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Governor

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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

January 15, 2014

Tony Welch, Resident Agent
Castle Valley Mining, LLC
5550 W. Bear Canyon Road
Huntington, Utah 84528

Subject: Conditional Approval of Midterm Completion Response, Task ID #4462, Fan and Substation Upgrades, Task ID #4451 and Bond Release Fan & Substation Upgrades, Task ID #4452, Bear Canyon Mine, Castle Valley Mining, LLC, C/015/0025

Dear Mr. Welch:

The above-referenced amendments are approved conditioned upon receipt of 2 clean copies prepared for incorporation of the following documents:

1. Chapter 5 Revisions, submitted with the Midterm Completion Response
2. Chapter 7, pages 7-53, 7-56, 7-60, 7-60A and 7-90, submitted with the Midterm Completion Response
3. Plate 7-11, submitted with the Midterm Completion Response
4. Appendix IH3 & IH4, submitted with the Midterm Completion Response. Appendix IH3 & IH4 will require revision prior to submittal of the clean copies. Please see the attached deficiency report for the required revisions.
5. The Bond Reclamation Calculations based on the approved bond amount \$2,092,000 submitted as part on the Bond Release Fan & Substation Upgrades.
6. A properly certified surface facilities map, to include the fan and substation upgrades.

Please submit these copies by February 21, 2014.

If you have any questions about the Bond Reclamation Calculations or surface facilities map submittal requirements, please call James Owen at (801)538-5306.

The above-referenced amendments are also conditioned upon posting additional bond. The current bond for the Bear Canyon Mine is a surety bond in the amount of \$1,830,000 posted with Western Surety Company #929518448(A). A rider to increase the bond \$262,000, for a total of \$2,092,000 is required. Please submit the attached Exhibit "D" along with surety rider to the Division. Contact Suzanne Steab, Bond Coordinator, at (801)538-5265, if you have any questions.



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Once the conditions have been satisfied, final approval will be granted.

A stamped incorporated copy of the approved plans will also be returned to you at that time for insertion into your copy of the Mining and Reclamation Plan. This modification does not necessitate an update to the Technical Analysis.

If you have any questions, please call me at (801) 538-5325 or Joe Helfrich at (801) 538-5290.

Sincerely,



Daron Haddock
Coal Program Manager

DRH/sqs
cc: Jaren Jorgenson, Castle Valley Mining, LLC
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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0150025
TaskID: 4462
Mine Name: BEAR CANYON MINE
Title: MIDTERM COMPLETION RESPONSE

General Contents

Identification of Interest

Deficiencies Details:

The Operator should submit updated pages (1H-3 and 1H-4) to correct the Ownership and Control information in the Bear Canyon MRP in accordance with R645-301-112.330.

Castle Valley Mining, LLC. The following should be added to page 1H-3:

Chad Hunt, President, end date of 3/2/12
Christopher Moravec, Senior Vice President, end date of 3/2/12
Joseph Miller, Vice President, end date of 7/16/12
Joseph Miller, Assistant Secretary, end date of 10/5/10
Arthur Amron, Vice President and Asst Secretary, end date of 10/5/10
Jay Maymudes, Vice President, Secretary and Treasurer, end date of 10/5/10
Paul Jacobi, Vice President, end date of 10/5/10
Gary Isaac, Assistant Secretary, end date of 12/31/12

Chad Hunt, Vice President, start date of 3/2/12
Christopher Walton, President, start date of 4/11/12
Richard Boone, Treasurer, start date of 10/5/10
Jeff Quatman, Vice President, start date of 3/31/11
Whitney Kegley, Vice President, Secretary & General Counsel, start dates of 7/16/12

Rhino Energy, LLC. The following should be added to page 1H-4:

Mark Zand, Chairman, end date of 10/5/10
Christopher Moravec, Senior Vice President, end date of 3/2/12
Joseph Miller, Vice President & Asst Secretary, end dates of 7/6/12
Arthur Amron, Vice President & Asst Secretary, end dates of 10/5/10
Jay Maymudes, Vice President, Secretary & Treasurer, end dates of 10/5/10
Paul Jacobi, Vice President, end date of 10/5/10
Corey Heaps, Vice President, end date of 12/21/11
Andrew Cox, Vice President, end date of 8/2/13

Richard Boone, Treasurer, start date of 10/5/10

Christopher Walton, Sr Vice President & Chief Operations Officer, start dates of 4/11/12 and with end dates of 8/19/13
Christopher Walton, President, start date of 8/19/13
Christopher Walton, Chief Executive Officer, start date of 10/21/13
Jeff Quatman, Vice President, start date of 1/1/11
Whitney Kegley, Vice President, Secretary & General Counsel, start dates of 7/16/12
Brian Aug, Vice President, start date of 8/5/13

ssteab

EXHIBIT “D”

Stipulation to Revise Reclamation Agreement (Federal)

Mine Name: Bear Canyon
Permit Number: C/015/0025
Effective Date: _____
Bond Number: #929518448

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)

As a result of the Division of Oil, Gas & Mining's midterm permit review, the required bond to maintain adequate coverage is \$2,092,000. The permittee is required to submit an increase rider for an amount of \$262,000 increasing the current bond of \$1,830,000 to the required total of \$2,092,000.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- Replace the Reclamation Agreement in its entirety.
- Replace Exhibit "A"- bonded area.
- Rider added to existing Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 1,830,000 to \$ 2,092,000

The bonding type is changed from _____ to _____.

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

The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

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

IN WITNESS WHEREOF, _____ the **PERMITTEE** has hereunto set its signature and seal this _____ day of _____, 20__.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH this ___ day of _____, 20__.

Director,
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

