



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
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

Outgoing  
C0150032  
#3451  
OK

January 25, 2010

Mr. David Hibbs  
UtahAmerican Energy, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Denise Dragoo  
Snell & Wilmer  
15 West South Temple, Suite 1200  
Gateway Tower West  
Salt Lake City, Utah 84101

Subject: Request for Extension in Abatement Period, Division Order DO-09A, Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032

Dear Mr. Hibbs and Ms. Dragoo:

In response to your letter dated January 20, 2010 requesting an extension of time to address Division Order DO-09A, I am requiring the following from Genwal Resources, Inc.:

1. Provide the Division with a Cashier's Check for \$40,000 made out to the Utah State Treasurer's Office for the Division of Oil, Gas and Mining by the end of business on January 26, 2010. The money will be held by the Utah State Treasurer's Office as a cash-bond until a full surety amount is posted.
2. Increase the amount of the long-term water treatment bond to at least \$1,000,000 (or other adequate amount calculated by you and accepted by the Division) by March 29, 2010. This may be in any form of surety currently accepted by the Division.
3. Work with the Division to convert the \$1,000,000 bond to a long-term trust account, under terms acceptable by both parties.
4. Document operating costs for the water-treatment facility on a monthly basis so that the bond amount may be adjusted, if appropriate.

This bond is to ensure continual compliance with R645-731.521, which allows the Division to approve gravity discharge of water from a mine under certain criteria. The Division has found that the untreated discharge does not comply with the performance standards of R645-301 and R645-302, nor does it meet UPDES permit requirements. Therefore, in order to approve the gravity discharge, the Division must ensure continual treatment of the water in perpetuity. This bonding is part of the long-term abatement required by NOV 10043.

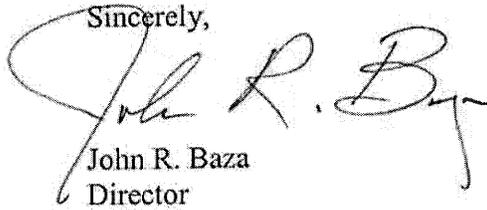


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Mr. Hibbs & Ms. Dragoo  
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If you object to the terms of this order, you may appeal to the Board of Oil, Gas and Mining within 30 days, pursuant to R645-300-200.

Thank you for your attention to this matter. If you have any questions please feel free to contact Dana Dean at (801) 538-5320.

Sincerely,

A handwritten signature in cursive script that reads "John R. Baza". The signature is written in black ink and is positioned above the printed name and title.

John R. Baza  
Director

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