



Alton Coal Development, LLC

463 North 100 West, Suite 1

Cedar City, Utah 84720

Phone (435) 867-5331 • Fax (435) 867-1192

August 13, 2015

Daron R. Haddock
Coal Program Manager
Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Subject: **Progress Report toward additional Phase I Bond Release at Coal Hollow Mine**

Dear Mr. Haddock,

Alton Coal Development (ACD) submitted a Bond Release Application on August 6, 2015 in response to a request from the Division provided on July 8, 2015, Task ID #4788. As a follow-up to the application, this memo analyzes progress (survey verified) toward subsequent release applications and to provide a current estimation of remaining reclamation liability at the Coal Hollow Mine (CHM). As shown below the work performed to date by ACD has reduced the 'on the ground' reclamation liability below the current bond coverage of \$12.75 million. As a paper work matter, once the bond release application filed on August 6, 2015 is processed and approved, the resulting bond release will result in bond coverage of more than \$1.6 million in excess of the current approved bond. However, if, for some reason, the State had to assume liability for reclamation, it currently holds an adequate bond to perform reclamation as required by the MRP.

The table below shows backfill progress volumes generated using the survey data and topographical contours provided in the August 6 application compared to the ultimate pit mine design and the site original topography. These volumes are allocated to the bond polygons depicted in the updated MRP Drawing 5-19, and only those polygons with expected completion in 2015 are listed. The table below also shows an estimation of the reduction in bond liability associated with the backfill progress. This estimation is based on the assumptions used in the updated appendix 8-1 bond calculations. These updates (among others) were submitted with the August 6, 2015 Bond Release Application.

This analysis does not account for current progress of subsoil placement in any of these pit areas, nor does it account for any topsoiling, mulching, or seeding that has been completed within the CHM permit area.

The text and figures of the August 6, 2015 Bond Release Application detail the expected timeframe for completion of the polygons in the table below, as well as through the completion of reclamation for CHM.

Pit	% Complete (from survey)	Total Bonded Excavated Volume (CY)	Completed Backfill Volume (CY)	Remaining Backfill Volume (CY)	Backfill Bond Cost Reduction
9-B	64%	803,712	514,376	289,336	\$ 502,181
20-A	100%	100,433	100,433	-	\$ 98,052
20-B	60%	485,425	291,255	194,170	\$ 284,350
21-B	75%	346,052	259,539	86,513	\$ 253,386
HWT 1-A	90%	356,861	321,175	35,686	\$ 313,561
HWT 1-B	50%	992,521	496,260	496,260	\$ 484,495
HWT 2	15%	942,842	141,426	801,416	\$ 138,074
HWT 3	45%	779,534	350,790	428,744	\$ 342,474
Total		4,807,381	2,475,255	2,332,126	\$ 2,416,573
Bond Liability after approval of August 6, 2015 Release Application					\$ 13,523,127
Bond Liability minus backfill cost reduction					\$ 11,106,554
Current Posted Bond					\$ 12,750,000
Bond Coverage above Liability					\$ 1,643,446

Please do not hesitate to contact me if you have any questions: 435-705-3832.

Sincerely

Andrew R. Christensen
Technical Services Manager