



GARY R. HERBERT
Governor

SPENCER J. COX
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

December 16, 2015

Jaren Jorgensen, Engineering Technician
Castle Valley Mining, LLC
P.O. Box 475
Huntington, Utah 84528

Subject: Phase III Bond Release Approval, Bear Canyon Mine, Castle Valley Mining, LLC, C/015/0025, Task ID #4947

Dear Mr. Jorgensen:

The Application for Phase III bond release in the amount of \$52,000.00 for the Bear Canyon Mine is hereby approved. Castle Valley Mining, LLC has achieved bond release for 5.62 acres of the Tank Seam Access Road. A bond release inspection was conducted on September 9, 2015, which included representatives from the State of Utah, U.S. Bureau of Land Management (BLM), Castle Valley Mining, LLC, and Office of Surface Mining. A Phase III Bond Release decision document was prepared by the Division of Oil, Gas & Mining and distributed on October 8, 2015 to OSM for concurrence.

The OSM, Denver Field Division, submitted a letter dated December 14, 2015 which agreed with the Division's findings and decision document and concurred with the bond release action. The BLM concurred in a letter received by the Division on October 8, 2015.

This letter constitutes our final approval of the Phase III bond release in the amount of \$52,000.00 as requested. This means the total amount of bond that must remain posted for the Bear Canyon Mine is \$2,158,000. Castle Valley Mining, LLC is currently bonded in the amount of \$2,210,000 held in a surety bond posted with Western Surety Company. Western Surety Company, in cooperation with Castle Valley Mine, LLC is authorized to reduce the amount of bond held for the Bear Canyon Mine from \$2,210,000 to \$2,158,000.

Please complete and return the enclosed Exhibit "D" and Affidavits along with a surety rider to decrease the posted bond in the amount of \$52,000.

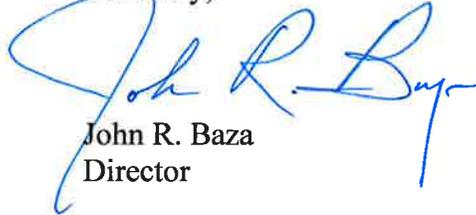


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At this time, please submit two clean copies of the bond release application prepared for incorporation for insertion into you Mining and Reclamation Plan. You must also submit an application to amend your MRP with descriptions and maps which reflect the change in the disturbed area boundary.

If you have any comments or concerns, please contact Daron Haddock at 801 538-5325 or me at 801 538-5340.

Sincerely,



John R. Baza
Director

JRB/DRH/sqs
Enclosures
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EXHIBIT “D”

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Mine Name: _____
Permit Number: _____
Effective Date: _____
Bond Number: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

Phase III bond release of the tank seam road approved a \$52,000 reduction in the current posted bond of \$2,210,000. (Task #4947) The required posted for the Bear Canyon Mine is \$2,158,000. Approval of the bond release also reduces the disturbed area 5.62 acres, from 40.64 acres to 35.02 acres.

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 \$ 2,210,000 to \$ 2,158,000

The bonding type is changed from _____ to _____.

The surface disturbance is revised from 40.64 acre to 35.02 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 \$ _____ 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.

