



Suzanne Steab <suzannesteab@utah.gov>

Fwd: Alton Mine Bond

Dana Dean <danadean@utah.gov>
To: Suzanne Steab <suzannesteab@utah.gov>

Fri, Dec 26, 2014 at 2:36 PM

For the Alton File...

----- Forwarded message -----

From: **Dana Dean** <danadean@utah.gov>
Date: Fri, Dec 26, 2014 at 2:33 PM
Subject: Alton Mine Bond
To: Bob Nead <blbnead@altoncoal.com>
Cc: John Baza <johnbaza@utah.gov>, Steve Alder <stevealder@utah.gov>, Steve Christensen <stevechristensen@utah.gov>, Daron Haddock <daronhaddock@utah.gov>, Cheryl Parker <cherylparker@utah.gov>, Priscilla Burton <priscillaburton@utah.gov>, Larry Johnson <ljohnson@altoncoal.com>, K Nich <knicholes@altoncoal.com>

Bob,

I have spoken to John Baza regarding the following email. He has asked me to contact you today, instead of waiting and dealing directly with Drew and Kirk. He felt that you needed to know of our concerns, ASAP after we spoke with our Attorney, Mr. Steve Alder. As described below, things are more dire than I had hoped the last time I spoke with Drew and Kirk.

As per the attached email, we have been concerned about the bond at the Alton Coal Mine for a few months now. In August of this year you began mining in the area considered as Phase III of your bonding program. Before mining in this area, you were to have obtained bond release for the areas mined in Phase I and much of Phase II. I warned Larry back in August that he needed to be applying for bond release or it could result in a Cessation Order. I then reminded him in November. Until you have applied for and obtained bond release, those areas must remain in place as part of your bond amount.

Kirk has promised to bring in a bond release application for all areas that have been backfilled and graded by the end of next week and we were hoping that with the bond release, you would get the disturbance below the bonded amount. However, according to a meeting we held on Tuesday, December 23, even if we were able to immediately grant bond release on all areas backfilled and graded, you would still be at least \$2.75M underbonded at the present time. (that number comes from your Engineer, Drew. It may actually be more, and our Engineer, Cheryl Parker will be checking it Monday)

In that meeting, I told Drew and Kirk that we would be issuing a CO if you were unable to come up with the additional bond amount by Friday, January 2, 2015. At the time I expressed hope that even under a CO we could work out some arrangement to continue mining while you fix the problem, as is allowed under our Minerals Regulatory Program. Unfortunately, as I am advised by our Attorney, that is not possible under SMCRA.

We will be working with Drew next week to come up with the exact amount of additional bond you must post to bring the bond up to match the disturbed areas that have not been backfilled and graded, plus any disturbance you plan within the permitted area for the life of the mine. This amount will be greater than the \$2.75M, because that only covers current disturbance. If you are unable to post the additional bond amount by January 2, we will be issuing a Cessation Order. This will keep you from mining coal until you are properly bonded. You would be able to continue backfilling and grading, topsoiling, etc. but would not be allowed to remove coal or disturb any new areas.

We will also have to address the bond reduction for the lands that have been backfilled and graded.

Our Attorney, Steve Alder will also be discussing this situation with your Attorney, Denise Dragoo.

Thank you,

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

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Dana Dean <danadean@utah.gov>

Alton Coal Mine Bond/Credit for Backfilling and Grading

Dana Dean <danadean@utah.gov>

Wed, Nov 19, 2014 at 12:06 PM

To: Larry Johnson <ljohnson@altoncoal.com>

Cc: Daron Haddock <daronhaddock@utah.gov>, Steve Alder <stevealder@utah.gov>, Steve Christensen <stevechristensen@utah.gov>, Priscilla Burton <priscillaburton@utah.gov>, John Baza <johnbaza@utah.gov>

Dear Larry,

As Daron and I discussed with you and Kirk in an in-person meeting here at the Division on August 12, 2014 you need to apply for Phase I bond release in order to get credit for backfilling and grading work done at the Alton Coal Mine. We are in the process of evaluating how much disturbance there is currently at the mine. The fact that you have not applied for bond release on large areas may mean that you are under-bonded, which may result in a cessation order. I urge you to apply for Phase I bond release on all back filled and graded areas as soon as possible. The fact that it is winter now may make it difficult to properly conduct a bond release inspection, so instead of getting credit for the work done, you may end up needing to post additional bond.

Please see to this matter as soon as possible.

Thank you,
Dana

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

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