



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

May 14, 2019

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

Subject: Conditional Approval of Addition of Air Jig System, Castle Valley Mining, LLC, Bear Canyon Mine, C/015/0025, Task #5930

Dear Mr. Jorgensen:

The above-referenced amendment is conditionally approved. Final approval will be granted when the following conditions have been met:

- 1) Provide 2 clean copies prepared for incorporation into the approved Mining and Reclamation Plan (MRP).
- 2) Provide an increase in posted bond in the amount of \$130,000.00. The additional bond will result in a new posted bond amount of \$3,064,000.00. Please submit the bond rider to increase your bond along with the required exhibits to revise the Bear Canyon Reclamation Agreement.

Once we the conditions have been met, final approval will be granted and a stamped incorporated copy of the approved plans will be returned to you at that time for insertion into your copy of the MRP.

As we discussed previously, the final approval of this amendment will allow you to begin construction of the Air Jig System. However; actual operation of the system cannot begin until the Division of Air Quality has approved the revisions to the mine sites Approval Order (AO) or else enforcement action will be taken.



If you have any questions, please call me at (801) 538-5350. If you have questions regarding the bond increase process, please contact Suzanne Steab, Bond Coordinator at (801) 538-5265.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Christensen", with a long horizontal flourish extending to the right.

Steve Christensen
Coal Program Manager

SKC/sqs
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Technical Analysis and Findings
Utah Coal Regulatory Program

PID: C0150025
TaskID: 5930
Mine Name: BEAR CANYON MINE
Title: ADDITION OF AIR JIG SYSTEM

Operation Plan

Air Pollution Control Plan

Analysis:

The application meets the State of Utah R645 requirements for Air Quality, because the the Permittee has been in communication with the Utah Division of Air Quality (DAQ) regarding the FGX-24 Dry Coal Separator (air jig). A Notice of Intent was filed April 15, 2019 with DAQ.

pburton

Topsoil and Subsoil

Analysis:

The application meets the State of Utah R645 requirements for Topsoil and Subsoil handling, because there will be no additional disturbed area. Plate 5-2C Surface facilities shows the location of the air jig and associated conveyors. The feed conveyor will pull from the existing stockpiles to the West. The high ash conveyor will create a reject pile just West of the Wild Horse Ridge conveyor. This stockpile will be free standing within the current disturbed area boundary.

pburton

Maps Facilities

Analysis:

The application meets the State of Utah R645 requirements for Facilities Maps.

A previous review found this application to be deficient because Plates 2-3C, 5-2C, and 5-6C all included incorrect references to the cross-section lines found within the maps. The legend indicated that cross-sections may be found in Appendix 3-L, but Appendix 3-L contains no information that is relevant to cross-section maps. The legend has been changed and now references Appendix 5-I, which is the correct location for the cross-sections.

jeatchel

Reclamation Plan

Bonding Determination of Amount

Analysis:

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

A summary of the bonding calculations have been included in this application. The addition of an on-site air jig will require that the demolition costs within the reclamation bond be increased by \$86,368, and all of the calculations appear to be accurate. A previous review of this application was deficient because the wrong escalation factor was used in the final calculations. The escalation factor has been changed from 1.78% to 2.32%, and the reclamation costs escalated to 2023. A summary of the final bonding calculations is as follows:

Total Direct Costs = \$2,204,509.00

Total Indirect Costs = \$590,808

4-Year Escalation = \$268,573

Total bond amount rounded to the nearest \$1,000 = \$3,064,000

jeatchel