



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

July 26, 2018

Tony Welch, Resident Agent
Castle Valley Mining, LLC
P.O. Box 475
Huntington, Utah 84528

Subject: Conditional Approval of Midterm Completion Response, Castle Valley Mining, LLC,
Bear Canyon Mine, C/015/0025, Task #5697

Dear Mr. Welch:

The above-referenced amendment is approved conditioned upon receipt of 2 clean copies (incorporate the revised bond calculation sheets submitted to Justin Eatchel for review in the clean copies) prepared for incorporation. Please submit these copies by August 30, 2018.

The midterm review also requires an increase of posted bond. The current bond for the Bear Canyon Mine is \$2,158,000. A rider to increase the bond \$776,000 for a total of \$2,934,000 is required. Please contact Suzanne Steab, Bond Coordinator at (801)538-5265 to acquire the paperwork necessary to update your Reclamation Agreement. The posted bond increase should also be accomplished by August 30, 2018.

Once these conditions are met, 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.

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

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
cc: Jaren Jorgensen
O:\015025.BCN\WG5697 MIDTERM RESPONSE\CONDITIONALAPPROVAL.DOC





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

Technical Analysis and Findings
Utah Coal Regulatory Program

PID: C0150025
TaskID: 5697
Mine Name: BEAR CANYON MINE
Title: MIDTERM COMPLETION RESPONSE

Operation Plan

Air Pollution Control Plan

Analysis:

The application meets the requirements of R645-301-422, because Appendix 4G contains Approval Order DAQE-AN0102400003-10 dated June 17, 2010 (MRP, Chapter 4, e-pg 46).

pburton

Topsoil and Subsoil

Analysis:

The soils operation plan meets the requirements of R645-301-231.400 (narrative describing topsoil stockpile storage areas), because Table 2-5 of the MRP (p. 2-19) has been updated to:

- remove the Tank seam topsoil stockpile which was consumed in reclamation of TS 10 (Plate 2-3E), but retain the 1,400 CY WHR Tank seam topsoil pile.
- correct the WHR topsoil stockpile to indicate a total of 10,679 CY (= 8325 CY in stockpile from blind canyon and showerhouse + 2354 CY in situ, MRP, p. 2-28).
- verify the 52,341 CY substitute topsoil. (Reclamation area TS1 (ballpark) area shown on Plate 2-3A and described on p. 2-37 is not included Table 2-28 as topsoil substitute for final reclamation.)

Table 2-5 lists the total topsoil and substitute topsoil available for reclamation as 65,902 CY.

Plate 5-2F and Plate 2-2B show the current WHR topsoil pile outline and #2 belt access road.

pburton

Reclamation Plan

Maps Bonded Area

Analysis:

The information provided meets the requirements for bonded area map R645-301-521 , because the disturbed area shown on Plate 5-2G corresponds with the boundary of reclamation area TS 16 shown on Plate 2-3G.

Reclamation area TS1 (ballpark) area shown on Plate 2-3A and described on p. 2-37 is not included Table 2-28 as

topsoil substitute
for final reclamation.

pburton

Bonding Determination of Amount

Analysis:

The application meets the State of Utah R645 requirements for Determination of Bonding Amount.

According to Division records, the current surety bond posted totals \$2,158,000, and is held through Indemnity National Insurance Company.

A previous review of the midterm application found the reclamation bond to be deficient because Overhead and Profit (O&P) had been omitted from the direct costs. A review of the most recent submission of the reclamation bonding calculations revealed that O&P has been added to the direct costs, and the entire bond updated and escalated to 2023. As a result of these latest changes, the total bond liability has increased by \$819,000 from \$2,115,000 to \$2,934,000. Since the current posted bond is \$2,158,000, an additional \$776,000 will need to be posted in response to the increased bond liability.

jeatchel