



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

COPY

Outgoing
C0150019
3600
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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
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File in:

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See: Outgoing For additional

**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**

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- Chronology
- Summary of Findings
- Recommendation for Phase II and III Bond Release
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- 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.

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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.

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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.

State of Utah



Coal Regulatory Program

Cottonwood/ Wilberg Mine
Energy West Mining Company
Technical Analysis
October 5, 2010

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TECHNICAL ANALYSIS DESCRIPTION

The Division ensures that coal mining and reclamation operations in the State of Utah are consistent with the Coal Mining Reclamation Act of 1979 (Utah Code Annotated 40-10) and the Surface Mining Control and Reclamation Act of 1977 (Public Law 95-87). The Utah R645 Coal Mining Rules are the procedures to implement the Act. The Division reviews each permit or application for permit change, renewal, transfer, assignment, or sale of permit right for conformance to the R645-Coal Mining Rules. The Applicant/Permittee must comply with all the minimum regulatory requirements as established by the R645 Coal Mining Rules.

The regulatory requirements for obtaining a Utah Coal Mining Permit are included in the section headings of the Technical Analysis (TA) for reference. A complete and current copy of the coal rules can be found at <http://ogm.utah.gov>

The TA is organized into section headings following the organization of the R645-Coal Mining Rules. The Division analyzes each section and writes findings to indicate whether or not the application is in compliance with the requirements of that section of the R645-Coal Mining Rules.

INTRODUCTION

On July 19, 2010, the Division received an application for phase II and III bond release of the Miller Canyon Portals and for the Cottonwood Fan Portal from PacifiCorp. The Miller Canyon Portal area encompasses .02 acres located in T17S R7E SE1/4 of section 30. The area contains three separate portals located on the western side of East Mountain. The Cottonwood fan Portal area encompasses 7.47 acres located in the E1/2 of Section 25, T17S R7E. The surface area is owned by the LDS church.

Miller Canyon Portals

Miller Canyon is a short, deep canyon that extends east-northeast from Cottonwood Canyon. The overall slope of the canyon walls is approximately 35 degrees, but at the bottom of the canyon the walls are nearly vertical, consisting of numerous sheer outcrops of sandstone separated by narrow, steep vegetated slopes. The portals are on US Government land administered by the USFS. The portals are at the base of the vertical face of a sandstone outcrop and open onto a narrow, steep slope on the north side of the canyon, at an elevation of approximately 7,500 feet and approximately 150 to 200 feet above the canyon floor.

The Permittee constructed the three Miller Canyon air intake portals in October 1981 by breaking out through the escarpment from inside the mine. The portals were approximately 8 ft. x 16 ft., on 100 ft. centers. The area disturbed on the surface was minimal, totaling approximately .02 acres. The Permittee permanently sealed the portals to MSHA standards in 1987.

Final reclamation was completed on June 25, 1999 and the Division granted phase I bond release on June 21, 2002. Energy West is requesting Phase II and Phase III release of reclamation liability but not actual reduction of the bond. Based on the two inspections, the Permittee's submittal, and photos taken before, during and since reclamation, the recommendation is that the Division approve the application for Phase II and Phase III Bond Release for the Miller Canyon Portals. Because the United States Government is on the bond, OSM will need to concur before liability can be released.

Cottonwood Fan Portal

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. Starting in 1979 under an exploration permit, the Permittee excavated topsoil and subsoil materials at the

Cottonwood Portal area and placed them in stockpiles. The remaining material was stripped to bedrock and pushed downhill to create an embankment to serve as a buffer between the county road and the portal area. The Permittee upgraded the wagon road to the Old Johnson Mine and utilized it to access the Cottonwood Portal site. The Permittee downsized the proposed project from mine access to the single CFP in 1980 and amended it to the Wilberg Mine MRP; however, construction of the Miller Canyon breakout portals in 1981 and re-evaluation of underground conditions resulted in postponement and finally cancellation of the proposed CFP.

Final reclamation was completed in two parts. The first half of the site was reclaimed in 1981 and the remaining portion was reclaimed in November of 1998. Energy West is requesting phase II and Phase III bond release of \$ 109,791.00 which will reduce the remaining bond to \$ 3,142,832.00 (2012 dollars).

On July 21, 2010 the Division conducted a preliminary site visit by helicopter to the Miller Canyon portals and the Cottonwood Fan portal. The sites were stable and well vegetated. (See 2010 outgoing document 07292010.pdf). The final bond release inspection was conducted on August 31, 2010 and included representatives from Energy West, the Division, the Office of Surface Mining, the Environmental Protection Agency, the Bureau of Land Management, and the US Forest Service.

Phase II and Phase III bond release of the Miller Canyon Portals and for the Cottonwood Fan Portal is recommended for approval pending concurrence from interested state, federal and private agencies and pending updated Maps and legal descriptions of the disturbed area.

GENERAL CONTENTS

LEGAL DESCRIPTION AND STATUS OF UNSUITABILITY CLAIMS

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

Analysis:

The legal description including the permit area and disturbed area for the Cottonwood/Wilberg Mine is located in the official Mining and Reclamation Plan in the legal/financial volume and on Map 1-3, Permit area Map. The permittee will be required to update the disturbed area acreages on both the map and in the legal volume as a condition to the Division's approval.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section. Prior to final approval, the permittee must submit updated disturbed area figures.

PERMIT TERM

Regulatory References: 30 CFR 778.17; R645-301-116.

Analysis:

The Cottonwood/Wilberg permit was renewed by the Division on July 6, 2009 and will expire on July 6, 2014. The permit includes one special condition to submit water quality data online on the Division's website.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

PUBLIC NOTICE AND COMMENT

Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200.

Analysis:

The permittee submitted separate bond release applications for the Miller Canyon Portals and for the Cottonwood Fan Portals. On July 27, 2010, the Division notified the permittee that the Miller Canyon bond release application passed the Administrative Completeness Review and the permittee could proceed with publication. On August 5, 2010, the Division notified the permittee that the Cottonwood fan portal application passed the Administrative Completeness Review and the permittee could proceed with publication.

The Division sent out an agency notification to all interested parties on August 5, 2010 (See 2010 Outgoing document 08052010b.pdf).

The Division received an affidavit of publication from the permittee on September 7, 2010. The publication for the Miller Canyon Portals ran for four consecutive weeks ending August 24, 2010 (See 2010 Incoming document 09072010a.pdf). The thirty day comment period will be open for thirty days after the last publication which is September 24, 2010. The publication for the Cottonwood Fan portal ran for four consecutive weeks ending August 30, 2010 (See 2010 Incoming document 09072010b.pdf). The thirty comment period will be open for thirty days after the last publication which is September 30, 2010.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section. Prior to final approval, the Division must receive concurrence from OSM, other interested parties.

RECLAMATION PLAN

POSTMINING LAND USES

Regulatory Reference: 30 CFR Sec. 784.15, 784.200, 785.16, 817.133; R645-301-412, -301-413, -301-414, -302-270, -302-271, -302-272, -302-273, -302-274, -302-275.

Analysis:

Miller Canyon Portals

A demonstration of achievement of postmining land use can be found in attachment 11 of the application. The postmining land use for the Wilberg mine was established as grazing and wildlife habitat. The permittee explained that the site is extremely steep and inaccessible to wildlife or cattle. Therefore, vegetation establishment is the best indicator of post mining land use achievement. All standards for vegetation have been met.

Cottonwood Fan Portal

The land use information is found in the cottonwood/wilberg MRP Volume 2, Part 2 starting on page 175. In the bond release application, attachment 11 submitted by the permittee, the permittee states that the land use was never specified by the land owner and therefore would be considered the same use as the adjacent area, grazing and wildlife. Vegetation cover is currently adequate to meet the postmining land use of grazing and wildlife as shown in attachment 8 of the application, Vegetation analysis for the last two years of Responsibility.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

APPROXIMATE ORIGINAL CONTOUR RESTORATION

Regulatory Reference: 30 CFR Sec. 784.15, 785.16, 817.102, 817.107, 817.133; R645-301-234, -301-412, -301-413, -301-512, -301-531, -301-533, -301-553, -301-536, -301-542, -301-731, -301-732, -301-733, -301-764.

Analysis:

Miller Canyon Portals

The disturbance was created by breakout from within the mine through the coal seam, at the base of a vertical sandstone escarpment. The area disturbed was only approximately 0.02 acres. Disturbance consisted of coal and rock displaced from the openings, with no grading, removal of soil or vegetation, or other work on the surface.

At reclamation, the Permittee utilized six-inch rock material to create French drains to enable discharge of any mine drainage from the breakout portals. Rock material was pushed back into the portals as far as possible and placed by hand to cover all areas, including all exposed coal seams. Large boulders and soil from the area around the portals were utilized along with material imported by helicopter (the Permittee estimates approximately 50 cubic yards was imported). Slopes developed during backfilling appear consistent with surrounding terrain and to meet AOC Requirements.

Soil material was placed to a thickness of at least 18 inches, with a cover of litter to control erosion. The Permittee reseeded the areas with a mixture of grasses, forbs, and shrubs: the seed mix is described in the bond release submittal

Cottonwood Fan Portal

The Permittee cleared the area of soil and vegetation in 1980 in preparation for installation of portals for the Wilberg Mine. This was done under an exploration permit, but the Permittee subsequently added the area to the Wilberg Mine reclamation permit. The Permittee excavated topsoil and subsoil materials and placed them in stockpiles, and stripped the remaining material to bedrock and pushed it downhill to create an embankment to serve as a buffer between the county road and the portal area. The Permittee upgraded the wagon road to the Old Johnson Mine and utilized it to access the Cottonwood site for this work. As the Permittee re-evaluated underground conditions in the Wilberg Mine, the project was downsized from mine access to a single fan portal, and then finally canceled after construction of the Miller Canyon ventilation breakout portals in 1981.

The Permittee reseeded the embankment - approximately the lower half of the disturbed area - in 1981. No stockpiled topsoil or subsoil was spread for this reseeded, and the material in the embankment was not intended to be redisturbed and used for use as backfill during final reclamation. The embankment closely resembles adjacent slopes and has achieved AOC.

The upper portion of the CFP area was mostly bare rock exposed on a series of terraces. The Permittee regraded, recontoured, and reseeded five terraces (identified from bottom to top as 1, 2, 3, 4, and 4a) in 1998 using stockpiled topsoil and subsoil. Due to the steepness of the CFP area, reclamation of the uppermost disturbance, including bypass ditch UD-3, was not feasible. The Hiawatha Coal Seam, exposed during the initial site excavation, was completely covered; layers of carbonaceous material that had been exposed were covered where feasible, but the Permittee tested these materials using ASTM standards and determined them to be non-combustible. Soils could not be placed all the way to the top of the steep - in places vertical -

cuts on the upslope side of the terraces because of the height of the cuts and narrow shelves between the cuts: final gradients for the placed materials are 1.5:1 to 2:1. If soils had been placed all the way to the top of the cuts, the resulting slopes would be too steep to meet the slope stability requirements of the Utah Coal Mining Rules. As a result, the reclaimed slope of the upper half of the Fan Portal Area does not closely match the appearance of adjacent slopes because of the amount of bare rock still exposed, although the Division has determined that it meets the AOC requirement.

The access road through the Old Johnson Mine was reseeded in 1981. It was redisturbed for the 1998 work, then regraded, recontoured, and reseeded that same year. The stockpiled topsoil and subsoil provided the fill material. Because of a request from SHPO, the Permittee left a rough trail up to the sealed Old Johnson portals.

The sedimentation basins were reclaimed in 2002. The Division approved Phase I bond release for the reclaimed areas on March 16, 2004.

The remaining 1.86 disturbed acres include the remainder of the soil stockpile, two portals, and the Trail Mountain Mine conveyor tube and supporting bent. The stockpiled soils not used in reclaiming this final area will be left in place and regraded AOC and reseeded.

Findings:

The Permittee has restored the Miller Canyon breakout portals and surrounding areas to AOC and has met the requirements of the Utah Coal Mining Rules. The Permittee has returned the CFP site to AOC.

BACKFILLING AND GRADING

Regulatory Reference: 30 CFR Sec. 785.15, 817.102, 817.107; R645-301-234, -301-537, -301-552, -301-553, -302-230, -302-231, -302-232, -302-233.

Analysis:

Backfilling and Grading On Steep Slopes

Cottonwood Fan Portal

The Permittee cleared the area of soil and vegetation in 1980 in preparation for installation of portals for the Wilberg Mine (this was done under an exploration permit, but the

Permittee subsequently added the area to the Wilberg Mine reclamation permit). The Permittee excavated topsoil and subsoil materials and placed them in stockpiles, and stripped the remaining material to bedrock and pushed it downhill to create an embankment to serve as a buffer between the county road and the portal area. The upper portion of the CFP area was a series of terraces, mostly bare rock, exposed by excavation and blasting. The Permittee regraded, recontoured, and reseeded five of the terraces in 1998 using stockpiled topsoil and subsoil; no spoil, waste materials, debris, woody materials, or abandoned or disabled equipment was used as fill.

A historically significant abandoned mine, the Old Johnson Mine, is surrounded by the CFP site but is not part of the disturbed area. Historic remnants included an old wagon road and two sealed portals. The old wagon road, which was disturbed by the original CFP work, was upgraded and utilized for hauling topsoil during reclamation of the CFP in 1998. The road has been reclaimed up to the Old Johnson Mine site boundary, although a rough trail was left at the request of SHPO. The section of the road within the Old Johnson Mine site is not part of the disturbed area and has not been backfilled or graded, but it was seeded along with the reclaimed areas.

Due to the steepness of the CFP area, reclamation of the uppermost disturbance, including bypass ditch UD-3, was not feasible: soils could not be placed all the way to the top of the steep-to-vertical cuts on the upslope side of the terraces because of the height of the cuts and narrow shelves between the cuts: gradients on the placed fill are 1.5:1 to 2:1. If soils had been placed all the way to the top of the cuts, the resulting slopes would be too steep to meet the slope stability requirements of the Utah Coal Mining Rules.

During the Phase I Bond Release field inspection of the site on April 2, 2002, the Division and Permittee discussed erosion of the hillside at the south end of the UD-3 that was caused by a blowout of UD-3. On August 5, 2002, a helicopter hauled approximately 16 cubic-yards of +6-inch drain rock and 7 cubic-yards of topsoil to repair this gully. Division personnel visited the site on August 8, 2002 and it appeared backfilling and regrading of the gully was satisfactory; however, when the Division again examined the site again during a routine quarterly inspection on September 19, 2002, sheet flow from recent heavy rains had washed off most of the hand-cast seed, but the fill and topsoil were stable with no signs of rills or gullies. This site was again visited for the Phase II and III bond release inspection on August 31, 2010; although there is still a visible scar, the vegetation and woody materials placed by the Permittee have prevented formation of rills and gullies.

Findings:

The Permittee has met the Backfilling and Grading requirements of the Utah Coal Mining Rules.

MINE OPENINGS

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

Analysis:

Miller Canyon Portals

The Permittee has sealed and closed the Miller Canyon breakout portals in a manner to prevent access to the mine workings by people, livestock and wildlife, machinery, and to keep acid or other toxic drainage from entering ground or surface waters, and has reclaimed the disturbed areas. The Permittee permanently sealed the portals to MSHA standards in 1987. For reclamation, The Permittee pushed rock material back into the Miller Canyon breakout portals as far as possible and utilized boulders and soil to cover all areas, including all exposed coal seams. All work was done by hand. The Permittee made use of material from the area around the portals and also imported approximately 50 cubic yards by helicopter.

Findings:

The Sealing and closing of the Miller Canyon breakout portals meets the requirements of the Utah Coal Mining Rules.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:

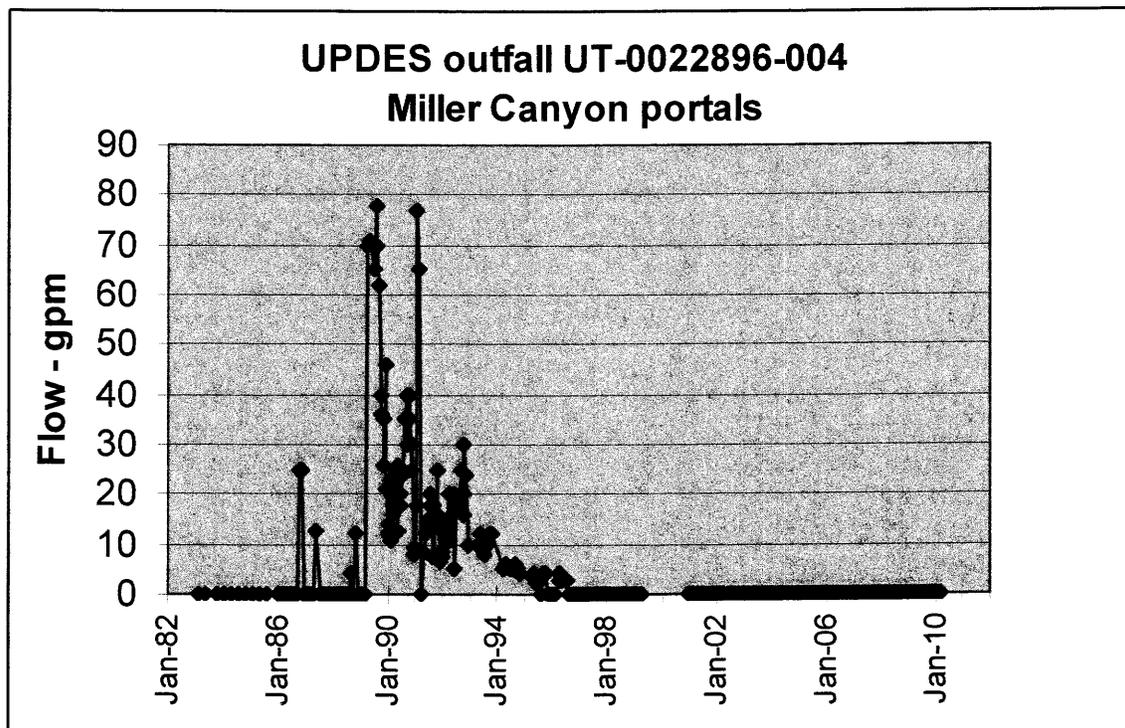
Miller Canyon Portals

Hydrologic Reclamation Plan

The Miller Canyon breakout portals are UPDES outfall UT-0022896-004. The portals were opened by breakout from the 3rd South Mains in 1981. Subsequent mining encountered water-bearing sandstone channels, and discharge from the Miller Canyon breakout portals was temporarily blocked using berms until the UPDES permit could be modified to allow discharge from the portals. Quarterly monitoring began in first quarter 1983 and monthly monitoring began in 1986. Easy underground access to monitor this site was lost when the portals were sealed in 1987, at which time the Permittee ran a 2-inch pipe from the easternmost portal (#1,

which accounted for most of the discharge) approximately 500 feet down Miller Canyon to a more easily accessible point. Discharges were small and sporadic until April 1989 when flow volume jumped dramatically. Flows were measured almost every following month through July 1996, but the volume declined steadily through this period. Flow through the pipe stopped in August 1996. A field investigation in May 1999 revealed that caving of Portal #1 had pinched off the pipe, allowing the portal discharge to flow freely over the rock ledge to the canyon floor.

During the June 1999 reclamation, the Permittee utilized six-inch rock material to create French drains to facilitate drainage from the breakout portals. The Permittee also removed the 2-inch water monitoring pipe during the 1999 reclamation. The monitoring point for outfall UT-0022896-004 remains near the mouth of Miller Canyon. Discharge from the breakout portal area, along with other seepage from the canyon, does not reach this monitoring point because of infiltration and evapotranspiration along the canyon floor. No flow attributable to portal discharge has been reported since July 1966. This bond release application does not amend the monitoring plan and monitoring of outfall -004 will continue.



Cottonwood Fan Portal

Hydrologic Reclamation Plan

The Permittee has removed all siltation structures: no impoundments, sedimentation ponds, discharge structures or ASCAs remain at the CFP site. No "other treatment facilities" or wells were associated with the CFP. Discharge from or into mine openings will not occur as there were no mine opening developed at the CFP site.

The Permittee performed sedimentation modeling program RUSLE 1.6 to support the 2003 removal of two sedimentation basins at the CFP. This information is detailed in Appendix B in the Hydrology section of Volume 11. The calculated sediment yield from the reclaimed area is on the order of 0.02 tons/year, comparable to the rate calculated for the undisturbed area at the Des Bee Dove Mine that has similar characteristics.

The Permittee included results of the 2007 and 2008 Vegetation Studies by Mt. Nebo Scientific in the Phase II and III Bond Release submittal, and the statistics indicate that the reclaimed areas in the CFP meet or exceed final reclamation standards.

All ditches were initially considered temporary and designed to carry runoff from a 10-yr, 6-hr storm event. The Permittee removed all ditches except UD-3 and DD-4. The Permittee has not maintained UD-3 and DD-4, with the intent that over time both would achieve natural reclamation. The Division approved this self-reclamation strategy at the time of Phase I bond release in 2004.

Ditch UD-3 is located above the disturbed area and was designed to divert runoff from the undisturbed area above the CFP site into a natural drainage south of the CFP. Because of the stony nature of the soil, it is naturally rip-rapped. The upgradient end of this ditch has already been filled by sediment and debris carried in with overland runoff and has become a well-vegetated terrace. There has been only minor flow and minor amounts of sediment accumulation along the remainder of this ditch.

DD-4 traverses the top of the embankment that was revegetated in 1981 and mainly carries overland runoff from the upgradient reclaimed terraces. DD-4 was retained in part to reduce rock-fall from the CFP onto the adjacent road, but with the reclamation and resulting stabilization of the terraces this is no longer an important function. The channel is now heavily vegetated, gradually filling with sediment, and in places is no longer clearly distinguishable from the adjacent reclaimed embankment.

The Permittee carried out several soil surveys at the CFP site: no acid- or toxic-forming materials were identified (Volume 11, Chapter 2, Section 220).

There has been no ground-water monitoring at the CFP site: the Permittee installed several French drains as the CFP was backfilled but never monitored the minor seepage from these drains. Surface-water monitoring is done on Cottonwood Creek above and below the Trail Mountain Mine (Volume 9, Map HM-1), which is on the opposite side of the canyon from the CFP site; quarterly monitoring of Cottonwood Creek at those sites will continue at least for the immediate future.

During an inspection on January 4, 2001, the Division identified a straight drop chute that carries water into the disturbed area with great force. This is in the vicinity of the disturbed area perimeter as it comes west and then north above the Johnson Mine Site and coincides with the Johnson Mine Site Coal Chute. The Permittee agreed to monitor this location frequently and take steps if necessary to prevent gulying, but there have been no problems with this area.

Findings:

The Hydrologic Reclamation Plan meets the requirements of the Coal Mining Rules.

REVEGETATION

Regulatory Reference: 30 CFR Sec. 785.18, 817.111, 817.113, 817.114, 817.116; R645-301-244, -301-353, -301-354, -301-355, -301-356, -302-280, -302-281, -302-282, -302-283, -302-284.

Analysis:

Revegetation: General Requirements

Miller Canyon Portals

Backfilling and grading was conducted utilizing helicopter support to transport soil and rock to the portal sites. The area was revegetated with a seed mixture of native grasses forbs and shrubs. Vegetation monitoring for the last two years of the liability period occurred in September of 2008 and 2009.

Cottonwood Fan Portal

The fan portal was reclaimed in two sections, the lower half was complete in 1981, and the upper half was completed in 1998. Introduced species were eliminated from the seedmix. The revised seed mix is included in Attachment 5, Reclamation Treatments. The seedmix was applied at a rate of 17.5 lbs/acre. After reseeding, energy west applied wood fiber hydromulch at a rate of 2000 lbs/acre with a tackifier at 150 lbs/acre.

Revegetation: Standards for Success

Miller Canyon Portals

The vegetation monitoring reports for the last two years of the liability period are located in attachment 8 of the application. Dr. Patrick Collins of Mt. Nebo Scientific conducted the monitoring in 2008 and 2009. Dr. Collins measured species frequency and composition, woody species density, and diversity of the reclaimed portals and reference area.

2008 results

Dr. Collins estimated the total living cover for the reclaimed area at 39.17% and woody species density at 3,293 plants per acre. Dr. Collins estimated the total living cover of the reference area at 33.75%. According to the report, no woody species estimates were required in the Cottonwood Wilberg M&RP and the vegetation of the reclaimed area met the reference area standards.

2009 results

The total living cover of the reclaimed portals was estimated at 39.5% and the woody species density was 3,436 plants per acre. The reference area cover was estimated at 34.5%. For both years, the cover was significantly greater at the reclaimed sites than at the reference area.

Attachment 10 of the application includes an explanation of how the responsibility period has been met for the reclaimed portals. The following is noted in the attachment:

- There has been no augmented seeding of the area since the initial reseeding
- The responsibility period for the site is ten years
- The vegetation of the reclaimed area exceeds the standards set by the reference area.

Cottonwood Fan Portal

The vegetation Analysis is included in Attachment 8 of the bond release application. Year 9 and 10 vegetation sampling of the Cottonwood Fan Portal area was conducted by Dr. Patrick Collins in 2007 and 2008. Dr. Collins measured cover, composition, production and woody species density of the '81 and '98 reclaimed slopes and the Pinyon Juniper reference area.

In the 2007 monitoring season, Dr. Collins estimated the total living cover of the reclaimed '81 slope to be 48.30%, comprised mainly of shrubs. The total woody species density of this slope was estimated at 4,360 plant/acre. Productivity was measured at 1,395 pound per acre. Dr. Collins estimated the total living cover of the reclaimed '98 slope at 45.25%,

comprised mainly of shrubs. Woody species density was estimated at 2,888 plants per acre. Productivity was estimated at 1373 pounds per acre. The Pinyon Juniper reference area was estimated to have 33.67% cover consisting mainly of understory vegetation. Woody species density was measured at 895 plants/acre and production was 449 pounds per acre. Diversity indices for both slopes indicated greater diversity on the reclaimed areas than on the reference area. Photographs of the reclaimed area and of the reference area were included in the report.

In the 2008 monitoring season, the reclaimed slope '81 was estimated to have 49.3% living cover, a woody species density of 4,334 plants per acre, and a production of 495.27 pounds/acre. The reclaimed slope '98 was estimated to have a 43.3% living cover, a woody species density of 2,205 plants/acre, and a production of 349.66 pounds/acre. The reference area was reported to have 35.4% living cover, a density of 1,235 plants/acre and a production of 196.19 pounds per acre. Diversity on both slopes was measured to be greater than the reference area.

In both years, on both reclaimed slopes, all indicators (cover, density, production and diversity) exceeded that of the reference area.

Attachment 10 of the application includes an explanation of how the responsibility period has been met for the reclaimed portals. The following is noted in the attachment:

- There has been no augmented seeding of the area since the initial reseeding
- The responsibility period for the site is ten years
- The vegetation of the reclaimed area exceeds the standards set by the reference area.

Findings:

The information provided is considered adequate to meet the minimum requirements for this section.

STABILIZATION OF SURFACE AREAS

Regulatory Reference: 30 CFR Sec. 817.95; R645-301-244.

Analysis:

Large boulders were placed on and around the backfilled portals to promote soil stability and wildlife habitat. No rills, gullies or other evidence of erosion was present on the reclaimed area.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Miller Canyon Portals

General

The reclamation of the Miller Canyon portals was completed by the Permittee on June 25, 1999.

The Permittee received a Phase I bond release approval from the Division for the Miller Canyon portals on June 21, 2002.

The Permittee applied for a joint Phase II and Phase III release on July 19, 2010.

Attachment 7 of the Task ID # 3594 application states the following; “there is no incremental bond amount calculated for the Miller Canyon Portal area. PacifiCorp is *not* requesting any surety for the Cottonwood Mine to be reduced or released as part of this action.”

The amount of bond currently held by the Division to ensure the reclamation of the Cottonwood / Wilberg Mine is \$ 3,242,000.00. The surety providing the coverage is the Travelers Casualty and Insurance Company of America, which has an A.M. Best rating of “A+”.

Form of Bond

The bond held by the Division to ensure the reclamation of the Cottonwood / Wilberg Mine is a surety bond.

Determination of Bond Amount

The amount of bond currently held by the Division to ensure the reclamation of the Cottonwood / Wilberg Mine is \$ 3,242,000. An approval for a Phase II and a Phase III bond

reduction amount has not been asked for this area. The Permittee has not applied for an incremental bond reduction for this area.

Terms and Conditions for Liability Insurance

The Permittee renews the R645 required general liability insurance coverage on an annual basis. The current coverage term expires on August 28, 2010. Coverage for general liability and each occurrence is adequate to meet the requirements of the R645 Coal Mining Rules. Coverage for damage incurred from the use of explosives is provided.

Cottonwood Fan Portal

General

The area which is being proposed for a Phase II and Phase III release, and the subsequent incremental reduction in the amount of reclamation bond is the Cottonwood Fan Portal area, which consists of 7.47 acres of disturbance.

The Division last updated the reclamation bond for the Cottonwood / Wilberg Mine in May of 2007 during the midterm permit review, Task ID # 2830. The bond summary for the updated calculations can be found in the Cottonwood / Wilberg MRP, Volume 2, Part 4, Appendix C, Bond Summary Page. This information breaks down the demolition, backfilling and grading and re-vegetation costs for each main disturbed area associated with this site.

Form of Bond

The \$3,252,000.00 bond which is held by the Division to ensure the reclamation of the Cottonwood / Wilberg Mine is a Surety bond, with the Principal Holder being the Travelers Casualty and Surety Company of America. This Surety has an A.M. Best rating of "A+".

Determination of Bond Amount

The Task ID # 3600 application is asking for an incremental bond reduction in the amount of \$ 109,791.00. This figure is based upon the escalation of the direct (earthwork and revegetation) costs determined in the Task ID # 2830 Midterm Permit Review escalated to 2010 dollars using the .005 escalation factor provided by the Office of Surface Mining. Indirect costs are also included in the incremental amount which is being requested for release.

If the Division determines that the reclamation work at the Cottonwood / Wilberg Fan Portal area meets all requirements of the R645 Coal Mining Rules, the incremental bond reduction of \$ 109,791.00 will reduce the remaining bond to \$ 3,142,832.00 (2012 dollars).

Findings:

The Permittee has not applied for a reduction in the bond for the Miller Canyon Portal area. The \$ 3,242,000.00 bond which is currently in place will remain in place. The Task ID # 3594 application meets the requirements of the R645 Coal Mining Rules relative to bonding and insurance.

For the Cottonwood Fan portal, the Division should approve the incremental bond reduction of \$ 109,791.00 for the Permittee.

CUMULATIVE HYDROLOGIC IMPACT ASSESSMENT (CHIA)

Regulatory Reference: 30 CFR Sec. 784.14; R645-301-730.

Analysis:

This application does not involve any new disturbance. All reclamation has been done within the existing CIA, within the permit area as currently delineated in the MRP. There is no need to change the PHC determination or water-monitoring plan.

Findings:

The Division has reviewed this application for permit change and determined that there is no need for a new or updated CHIA.

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2015/019 Incoming
#3594
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AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Emery,)

I, Richard Shaw, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and the first publication was on the 3rd day of August, 2010, and that the last publication of such notice was in the issue of such newspaper dated the 24th day of August, 2010.

Richard Shaw

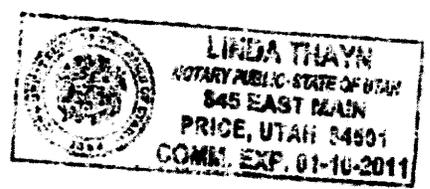
Richard Shaw - Publisher

Subscribed and sworn to before me this 24th day of August, 2010.

Linda Thayne

Notary Public My commission expires January 10, 2011 Residing at Price, Utah

Publication fee, \$ 429.12



**APPLICATION FOR PHASE II BOND RELEASE
COTTONWOOD/WILBERG MINE
MILLER CANYON PORTAL BREAKOUTS
C/015/0019
ENERGY WEST MINING COMPANY
P.O. BOX 310
HUNTINGTON, UTAH 84524**

PacifiCorp, by and through its wholly owned subsidiary, Energy West Mining Company ("Energy West"), has filed with the Division of Oil, Gas and Mining an application for Phase II Bond Release for the Miller Canyon portal breakouts of the Cottonwood/Wilberg Mine.

The Miller Canyon breakouts are located in the NW 1/4 Sec 14 of Section 30, Township 17 South, Range 7 East, SEB&M and within United States Forest Service Lands. PacifiCorp is the lessee for Federal Coal Lease (U-083006) to conduct underground mining operations. Mining in this area is no longer being conducted in this area. Total disturbance associated with the ventilation breakouts is approximately 0.02 acres.

The Miller Canyon ventilation breakouts consisted of three separate portals located on the western side of East Mountain. The portals were developed in the coal outcrop and talus deposits on a vertical outcrop. As part of PacifiCorp's enhancement project, rock and aesthetically pleasing materials were strategically placed along the coal outcrop area to blend the portal site to the surrounding terrain. Ground water discharges that occur from the portal area have been monitored according to the approved plan and Utah Pollution Discharge Elimination System guidelines. Seeps are common along the cuts in this area.

On June 25, 1999, Energy West completed final reclamation of the portal sites as specified in the approved plan. Reclamation activities consisted of reconfiguration of the landscape to be consistent with the surrounding environment. Phase I Bond release was approved on June 21, 2002.

A Surety bond is posted with the Division for the Cottonwood/Wilberg mine in the amount of \$3,252,000.00. PacifiCorp is requesting Phase II and Phase III release of reclamation liability. Bond reduction is not requested at this time.

A copy of the Phase II Bond Release application may be examined at the office of the Division of Oil, Gas and Mining, 1504 West North Temple, Suite 1210, Salt Lake City, Utah 84114-2001 and also at the Recorder's office located in the Emery County Courthouse in Castle Dale, Utah. Written comments, objections, or requests for an informal conference may be submitted to the Division of Oil, Gas, and Mining address above. Such comments must be submitted thirty (30) days from the date of the last publication of this notice.

This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, and State and Federal regulations promulgated pursuant to said Act.

RECEIVED Published in the Emery County Progress August 9, 10, 17 and 24, 2010

SEP 07 2010

DIV. OF OIL, GAS & MINING

C/015/019 Incoming # 3600

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JS

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Emery,)

I, Richard Shaw, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and the first publication was on the 10th day of August, 2010, and that the last publication of such notice was in the issue of such newspaper dated the 31st day of August, 2010.

Richard Shaw

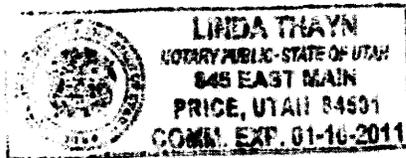
Richard Shaw – Publisher

Subscribed and sworn to before me this 31st day of August, 2010.

Linda Thayne

Notary Public My commission expires January 10, 2011 Residing at Price, Utah

Publication fee, \$ 429.12



RECEIVED
SEP 07 2010

DIV. OF OIL, GAS & MINING

APPLICATION FOR PHASE II AND III BOND RELEASE
COTTONWOOD/WILBERG MINE
COTTONWOOD FAN PORTAL AREA
0/015/0019
ENERGY WEST MINING COMPANY
P.O. BOX 310
HUNTINGTON, UTAH 84528

PacifiCorp, by and through its wholly-owned subsidiary Energy West Mining Company ("Energy West") as mine operator, has filed with the Division of Oil, Gas and Mining an application for Phase II and III Bond Release for 7.47 acres of the Cottonwood Fan Portal Area of the Cottonwood/Wilberg Mine.

The Cottonwood Fan Portal Area is located in the E1/2 of Section 25, Township 17 South, Range 7 East, S18E. The surface and subsurface (rights) are owned and controlled by the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints (LDS Church). PacifiCorp is the Lessee of the surface and subsurface rights to conduct surface and underground mining activities. Mining activities in this area are no longer being conducted. Total disturbance associated with the Cottonwood Fan Portal Area is approximately 7.47 acres.

The area was initially disturbed under an exploration permit issued by the Division of Oil, Gas and Mining for geophysical and engineering design data for a proposed coal mine. The area included two small coal structures and a small area of surface disturbance. The area was subsequently disturbed by the construction of a coal structure and a small area of surface disturbance. The area was subsequently disturbed by the construction of a coal structure and a small area of surface disturbance. Approximately half of the disturbed area was reclaimed in 1991. The remaining portion was completed in September of 1998. The remaining 1.88 acres of disturbed area within the vicinity of the Cottonwood Fan Portal Area includes a coal structure area and a small portal area (well and roadway) into the Cottonwood Mine. The reclamation basins were reclaimed in June of 2002. Phase I bond release was approved on March 11, 2004.

A Surety bond is posted with the Division for the Cottonwood/Wilberg mine in the amount of \$3,252,000.00. PacifiCorp is requesting Phase II and Phase III release of reclamation liability. The incremental bond release that is being requested is \$108,791.00 (2010 dollars).

A copy of the Phase II Bond Release application may be examined at the office of the Division of Oil, Gas and Mining, 1504 West North Temple, Salt Lake City, Utah 84114-5801, and also at the Regional Office located in the Emery County Courthouse in Castle Dale, Utah. Written comments, objections, or requests for an informal conference may be submitted to the Division of Oil, Gas and Mining at the above Salt Lake City address. Comments must be submitted within 150 days from the date of the last publication of this notice.

This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, and State and Federal regulations promulgated pursuant to said Act.

Published in the Emery County Progress August 10, 17, 24, and 31, 2010.



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

Inspection Report

Permit Number:	C0150019
Inspection Type:	COURTESY
Inspection Date:	Wednesday, July 21, 2010
Start Date/Time:	7/21/2010 10:00:00 AM
End Date/Time:	7/21/2010 3:00:00 PM
Last Inspection:	

Inspector:

Weather: Sunny 80 F

Inspection ID Report Number: 2433

Accepted by: jhefric

7/29/2010

Representatives Present During the Inspection
Ingrid Wieser
OGM Jim Smith
Company Dennis Oakley

Permittee: **PACIFICORP**
 Operator: **ENERGY WEST MINING CO**
 Site: **COTTONWOOD/ WILBERG**
 Address: **PO BOX 310, HUNTINGTON UT 84528**
 County: **EMERY**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

4,128.43	Total Permitted
51.05	Total Disturbed
13.81	Phase I
13.81	Phase II
13.81	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Division representatives met with Dennis Oakley for a preliminary bond release inspection of the Miller Canyon portals and the Cottonwood/Wilberg fan portal. The Miller Canyon portals were viewed and photographed via helicopter. Both sites were in good condition with adequate vegetation growth and no visible signs of erosion.

Inspector's Signature: _____

Date

Thursday, July 29, 2010

Inspector ID Number: _____



Permit Number: C0150019
 Inspection Type: COURTESY
 Inspection Date: Wednesday, July 21, 2010

Inspection Continuation Sheet

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Permit Number: C0150019
Inspection Type: COURTESY
Inspection Date: Wednesday, July 21, 2010

Inspection Continuation Sheet

Page 3 of 3

12. Backfilling And Grading

The Permittee completed backfilling and reclamation of the Miller Canyon ventilation breakout portals in June 1999. Total disturbance associated with these portals approximately 0.02 acres. The Permittee has reconfigured the reclaimed portals and surrounding areas to AOL in a manner that blends with the surrounding environment. The Division approved Phase I bond release of the Miller canyon portal areas on June 21, 2002. Due to difficult access, this preliminary inspection was done from a helicopter; if necessary, final inspection will be done from the ground.

The Cottonwood Fan Portal area was reclaimed in 1997, and the Division approved Phase I bond release March 16, 2004.

13. Revegetation

The Miller Canyon Portal vegetation has been well established and appeared to be controlling erosion. Exact species of plants could not be identified from the helicopter. It was apparent that small amounts of water were discharging from a couple areas around the portals which contributed to a small population of willows. The discharge was not affecting the stability of the reclaimed area. The Cottonwood Fan Portal Area underwent final reclamation and reseeding in 1997. The vegetation was very well established and included a mature stand of Artemesia Tridentata and other woody species. Sediment has filled in a portion of the drainage ditch at the uppermost part of the reclaimed area and an adequate vegetation cover is present on the silted- in ditch. Species present included Sagebrush, fourwing saltbush, rubber rabbitbrush, Great basin wildrye, Palmer's penstemon and Blue flax. The vegetation appeared to be adequately controlling erosion on the site, and no rills or gullies were present.

21. Bonding and Insurance

The Division approved Phase I bond release of the Miller canyon portal areas on June 21, 2002 (approximately 0.02 acres).

The Division approved Phase I bond release of the The Cottonwood Fan Portal area on March 16, 2004.



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

Inspection Report

Permit Number:	C0150019
Inspection Type:	BOND RELEASE
Inspection Date:	Tuesday, August 31, 2010
Start Date/Time:	8/31/2010 9:00:00 AM
End Date/Time:	8/31/2010 3:00:00 PM
Last Inspection:	Tuesday, August 24, 2010

Inspector: Pete Hess

Weather: Clear, cool; 80's F.

InspectionID Report Number: 2480

Accepted by: dhaddock
9/15/2010

Representatives Present During the Inspection:	
OGM	Pete Hess
OGM	Daron Haddock
	Christine Belka
Company	Guy Davis
Company	Dennis Oakley
Company	Dennis Oakley
OGM	Ingrid Campbell

Permittee: **ENERGY WEST MINING CO**
 Operator: **ENERGY WEST MINING CO**
 Site: **COTTONWOOD/ WILBERG**
 Address: **PO BOX 310, HUNTINGTON UT 84528**
 County: **EMERY**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

4,128.43	Total Permitted
51.03	Total Disturbed
13.83	Phase I
13.83	Phase II
13.83	Phase III

Mineral Ownership

- Federal
 State
 County
 Fee
 Other

Types of Operations

- Underground
 Surface
 Loadout
 Processing
 Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of today's inspections was to evaluate the reclamation at two locations; the Cottonwood Fan Portal, and the Miller Canyon Portals (side Canyon off of Cottonwood Canyon). The Permittee submitted a Phase II and Phase III application for bond release for the Miller Canyon portals on July 19, 2010 (Task ID # 3594). The Cottonwood Fan Portal Phase II and Phase III application for release was received by the Division on August 3, 2010 (Task ID # 3600). The Cottonwood / Fan Portal area consists of 7.47 acres of disturbance. The Miller Canyon portals amount to 0.02 acres of disturbance.

The following individuals were also in attendance at today's bond release inspections; Mr. Vaughn Hughes and Ms. Sue Wiler of the BLM; Mr. Paul Taylor and Mr. Kyle Kingsbury of the Church of Jesus Christ of Latter Day Saints (surface owners at Fan Portal area), Ms. Christy Hulsman of the Office of Surface Mining / Denver, Colorado, Mr. Russ Leclere of the USEPA; Mr. Joe DiBenedetto of the Manti-LaSal NF; Dennis Oakley, Guy Davis and Ken Fleck represented the Permittee.

No issues were identified by any of the attending agencies for either of the reclamation sites.

Inspector's Signature: _____

Pete Hess

Pete Hess,

Inspector ID Number: 46

Date Tuesday, August 31, 2010



Permit Number: C0150019
 Inspection Type: BOND RELEASE
 Inspection Date: Tuesday, August 31, 2010

Inspection Continuation Sheet

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4.a Hydrologic Balance: Diversions

The diversions at the Fan Portal are well vegetated and show no sign of erosive action. They appear capable of functioning as designed.

4.e Hydrologic Balance: Effluent Limitations

The revegetation of the Cottonwood Fan Portal appears to be very good. The Phase II / III application contains a report of this area by Dr. Patrick Collins of Mt. Nebo Scientific.

9. Protection of Fish, Wildlife and Related Environmental Issues

The post-mining land use for both areas is wildlife and grazing. The vegetation on the Fan Portal appears to be sufficient to support those land uses.

12. Backfilling And Grading

The re-shaping of the slope at the fan portal is stable and appears to be adequate to meet requirements of approximate original contour. No slumps or signs of erosive action were visible.

13. Revegetation

Miller Canyon Portals: Reclamation was completed in 1999 with helicopter assistance. The final two consecutive years of vegetation monitoring were conducted by Mt. Nebo Scientific in 2008 and 2009. From the vantage point on the other side of the canyon, it appeared that the portal areas were well vegetated and stable from erosion. Much of the vegetation was supported by water seeping from the portals. Large boulders were also configured around the portals to promote stability and wildlife habitat. Cottonwood Fan Portal: This area was reclaimed in two parts. The lower part was completely reclaimed in 1981 and the upper part was reclaimed in 1998. The lower part had obviously older vegetation established but both had adequate cover and no serious erosion problems were evident. The area was dominated by native, desirable vegetation including artemesia tridentata, Atriplex species, Aster foliaceus, Achillea millefolium, penstemon, bromus inermis, and elymus species. The two consecutive years vegetation monitoring reports will be reviewed for the bond release application submitted by the permittee to the Division.

14. Subsidence Control

Both of the reclamation areas are at the outcrop of the Hiawatha coal seam; no secondary extraction was practised adjacent to either of these areas. Subsidence is not an issue.

15. Cessation of Operations

Both the Cottonwood Fan Portal and the Miller Canyon Portals were reclaimed prior to 2001, which was the year mining activities ceased at the Cottonwood / Wilberg Mine. This site is in temporary cessation status.

Permit Number: C0150019
Inspection Type: BOND RELEASE
Inspection Date: Tuesday, August 31, 2010

Inspection Continuation Sheet

Page 4 of 4

21. Bonding and Insurance

The Permittee has asked for an incremental bond release for the Cottonwood Fan Portal area in the amount of \$ 109,791.00. No issues were identified during the August 31, 2010 inspection. No bond release amount was applied for for the Phase II and Phase III release of the Miller Canyon portal area.

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DIV. OF OIL, GAS & MINING

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BUREAU OF LAND MANAGEMENT

Green River District Office

Price Field Office

125 South 600 West

Price, UT 84501

<http://www.blm.gov/ut/st/en/fo/price.html>



September 16, 2010

In Reply Refer To:

3474

(UTG023)

Daron Haddock

Utah Division of Oil Gas and Mining

PO Box 145801

Salt Lake City, Utah 84114-5801

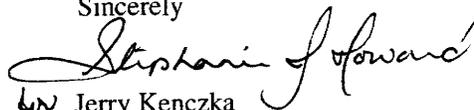
Dear Mr. Haddock,

Subject: Phase II and III Bond Release Inspection for Reclaimed Areas of the Miller Canyon portal breakout area.

Phase II & III Bond Release Inspection took place on August 31, 2010; Energy West Mining Company has completed Phase II & III of the approved reclamation plan for the Miller Canyon portal breakout area. This will change the post mining land use from mining to wildlife habitat, grazing and recreational area. The BLM concurs with the reclamation that has taken place and with the post mining land use change.

If you have any questions concerning this matter, please contact Sue Wiler at (435)636-3651.

Sincerely


for Jerry Kenczka
Field Office Manager

cc: (UT923), Roger Bankert

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Daron Haddock

Utah Division of Oil Gas and Mining

PO Box 145801

Salt Lake City, Utah 84114-5801

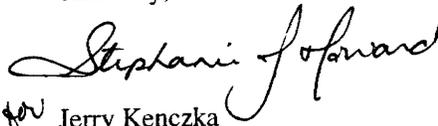
Dear Mr. Haddock,

Subject: Phase II and III Bond Release Inspection for Reclaimed Area of the Cottonwood Mine fan portal breakout area.

Phase II & III Bond Release Inspection took place on August 31, 2010; Energy West Mining Company has completed Phase II & III of the approved reclamation plan for the Cottonwood Mine fan portal breakout area. This will change the post mining land use from mining to wildlife habitat, grazing and recreational area. The BLM concurs with the reclamation that has taken place and with the post mining land use change.

If you have any questions concerning this matter, please contact Sue Wiler at (435)636-3651.

Sincerely,


for Jerry Kenczka
Field Office Manager

cc: (UT923), Roger Bankert