Suzanne Steab <suzannesteab@utah.gov>

Re: BOND NEEDED FOR DEER CREEK SITE

Dana Dean <danadean@utah.gov> Thu, Jul 13, 2017 at 3:34 PM
To: "David P. Norris" <DPNorris@bowierefinedcoal.com>
Cc: Kyle Edwards <KEdwards@bowierefinedcoal.com>, Daron Haddock <daronhaddock@utah.gov>, Suzanne Steab <suzannesteab@utah.gov>, Dennis Oakley <Dennis.Oakley@pacificorp.com>, Karl Houskeeper <karlhouskeeper@utah.gov>, Steve Christensen <stevechristensen@utah.gov>, John Baza <johnbaza@utah.gov>, Steve Alder <stevealder@agutah.gov>

Hi David,

Thank you for your explanation and request. I am granting a 30 day extension to August 14, 2017 to meet all remaining requirements for the permit issuance (bonding and AVS clearance). However, this will be the final extension granted and if you do not meet the requirements for the Division to issue a permit by August 14, 2017 we will require the Permittee to reclaim the site with no further notice or negotiation.

Although R645-303-310 allows a prospective successor to operate during the pendency of an application, the time for such discretion has reached the limits with this new deadline now being more than 1 year after the original application was approved and 2 months from the first notice of revocation of the conditional approval.

Please let me know if you have any further questions.

Thank you,
Dana

Dana Dean, P.E.
Associate Director - Mining
Utah Division of Oil, Gas and Mining

ogm.utah.gov

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On Thu, Jul 13, 2017 at 3:02 PM, David P. Norris <DPNorris@bowierefinedcoal.com> wrote:

Dana, first, thank you for taking my call today and for openly discussing this subject matter with me.

As I mentioned, I am fairly new to the coal industry and especially to the segment of that industry in which bonds are needed for sites like the Deer Creek rock pile site ("Deer Creek"). I have been working with the company through which we have obtained bonds previously, Smith-Manus (Louisville, KY) and the company that has issued these bonds in the past, Lexon (Lexington, KY), but to date, I have not been successful in obtaining the $700,000 in bonds needed for Deer Creek, at least, not at what we consider a reasonable cost. The projected cost of the bonds through an alternative bonding company, Ironshore, is very expensive compared to the cost under Lexon, (something like 20% to 25% of the face value of the bond versus 2.5% of the face value of the bonds through Lexon). To be honest, Bowie Refined Coal, LLC is struggling financially and cannot easily make room in its budget for the increased cost of bonds being issued through Ironshore. Perhaps there is another alternative bonding company out there that we could use in this instance.

In order to have sufficient time to explore other alternatives and find a workable solution to this bonding matter, I respectfully request an extensive of time for another 30 days from the state of Utah.

I want to thank you in advance for your consideration of the factors noted in the previous paragraph. If the state of Utah's Division of Oil, Gas and Mining determines that an extension of 30 more days to finalize this bond matter is appropriate, I would appreciate a response from you via e-mail. If I may answer any questions you might have, please feel free to contact me via e-mail or by calling me at (502) 584-6022.

Again, thank you for your assistance in this matter.

David P. Norris

Interim Controller

Bowie Refined Coal, LLC