energy West Mining Company's Cottonwood/ Wilberg Mine. The permittee has requested a bond release in the amount of \$109,791 for the 7.47 acre parcel of reclaimed land at the Cottonwood Fan Portal area. The permittee has also requested liability release with no bond release for the .02 acre Miller Canyon Portals. The Division finds Energy West has met the regulatory requirements for Phase II and III bond release and recommends approval for both areas. We request the Office of Surface Mining's concurrence with this determination. A copy of the Phase III bond release inspection report is included in this package along with the documentation of events. Please provide your determination at your earliest convenience.

If you have any questions or need further information, please feel free to call me at (801) 538-5325 or Ingrid Campbell at (801) 538-5318.

Sincerely,

Daron R. Haddock
Permit Supervisor

DRH/IC/sqs
Enclosure
cc: Dennis Oakley, EW
Price Field Office
O:\015019.CWW\WG3600\Concurrence.doc

File in: C:\0150019
Date: 10/05/2010a Refer to: Outgoing
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For additional information

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
Phase II and Phase III Bond Release
Miller Canyon Portals & Cottonwood Fan Portals
Energy West Mining Company
Cottonwood/Wilberg Mine
C/015/0019
Emery County, Utah**

CONTENTS

- Administrative Overview
- Chronology
- Summary of Findings
- Recommendation for Phase II and III Bond Release
- Technical Analysis
- Affidavits of Publication
- Phase II and III Bond Release Inspection Reports
- BLM Concurrence Letter

ADMINISTRATIVE OVERVIEW

Energy West Mining Company
Cottonwood/Wilberg Mine
C/015/0019
Emery County, Utah

ACTION

Grant Approval of Phase II and Phase III bond release for the .02 acre Miller Canyon Portals and the 7.47 acre Cottonwood Fan Portal located at the Cottonwood/Wilberg Mine.

Energy West Mining Company, a subsidiary of PacifiCorp, submitted an application for Phase II and III bond release on July 19, 2010 requesting release of a .02 acre parcel of reclaimed land and another phase II and III bond release application on August 3, 2010. Granting this bond release will reduce the disturbed area by 7.49 acres and will reduce the bond held for reclamation by \$ 109,791.00. The Division conducted a Phase II and III bond release inspection at the sites on August 31, 2010. An invitation letter was sent to interested parties on July 27, 2010. The Bond release inspection was attended by representatives from the Office of Surface Mining (OSM), Bureau of Land Management (BLM), Environmental Protection Agency (EPA), United States Forest Service (USFS), The LDS Church, Division of Oil, Gas and Mining, and Energy West Mining Company.

The Division finds that Energy West Mining Company has met the requirements for Phase II and Phase III bond release. The Division received concurrence from the BLM in a letter dated September 16, 2010.

BACKGROUND

Energy West submitted an application to the Division requesting Phase II and III bond release for the .02 acre Miller Canyon Portals located in Township 17 South, Range 7 East, SE1/4 of Section 30, SLB&M. Energy West submitted a separate application requesting Phase II and III bond release for the 7.47 acre Cottonwood Fan Portals located in E1/2 of Section 25, T17S R7E. Energy West had a public notice published in the Emery County Progress newspaper for the Miller Canyon Portals on August 3, 10, 17 and 24, 2010 and for the Cottonwood Fan portals on August 9, 16, 23 and 30, 2010.

The Miller Canyon Portals are located in Miller Canyon, a tributary of Cottonwood Canyon located on the western side of East Mountain approximately 11 miles northwest of Orangeville. The facility consisted of three 8 ft. X 16 ft. portals on 100 ft. centers. The portals were used for intake purposes until the Wilberg Mine fire in 1984. The furthest east portal was reopened in 1985 for exploration after the mine fire.

The Cottonwood Fan Portal is located on LDS surface land approximately 11 miles northwest of Orangeville. The Permittee originally planned for a major portal facility in Cottonwood Canyon that would access the westward extension of the main entries of the Wilberg Mine.

CHRONOLOGY FOR PHASE II and III BOND RELEASE

Energy West Mining Company
Cottonwood Wilberg Mine
C/015/0019
Emery County, Utah

October 5, 2010

- July 19, 2010 Energy West submitted phase II and III bond release application for the Miller Canyon Portals.
- July 20, 2010 The Division completed a preliminary bond release inspection of the Miller Canyon Portals via helicopter and the Cottonwood Fan portals on ground. The inspection was attended by:
- Ingrid Campbell, DOGM
Jim Smith, DOGM
Dennis Oakley, Energy West
- July 26, 2010 The Division found that the Miller Canyon Portal application was Administratively Complete and requested Energy West to publish a Notice of Bond release.
- July 27, 2010 The Division sent an invitation to property owners, local government bodies, OSM, BLM, and USFS to attend the final bond release inspection on August 31, 2010.
- August 3, 2010 The Division received an application for phase II and III bond release of the Cottonwood Fan Portal from Energy West.
- August 5, 2010 The Division found that the Cottonwood Fan Portal application was Administratively Complete and requested Energy West to publish a Notice of Bond release.
- August 3-24, 2010 The Notice of phase II and III bond release was published for four consecutive weeks in the Emery County Progress with a closing date of September 24, 2010 and September 30, 2010 for the submission of comments, objections, or requests for public hearings or informal conferences.
- August 5, 2010 The Division sent an Agency Notification of bond release application to property owners, local government bodies, planning agencies, sewage a water treatment authorities.

August 19, 2010 The Division received a letter from OSM stating that Energy West's request for bond release of the Miller Canyon Portals did not constitute a mining plan action requiring Secretarial approval under the requirements of 30 CFR Part 740 and Part 746.

August 31, 2010 The Division completed a final bond release inspection of the Miller Canyon Portals. The inspection was attended by:

Christine Belka OSM (Denver)
Christy Hulsman OSM (Denver)
Russ Leclere EPA (Denver)
Joe Di Benedetto Manti-LaSal
Sue Wiler BLM (Price)
Vaughn Hughes BLM (Price)
Ingrid Campbell DOGM
Peter Hess DOGM - PFO
Guy Davis EWMC
Daron Haddock DOGM
Jim Smith DOGM
Paul Taylor LDS Church
Kyle Kingsbury LDS Church
Dennis Oakley EWMC
Ken Fleck EWMC

September 9, 2010 The Division received an affidavit of publication signed by Richard Shaw, Publisher of the Emery County Progress.

September 13, 2010 The Division received a letter from OSM stating that Energy West's request for bond release of the Cottonwood Fan Portal did not constitute a mining plan action requiring Secretarial approval under the requirements of 30 CFR Part 740 and Part 746.

September 20, 2010 The Division received a letter from Jerry Kenzcka (BLM) providing approval for the phase II and III bond release application.

September 24, 2010 End of public comment period for Miller Canyon Portals. No comments received.

September 28, 2010 The Division sent a letter to Energy West providing conditional approval of the application for bond release. The letter informed Energy West that approval of bond release would be granted after other appropriate government agencies also approve the bond release and after the necessary updates are made to the disturbed area acreages listed in the Cottonwood Mine M&RP.

September 30, 2010 End of public comment period for Miller Canyon Portals. No comments received.

October 5, 2010 The Division sent a letter to Energy West providing conditional approval of the application for bond release. The letter informed Energy West that approval of bond release would be granted after other appropriate government agencies also approve the bond release and after the necessary updates are made to the disturbed area acreages listed in the Cottonwood Mine M&RP.

SUMMARY OF FINDINGS

Energy West Mining Company
Cottonwood Wilberg Mine
C/015/0019
Emery County, Utah

October 5, 2010

SUMMARY OF FINDINGS:

The Phase II and III bond release findings for Cottonwood/Wilberg Mine are part of the Technical Analysis dated October 5, 2010. The Division found that the application submitted by Energy West meets the minimum requirements of the Utah Coal mining Rules.

The Division did not receive any comments during the public comment period between August 24, 2010 and September 30, 2010.

The Division and other participating agencies did not identify problems during the preliminary or final bond release inspection. Inspection reports are included with this decision document. BLM provided a letter of concurrence on September 20, 2010.

PHASE II and III BOND RELEASE RECOMMENDATION

The Division recommends that Phase II and III bond release at the Cottonwood/Wilberg Mine be granted.