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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 1, 2009

Cliff Baker, Environmental Coordinator
Hiawatha Coal Company
P.O. Box 1240
Huntington, Utah 84528

Subject: Draft Bond Estimates, Hiawatha Coal Company, Bear Canyon Mine & Hiawatha Mine, C/015/0025 & C/007/011

Dear Mr. Baker:

The Division of Oil, Gas and Mining has reviewed the draft cost estimates that we received on March 30, 2009 that covered the Bear Canyon and Hiawatha Mines. We are satisfied that the numbers and methodologies used in estimating the bonds are appropriate for these areas.

Please understand that in order to change the bond amount at either of these operations, a formal amendment will need to be submitted in the appropriate format and with C1 & C2 forms. The amendment would need to be reviewed and approved before any change in bond coverage would be allowed. You should also be aware that at this time the Division will not accept an application for permit change at the Bear Canyon Mine submitted by Hiawatha Coal Company since HCC is not the permittee.

Feel free to contact me at (801) 538-5325 with any questions or concerns you may have regarding this situation.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Permit Supervisor

DRH/sqs
cc: Elliot Finley
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