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*

November 9, 2015

Kirk Nicholes, Resident Agent
Alton Coal Development, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84720

Subject: Phase I Bond Release, Alton Coal Development, LLC, Coal Hollow Mine, C/025/0005, Task ID #4965 and Task ID #4980

Dear Mr. Nicholes:

Enclosed is the Division's Decision Document for the Phase I bond release applications of the Alton Coal Development, LLC's Coal Hollow Mine. The Division finds Alton Coal Development, LLC has met the regulatory requirements for Phase I bond release and hereby approves the two bond release applications effective November 7, 2015. A copy of the Phase I bond release inspection report is included in this package along with the documentation of events. No actual bond money is being released with this action. The Division continues to hold bond in the amount of $12,750,000 to ensure the remainder of the reclamation work.

Please continue to work with the Division staff to finalize the cost estimate sheets and provide clean copies of the bond release applications prepared for incorporation for insertion into your MRP. These should be submitted with 30 days.

If you have any questions or need further information, please feel free to call me at (801) 538-5325.

Sincerely,

John R. Baza FOR
Director

JRB/DRH/ss
Enclosure
cc: Robert Nead, Alton Coal Development, LLC
O:\025005.COL\WG4980 PHASE I BOND RELEASE\Decision Document\001 approval letter.doc

1594 West North Temple, Suite 1210, Salt Lake City, UT 84116
PO Box 145801, Salt Lake City, UT 84114-5801
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UTAH DNR OIL, GAS & MINING

Phase I Bond Release on 100.34 acres
Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

Task #4965

**TABLE OF CONTENTS**

Decision Document

* Action

* Background

* Chronology

* Summary of Findings

* Recommendation for Phase I Bond Release

Technical Analysis

Affidavit of Publication

Phase I Bond Release Inspection Report

Concurrence Letters from Kane County

Comment Letter from Richard Dame and Division Response

# DECISION DOCUMENT

Phase I Bond Release on 100.34 acres
Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

Task #4965

## ACTION

Phase I bond release is requested for 100.34 acres of the 342 acres in the disturbed area boundary at Coal Hollow Mine. The current bond for Coal Hollow Mine will remain at $12,750,000.

## BACKGROUND

The Alton coal field is located in T39S, R6W and T39S, R5W SLB&M, Kane County, Utah. The town of Kanab, which is the Kane County Seat, is located about 30 miles south of the Alton coal field. Alton Coal Development, LLC (ACD) is the company responsible for the development of a portion of the Alton coal field which is known as the Coal Hollow Mining Project. The center of the Coal Hollow Project (CHP) is located approximately 3 miles south of the town of Alton, Utah.

In 2004, ACD negotiated surface and coal leases for the private or fee areas of the Alton coal field. In 2004 ACD submitted a Lease by Application (LBA) to the Department of the Interior, Bureau of Land Management State Office, Salt Lake City, Utah for federal coal acreage contiguous to the secured private lease area. Starting in 2006, ACD submitted an application for a mine permit along with a Mining and Reclamation Plan (MRP) to the Utah Division of Oil, Gas and Mining (UDOGM). It took until November 8, 2010 to complete the permitting process and the Division issued a permit for the Coal Hollow Mine.

The Coal Hollow Project started as a surface mining operation that intended to produce approximately 2,000,000 tons of coal annually using pit mining. Midway through the project, ACD initiated highwall mining which was used in a portion of the mine. Recently the Company has instigated underground mining, which is still being developed. Production at the mine has been much slower than anticipated.

A permanent program permit was issued to Alton Coal Development, LLC for the Coal Hollow Mine on November 8, 2010. An enlargement of the mine (known as the North Private Lease ) has been applied for but is still undergoing the review process and is not part of the renewal.

Backfilling and grading of the pits has occurred concurrently as contemporaneously as possible with the mining. This bond release application is for approximately 100 acres of land

that has been reclaimed to phase I requirements. The areas that are included in this application include pits: 1A, 2, 3, 4, 5, 6, 7, 8, 9A, 21A, 22, 23, 24, 25, 26, 27, and 28. An inspection of the site was conducted on October 6, 2015, which found that the 100 acre area had been backfilled and graded to achieve approximate original contour.

## CHRONOLOGY FOR PHASE I BOND RELEASE

| | |
|---|---|
| August 6, 2015 | Alton Coal Development, LLC submits the Phase I bond release application for the Coal Hollow Mine. |
| August 6, 2015 | Alton Coal Development, LLC sends letters to local governments, planning agencies, surface owners and subsurface owners notifying them of the proposed bond release:<br>Alecia Swapp Dame Trust, c/o Richard Dame Trustee<br>C. Burton Pugh<br>Darlynn Sorensen<br>Kane County Water Conservancy District<br>Kane County Planning Commission<br>BLM, Kanab Field Office, James Holland<br>Alton, Utah, Mayor Cox |
| August 25, 2015 | Alton Coal Development, LLC submits a revised legal description for publication approval. |
| August 26, 2015 | The Division approves the revised proposed publication. |
| August 27 and September 3, 10 and 17, 2015 | Phase I Bond Release Published in the Southern Utah News. |
| September 21, 2015 | The Division sends letters of invitation for the bond release inspection to be held October 6, 2015. |
| October 17, 2015 | Public comment period closes. The Division receives no comments |
| October 6, 2015 | Phase I bond release inspection. In attendance:<br>Larry Johnson, Drew Christensen, Joe Kumpke, Riley Anderson, Alton Coal Development, LLC<br>Daron Haddock, Cheryl Parker, Joe Helfrich, Priscilla Burton, Keenan Storrar, UDOGM<br>Shannon McBride, Mary Reynolds, Lou Pratt, Bert Harris, Byard Kershaw, Kane County<br>Lisa Eckert, NPS<br>Eric Houston, Panguitch City<br>Leslie Fonger, Susan Baughman, USDA-Dixie National Forest<br>Doug Heaton, Wade Heaton, Dorothy Heaton, Landowners |

## SUMMARY OF FINDINGS

The Phase I bond release was advertised for four consecutive weeks. The only comments received during the public comment period were from Kane County and from a landowner, Richard Dame. Kane County expressed their satisfaction that the backfilled areas have been restored to the approximate original contour and the alignment of Kane County Road K3900 has been restored to its original alignment. Mr. Dame expressed concern about the grade of the county road and the sizing of a culvert placed beneath the road to his property. The concerns were addressed in a letter to him dated October 28, 2015. A bond release inspection was conducted on October 6, 2015. The technical analysis for Phase I bond release is attached.

## PHASE I BOND RELEASE RECOMMENDATION

The Permittee has met the requirements of Phase I bond release at the mine site. The recommendation is that the Division approve Phase I bond release for the area.

GARY R. HERBERT
*Governor*
GREG BELL
*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*

# Technical Analysis and Findings

## Utah Coal Regulatory Program

November 6, 2015

**PID:** C0250005
**TaskID:** 4965
**Mine Name:** COAL HOLLOW
**Title:** PHASE I BOND RELEASE

## Summary

Analysis:
This bond release application, task 4965, is for Phase 1 bond release on areas identified as BRP1-1 (55.2 acres), BRP1-2( 55.2 acres) and BRP1-3 (4.4 acres), shown on Bond Release 15_1/Figure 1, totaling 100.5 acres. Surface ownership is held by C. Burton Pugh (BRP1-1 and BRP1-3); and by Richard L. & Alecia S. Dame( BRP1-2), as shown on Drawing 1-3 of the MRP. Original lease agreements were received June 14, 2007.

Bond release Drawing 5-19 shows the polygons of bond release areas. The 100.5 acres includes final grading in portions of mining western Pits 1-9 and southern Pits 21-28. (See Drawing 5-10 of the Mining and Reclamation Plan for Pit and HWT locations.)

Figure 1-A, shows BRP1-1 and 1-3 in more detail and provides cross section locations in plan view. The cross sections for BRP1-1 and BRP1-3 are shown on Figure 1-D and Figure 1-E.

Bond release area BRP1-2 is shown on Figures 1-B and 1-C in more detail. These figures provide cross section locations in plan view. The cross sections for BRP1-2 are found on Figures 1-F, 1-G, and 1-H.

The task 4965 bond release application was received on August 6, 2015, with supplemental information received on August 13, 2015. After the bond release inspection on October 6, 2015, maps were revised to show original contour and to document reclaimed roads. In addition, the update removed topographic lines from Drawing 5-17 (Overburden removal Ultimate Disturbance) and Drawing 5-19 (Bond Polygons). Drawing 5-18 was revised to remove calendar dates from the bond release phases. These revisions were received October 21, 2015, and revised again on 11/3/2015 to provide basic information such as identification of bond release areas and station locations for cross sections on the plan view. Errors in presentation still remain with the final maps, as the numbers of the station locations are presented backwards and the change in elevation from original to final reclamation is reported as a positive number, when the change was negative. But the Division has been able to interprete the information. This review of task 4965 considers all the information received pertaining to BRP1-, BRP1-2, and BRP1-3.

*Deficiencies Details:*

**pburton**

The Permittee submitted erroneous sheets within the bond application of Task 4965 and 4980 that arrived at the Division October 21, 2015. The Division expedited the review and documented the critical errors in as promptly as time as possible given pressure from several other operator amendments. A complete detail document was sent on November 4, 2015 to the Permittee outlining each error along with the complete electronic Division estimate to expedite the Permittee's response.

The Division reached out to the Permittee's staff to offer assistance November 4th and 5th. The Permittee submitted revised cost estimates on November 6, 2015.

The current application cannot be finalized with the submitted information but the analysis of the Bond release was completed utilizing the Division's estimate, which was provided to the Permittee. The Permittee still needs to provide corrected bond sheets, updated figures that display bond calculations, and chapter 8 with correct bond numbers and all references of the North Lease permit removed.

*Deficiencies Details:*

cparker

# General Contents

## Maps and Plans

*Analysis:*

The applicant submitted revised maps on November 6, 2015 showing the bond release areas along with cross-sections.

*Deficiencies Details:*

pburton

# Reclamation Plan

## Approximate Original Contour Restoration

*Analysis:*

Analysis:
The application meets the requirements of R645-301-553.110, to achieve approximate original contour, because the graded area closely resembles the surface configuration prior to mining. It is difficult to determine from the maps whether the land blends into the surrounding terrain, because the contour lines do not continue into the adjacent area. However during the onsite inspection, the blend was apparent.

Figure 1-A shows BRP1-1and BRP1-3 in more detail and provides cross section locations in plan view. West to east cross sections for BRP1-1 and BRP1-3 are found on Figure 1-D. North to south cross sections for BRP1-1 and BRP1-3 are found on Figure 1-E. These cross sections show approximately 75 ft of fill. The cross sections illustrate the difference between original surface and backfilled surface. This difference is recorded as a positive number, which is misleading. The difference is a negative number. That is to say, the fill is below the original grade. Fill above Pits 1,2,4,7 and 8 averages six feet lower than the original ground level and is a maximum of 11 feet below the original ground. (This conclusion was arrived at by comparison of the August 6, 2015 cross sections with the October 21,2015 cross sections.) Settling of the backfilled pits is anticipated and the ground surface may lower further over time.

Reconstructed Robinson Creek picks up the drainage from its north and east as the topography slopes at its original grade. From the southeastern portion of BRP1-1 the topography slopes to the base of the spoil stockpile and northwest towards DD4. Low spots north and south of the haul road over pit 2 do not report to DD4 and will need to be watched (Cross section B-B' Station 3+75 and Cross section C-C' station 14+75).

Figure 1-B shows BRP1-2 in more detail and provides cross section locations in plan view. West to east cross-sections F-F' and G-G' are shown on Figure 1-F. The north to south cross section H-H' is shown on Figures 1-G. The cross sections show the depth of fill to be approximately 100 feet deep and the final contour is on the average about five feet and a maximum of ten feet below the original land surface. The land follows the original grade. The general direction of overland flow is to the southeast. There are low spots north and south of Dames road above pits 23 and 25 that will need to be

watched. Rebuilt Roads cross-section C-C' shows a significant drop in elevation of 1.5 feet above the Dames road culvert and below the Dames road culvert. Erosion at the outlet of the culvert will be monitored and repaired.

pburton

## Backfill and Grading General

*Analysis:*

The minimum requirements of R645-301-553 are met within the application as the application includes updated backfill and grading information if the Permittee address the errors in the application regarding volumes. The analysis below was conducted on the corrected sheets the Division supplied to the Permittee 11/5/2015.

The bond application included update Drawing 5-17 to reflect the changes of 2.1 acres of surface disturbance that was changed to excavated area of 2.1 acres. The application also increased the total excavation volume of 20,651,261 BCY.

Figures of the bond release areas were provided detailing the plan and profile view for Bond Release Submission 15_1. The total bond release area was broken into three groups BRP 1-1 through BRP1-2. BRP 1-1 and BRP 1-3 includes Pits 1A, 2 through 9A for a total surface disturbance of 60 acres and approximately 9,508,729 BCY of backfill. BRP 1-2 includes Pits 9A, 21A, 22 through 28 for a total surface disturbance of 40 acres and approximately 5,086,351 BCY of backfill. In total 100.4 acres were backfilled with 14,595,080 BCY of overburden. The application meets the minimum requirements for Phase I bond release.

cparker

## Road System Reclamation

*Analysis:*

Analysis:
The County road was reconstructed in BRP1-2. The location of cross section A-A' along the length of the county road is shown in plan view, Rebuilt Roads Figure 1C, but the cross section could not be found with the application received on 10/21/2015.

Kane County was involved in the reconstruction and approved of the compaction of the road (letter from Kane County Road Department dated 4/9/2015). A letter from Byrad Kershaw for the Kane County Commission expressed acceptance of the reconstructed road along its length (communication dated 10/16/2015, sent to file 10/29/2015), although only the southern portion of the permit area (over pits 22 - 28) has received final compaction and graveled surface. The road through BRP1-1 and BRP1-3 has not been compacted and is not at final grade and does not have the final graveled surface.

Lou Pratt, Kane County Road Department was present at the bond release inspection on 10/6/2015. He is aware that only the County Road in BRP1-2 has been reconstructed to the terms of the County Agreement (Appendix 1-7 and Dwg 5-22F of the MRP). Some repair work was noted as necessary along the county road within BRP1-2. He gave his final approval of that work in an email dated 10/30/32015.

Cross section locations of the reconstructed Dames road are shown on Rebuilt Roads Figure 1-C. The road is 1,200 feet long and intersects with the County road above Pit 25, approximately 200 feet north of its original alignment. Cross section B-B' illustrates the topography of the current Dame's access road. A comparison of the original grade with the existing grade in the new location is also provided.

The reconstructed farm access road runs from the County road 1,100 feet east to the Dame's property gate. The road is 2.5 feet above the surrounding land and was improved with a gravel surface. From the County road, the access road descends at a grade of 4.3 to 4.8% for 250 feet. It then has a gentle grade of 1.7% or less up to the farm gate. Reconstruction of an 'all-weather roadway' was outlined in the original lease agreement (Appendix 1-2, Article 9.05, Confidential Binder, received 6/14/2007). Mr. Dame gave verbal concent to change the location of the road (personal communication with Priscilla Burton on 10/1/2015), but expressed concern about the grade of the new road and the drainage culvert in the road (communication received 10/13/2015). The original road had a shorter climb of 100 ft at 4.3% grade to meet the county road, but also had a climb of 500 feet on the east to the farm house at grades of 2.5 to 3.6%. After discussion with Alton Coal Development, Mr. Dame is accepting of the new road construction (personal communication with Priscilla Burton on 11/4/2015).

pburton

## Hydrological Information Reclamation Plan

*Analysis:*

The Phase I Bond Release application meets the State of Utah R645 hydrology requirements for reclamation.

The application provides multiple plan view maps and cross-sections of the reclaimed areas slated for Phase I bond release. The maps and cross-sections show the Permittee has achieved approximate original contour (AOC) of the land surface for all of the backfilled pits. In achieving AOC, the Permittee has met the minimum hydrology reclamation requirements of R645-301-762.100. Restoring the natural drainage patterns. During the Oct. 6th Bond Release inspection it was determined the post-mining drainage within the bond release area matches the pre-mining drainage of Watersheds 3 and 4.

The permanent diversion of miscellaneous flows under Dame's road meets the State of Utah R645 hydrology requirements. The culvert installed under Dame's access road receives miscellaneous flow from ~62 acres of watershed 4. The Permittee has provided culvert sizing calculations showing it will safely and adequately pass runoff from a 10 year-6 hour storm event as required by R645-301-742.333.

**kstorrar**

## Contemporaneous Reclamation General

*Analysis:*

The minimum requirements of R645-301-553 of backfill and grading are met within the application as detail in Backfill and grading reclamation finding details if the Permittee address the errors in the application regarding volumes. The analysis below was conducted on the corrected sheets the Division supplied to the Permittee 11/5/2015.

The mine continues reclamation actives at the site including end dumping from the excess spoil pile to backfill Pits 9-B, HWT 1B, HWT 2, and HWT 3. Groundwater flows into the open HWT were witnessed at the bond release inspection; specifically along the eastern side of HWT 3. The flows have been documented in month inspection reports and continue to flow but maintain a combine flow rate under one gpm. As part of the reclamation process the mine has developed haul roads through BRP 1-1 and BRP 1-3, as detailed on Figure 1 and Figure 1-A in blue. The surface area associated with the roads is approximately one acre. The subsoil within the roadway has been removed and stored immediately on either side of the roadway. The immediate proximity of the subsoil for replacement and minimal area disturbed with the roadway results in a negligible cost associated with subsoil reapplication can be assumed to be accounted for in the rounding off of the Coal Hollow Mine's total bond of $12,750,000.

A culvert was installed in the Dames access road and was completely open at the time of the bond release inspection. All ditches and culverts associated with the restored country road were to Kane County's satisfaction as documented in the final approval letter from Byrad Kershaw from Kane County Commission (sent to OGM file 10/29/2015). In correspondence with the OGM inspector and Louis Pratt from the Kane County Commission GIS, additional work will be completed on the Kane County Road in a low area to add an additional culver and re-compact back in place. The Kane County has express that such a remedy should be more than sufficient to meet their concerns.

**cparker**

## Stabilization of Surface Areas

*Analysis:*

On September 10, 2015 the Division received an application for phase I bond release on certain areas within the Coal Hollow mine permit area. This memo will include a review of that information. The amendment meets the State of Utah R645 requirements for R645-301-357. However the application includes areas that have been backfilled and graded and some of which have also been topsoiled and seeded. The Division clearly realizes that topsoil redistribution and seeding are not required for phase I bond release. However if there are areas that have received these treatments and they are included in the phase I application pertinent information such as acreages, locations, volumes, seed mixes and times of seeding are typically provided in order to determine when the 10 year liability period will begin. The permittee (Alton Coal Development) needs to provide that information and include it in their MRP for those revegetated areas included in the phase one bond release application and a statement regarding when the last augmented seed has or has not occurred as well as a request to start or not start the 10 year liability bond clock on those areas. [JCH]

**jhelfric**

## Maps Affected Area Boundary

*Analysis:*

The minimum requirements of R645-301-542 are met within the application as Figure 1 of Bond Release submission 15_1 was updated to reflect the application for Phase I Bond release of 100.5 acres if the Permittee address the errors in the application regarding volumes. The analysis below was conducted on the corrected sheets the Division supplied to the Permittee 11/5/2015.. The remaining total Phase I Bond release area is 241.5 acres.

The application included updating the overall surface disturbance of the site in Figure 5-17. The updated figure reflects more accurate excavation volumes of 20.6 MBCY within the original total surface disturbance of 342. Excavated areas were expanded a total of 2.1 acres since the figure was updated in March 2015. The 2.1 acres were originally considered part of the surface disturbance associated with the facilities. The Permittee will engage with Division to establish documentation to justify the changes in area with no changes to the volumes associated with the individual pits in a timely manner after permit renewal.

**cparker**

## Maps Bonded Area

*Analysis:*

The minimum requirements of R645-301-800 are meet within the application as the bonded area map was updated in Figure 1. Figure 1 of Bond Release submission 15_1 was updated to reflect the application for Phase I Bond release of 100.5 acres. The remaining total Phase I Bond release area is 241.5 acres.

The application also included update bond maps Drawing 5-18 to demonstrate the bond release sequence for the southern portion. Drawing 5-19 was also update to reflect the change in the bond polygons utilized in the bond calculations sheets within Chapter 8. The Permittee will engage with Division to establish documentation to justify the changes in area with no changes to the volumes associated with the individual pits in a timely manner after permit renewal.

**cparker**

## Maps Reclamation BackFilling and Grading

*Analysis:*

The minimum requirements of R645-301-542 are met within the application as updated backfilling and grading areas were provided. Additional scaled profile views of bond release areas BRP 1-1 and BRP 1-3 where provided in Figure 1-D to demonstrate how AOC was achieved in restoring the historic drainage patterns at the site. The profile also demonstrates where areas were backfilled vs undisturbed. The largest variance from AOC in BRP 1-3 within the provided profiles is 11.59 feet below AOC. Figure 1-E was provided and shows how AOC was achieved in BRP 1-2 and what portions where backfilled vs original AOC elevation. The largest variance from AOC in BRP 1-2 is 11.10 feet below AOC. These variances from AOC are within acceptable tolerances of the Division.

**cparker**

## Maps Reclamation Final Surface Configuration

*Analysis:*

The minimum requirements of R645-301-542 are met within the application detailed figures were included within the bond release application that show final surface configuration back to AOC. Additional scaled plan views of bond release areas BRP 1-1 and BRP 1-3 where provided in Figure 1-A to demonstrate how AOC was achieved in resorting the historic drainage patterns at the site. Figure 1-B was provided and shows how AOC was achieved in BRP 1-2 by establishing drainage flow to the south east.

**cparker**

## Bonding Form of Bond

*Analysis:*

The application meets the minimum requirements of R645-301-860.100 as the applicant currently maintains a surety bond amount of $12,750,000 which is held by Lexon Insurance Co with a rider held by Ironshore Indemnity Inc.

**cparker**

## Bonding Determination of Amount

*Analysis:*

The Permittee submitted a complete updated Chapter 8 of the MRP to reflect the change in areas, pit release sequencing, and titles utilized to call out each bond release application. The complete Chapter 8 includes information pertaining to the North Lease permit area that is currently within the Division for review under Task 4942. These references should have been removed prior to submission to the Division, but due to a lack of response in a timely manner by the Permittee the Division had no recourse but to review the Chapter 8 and disregard all North Lease permit area. The approval of this amendment does not endorse any and all the North Lease permit area verbiage within the submitted Chapter 8. The Permittee will provide clean copies with the North Lease permit area removed for final approval.

The application meets the minimum requirements of R645-301-830.140 if the Permittee address the errors in the application regarding escalation. The analysis below was conducted on the corrected sheets the Division supplied to the Permittee 11/5/2015.

The Permittee submitted an initial application for Phase I bond release on approximately 80 acres within the permitted area for a surety bond reduction of $10,900,681. The Division staff conducted site inspection on March 2nd and 24th of these areas where each of the bond areas was walked an inspected for grading and stability. The Permittee submitted several more successive bond application that resulted in changes of pit dimensions. The Division requested the Permittee to combine the updated information into one coherent application to expedite the process.

As a result of this a formal new submission for Phase I bond release was received by the Division and a new site inspection was conducted October 6, 2015. The current bond application is for a release on 100.4 acres within the permitted area for a surety bond reduction of $21,921,515. The site inspection verified that the following pits within the application have achieved approximate original contour: Pit 1A, 2, 3, 4, 5, 6, 7, 8, 9A, 21A, 22, 23, 24, 25 ,26, 27, and 28.

The remaining bond required for the Coal Hollow Mine is $13,797,000.

**cparker**

## Bonding Terms and Conditions Liability Insurance

*Analysis:*

The application meets the minimum requirements of R645-301-850 as the applicant currently holds liability insurance through American Mining Insurance Company, effective until 12/10/15. The insurance includes the required Marsh from, explosives and claims made per occurrence.

**cparker**

# Affidavit of Publication

STATE OF UTAH )
(SS.
COUNTY OF KANE )

COPY OF NOTICE

I, Dennis A. Brunner, being duly sworn, depose and say that I am General Manager/Publisher of the SOUTHERN UTAH NEWS, a weekly newspaper of general circulation published every Wednesday at Kanab, Utah, for Kane County, Utah and Coconino County, Arizona, and a designated agent of the Utah Press Association and the notice attached hereto,

was published in said newspaper for: **FOUR**

consecutive weeks, the first publication on: **08/27/2015**

and the last on: **09/17/2015**

that said notice was published in the regular and entire issue of every number of the paper during the period and times of publication, and

that the same was published in the newspaper proper and not in a supplement and that said notice was published on www.utahlegals.com on the same day as the first newspaper publication and the notice remained on www.utahlegals.com for one week after the final publication date.

_____, Publisher

Subscribed and sworn to before me 9-24-15

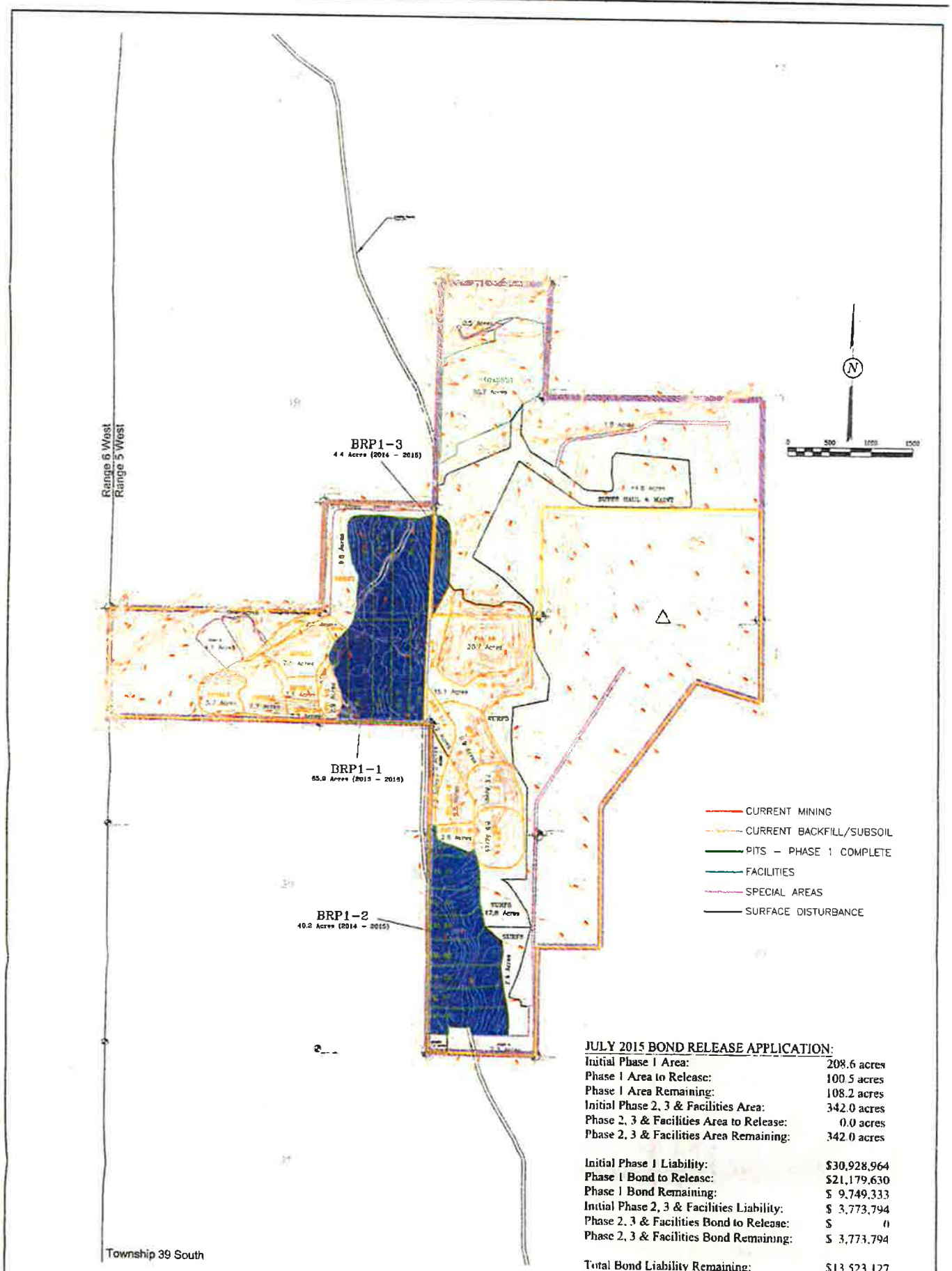
_____ Notary Public

Residing in Kanab, Utah.

My commission expires: 8-24-16

CINDY FORRESTER
Notary Public
State of Utah
Comm. No. 658323
My Comm. Expires Aug 24, 2016

RECEIVED
OCT 13 2015
DIV. OF OIL, GAS & MINING




**JULY 2015 BOND RELEASE APPLICATION:**

| | |
|---|---|
| Initial Phase I Area: | 208.6 acres |
| Phase I Area to Release: | 100.5 acres |
| Phase I Area Remaining: | 108.2 acres |
| Initial Phase 2, 3 & Facilities Area: | 342.0 acres |
| Phase 2, 3 & Facilities Area to Release: | 0.0 acres |
| Phase 2, 3 & Facilities Area Remaining: | 342.0 acres |
| Initial Phase I Liability: | $30,928,964 |
| Phase I Bond to Release: | $21,179,630 |
| Phase I Bond Remaining: | $ 9,749,333 |
| Initial Phase 2, 3 & Facilities Liability: | $ 3,773,794 |
| Phase 2, 3 & Facilities Bond to Release: | $ 0 |
| Phase 2, 3 & Facilities Bond Remaining: | $ 3,773,794 |
| Total Bond Liability Remaining: | $13,523,127 |

LEGEND:
- PERMIT BOUNDARY
- PRIVATE COAL OWNERSHIP
- ULTIMATE PIT BOUNDARY
- DISTURBANCE BNDY
- SECTION LINE
- FOUND SECTION CORNER
- FOUND PROPERTY CORNER

| | |
|---|---|
| DRAWN BY: A Christensen | CHECKED BY: KN |
| DRAWING: Fig. 1 | DATE: 8/5/2015 |
| JOB NUMBER: | SCALE: 1" = 500' |
| | SHEET |

| REVISIONS DATE: | BY: |
|---|---|
| | |

OVERVIEW PROPOSED BOND RELEASE END JULY 2015

COAL HOLLOW PROJECT ALTON, UTAH

Figure 1

Coal Hollow Project
463 North 100 West, Suite 1
Cedar City, Utah 84721
Phone (435)867-5331
Fax (435)867-1192

## PUBLIC NOTICE PHASE I BOND RELEASE APPLICATION COAL HOLLOW MINE, ALTON COAL DEVELOPMENT, LLC

**Public Notice**
**Phase I Bond Release Application**
**Coal Hollow Mine (CHM)**
**Alton Coal Development, LLC**
**463 N 100 W, Suite 1**
**Cedar City, UT 84721**
**MSHA # 42-02519**
**Permit # C/025/0005**
**Permit Approval 11/08/2010**

Notice is hereby given that Alton Coal Development, LLC has filed an application with the Utah Department of Natural Resources, Division of Oil, Gas and Mining for Phase I Bond Release on approximately 100.342 acres of the Coal Hollow Mine ("CHM " or the "Reclaimed Coal Mine").

All areas for bond release have met the standards of the Utah Coal Program as to backfilling, regrading and drainage control for Phase I Bond Release (refer to R645-301-880). The locations of the Reclaimed Coal Mine areas in Kane County, Utah are as follows:

**BRP1 - 1** - A portion of the CHM within the NW 1/4 of the NE 1/4 of Sec. 30, T39S, R5W and the SW 1/4 of the SE 1/4 of Sec. 19, T39S, R5W, containing **55.821** acres. **BRP1 - 1** includes the former Pits 1A, 2, 3, 4, 5, 6, 7 and 8 that have achieved final grade, subsoil placement and shaping for drainage control. Incremental reclamation of the **BRP1 - 1** was completed between 2013 and 2015.

**BRP1 - 2** - A portion of the CHM within the E 1/2 of the E 1/2 of Sec. 30, T39S, R5W, containing **40.159** acres. **BRP1 - 2** includes the former Pits 21A, 22, 23, 24, 25, 26, 27, and 28 that have achieved final grade, subsoil placement and shaping for drainage control. Incremental reclamation of the **BRP1 - 2** was completed between 2014 and 2015.

**BRP1 - 3** - A portion of the CHM within the SE 1/4 of the SE 1/4 of Sec. 19, T39S, R5W, containing **4.362** acres. **BRP1 - 3** includes the former Pits 9A that has achieved final grade, subsoil placement and shaping for drainage control. Incremental reclamation of the **BRP1 - 3** was completed between 2014 and 2015.

The Phase I bond release application is for a liability reduction of $ 21,179,630 from the ultimate disturbance liability of $ 34,702,758. The current bond for Coal Hollow Mine will remain at $12,750,000. All of the above-described areas within the Reclaimed Coal Mine meet the requirements of the MRP and the Division's regulations for post mine land use and for backfilling, regrading and drainage control standards.

A copy of the Phase I bond release application with the complete legal description for each area may be examined at the office of Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801 and written comments, objections, or requests for an informal conference may be submitted to the Salt Lake City address. Said comments must be submitted thirty (30) days from the date of the last publication of this notice. This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, the Utah Coal Mining and Reclamation Act and State and Federal regulations promulgated pursuant to said Acts.

Published in the *Southern Utah News* on August 27, September 3, 10 and 17.

110

GARY R. HERBERT
*Governor*

GREG BELL
*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*

# Inspection Report

| Permit Number: | C0250005 |
|---|---|
| Inspection Type: | BOND RELEASE |
| Inspection Date: | Tuesday, October 06, 2015 |
| Start Date/Time: | 10/6/2015 8:30:00 AM |
| End Date/Time: | 10/6/2015 12:30:00 PM |
| Last Inspection: | Wednesday, September 23, 2015 |

Inspector: Priscilla Burton,

Weather: overcast 55 F

InspectionID Report Number: 5328

Accepted by: DHADDOCK
11/6/2015

| Representatives Present During the Inspection: | |
|---|---|
| OGM | Priscilla Burton |
| Company | Larry Johnson |
| Company | Drew Christensen |
| Company | Joe Kumpke |
| OGM | Daron Haddock |
| OGM | Keenan Storrar |
| OGM | Joe Helfrich |
| OGM | Cheryl Parker |

Permitee: **ALTON COAL DEVELOPMENT LLC**
Operator: **ALTON COAL DEVELOPMENT LLC**
Site: **COAL HOLLOW**
Address: **463 North 100 West, Suite 1, CEDAR CITY UT 84720**
County: **KANE**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

**Current Acreages**

| | |
|---|---|
| 721.00 | **Total Permitted** |
| 342.00 | **Total Disturbed** |
| | **Phase I** |
| | **Phase II** |
| | **Phase III** |

**Mineral Ownership**

- [x] **Federal**
- [ ] **State**
- [ ] **County**
- [x] **Fee**
- [ ] **Other**

**Types of Operations**

- [ ] **Underground**
- [x] **Surface**
- [ ] **Loadout**
- [ ] **Processing**
- [ ] **Reprocessing**

**Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:**

Two bond release applications were the subject of this inspection. The first application was for 100.342 acres (under review as Task 4965) and the second application for 13.065 acres (Task 4980). The bond release inspection was attended by representatives from Kane County (Byard Kershaw, Bert Harris, Shannon McBride, Mary Reynolds, Lou Pratt), Panguitch City (Eric Houston), Alton town (Wade Heaton), the Dixie National Forest (Susan Baughman, Leslie Fonger), Bryce Canyon National Park (Lisa Eckert), Landowners (Dorothy Heaton, Doug Heaton) and the Division. The site had received heavy rainfall the previous day and was quite muddy. Access across the graded area was difficult. Most of the group remained on the reclaimed County road which had just been graveled. One Landowner was not able to attend, but had been in contact with the Division the previous week.

**Inspector's Signature:**

Priscilla Burton,
Inspector ID Number: 37

**Date** Tuesday, October 06, 2015

**Note:** This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.



UTAH DNR OIL, GAS & MINING

***REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS***

1. *Substantiate the elements on this inspection by checking the appropriate performance standard.*
   a. *For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.*
   b. *For PARTIAL inspections check only the elements evaluated.*
2. *Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.*
3. *Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.*
4. *Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.*

| | Evaluated | Not Applicable | Comment | Enforcement |
|---|---|---|---|---|
| 1. Permits, Change, Transfer, Renewal, Sale | ☑ | ☐ | ☑ | ☐ |
| 2. Signs and Markers | ☐ | ☐ | ☐ | ☐ |
| 3. Topsoil | ☑ | ☐ | ☑ | ☐ |
| 4.a Hydrologic Balance: Diversions | ☑ | ☐ | ☑ | ☐ |
| 4.b Hydrologic Balance: Sediment Ponds and Impoundments | ☐ | ☐ | ☐ | ☐ |
| 4.c Hydrologic Balance: Other Sediment Control Measures | ☐ | ☐ | ☐ | ☐ |
| 4.d Hydrologic Balance: Water Monitoring | ☐ | ☐ | ☐ | ☐ |
| 4.e Hydrologic Balance: Effluent Limitations | ☐ | ☐ | ☐ | ☐ |
| 5. Explosives | ☐ | ☐ | ☐ | ☐ |
| 6. Disposal of Excess Spoil, Fills, Benches | ☐ | ☐ | ☐ | ☐ |
| 7. Coal Mine Waste, Refuse Piles, Impoundments | ☐ | ☐ | ☐ | ☐ |
| 8. Noncoal Waste | ☐ | ☐ | ☐ | ☐ |
| 9. Protection of Fish, Wildlife and Related Environmental Issues | ☐ | ☐ | ☐ | ☐ |
| 10. Slides and Other Damage | ☐ | ☐ | ☐ | ☐ |
| 11. Contemporaneous Reclamation | ☐ | ☐ | ☐ | ☐ |
| 12. Backfilling And Grading | ☑ | ☐ | ☑ | ☐ |
| 13. Revegetation | ☑ | ☐ | ☑ | ☐ |
| 14. Subsidence Control | ☐ | ☐ | ☐ | ☐ |
| 15. Cessation of Operations | ☐ | ☐ | ☐ | ☐ |
| 16.a Roads: Construction, Maintenance, Surfacing | ☑ | ☐ | ☑ | ☐ |
| 16.b Roads: Drainage Controls | ☑ | ☐ | ☑ | ☐ |
| 17. Other Transportation Facilities | ☐ | ☐ | ☐ | ☐ |
| 18. Support Facilities, Utility Installations | ☐ | ☐ | ☐ | ☐ |
| 19. AVS Check | ☐ | ☐ | ☐ | ☐ |
| 20. Air Quality Permit | ☐ | ☐ | ☐ | ☐ |
| 21. Bonding and Insurance | ☑ | ☐ | ☑ | ☐ |
| 22. Other | ☐ | ☐ | ☐ | ☐ |

**1. Permits, Change, Transfer, Renewal, Sale**

Pre-mining topography is shown on Dwg 5-1. Post-mining topography plans are shown on Dwg 5-37 and Dwg 5-37A cross sections. Figures included with the bond release applications under review as Tasks 4965 (August 2015) and Task 4980 (September 2015) show the as-built post-mining topoography of Bond Release Phase 1 Areas 1 through 3 (BRP1 -1, BRP1-2, BRP1-3 etc.). MRP Chapter 1 pages 1 - 4 provides images of the area, pre-mining, including images of Lower Robinson Creek and the County road and Richard Dame's property.

**3. Topsoil**

To the west of HWT-2, recently graded bond relase areas BRP1-4 and BRP1-5 were also recently topsoiled. This area was extremely muddy and topsoil depths could not be evaluated.

**4.a Hydrologic Balance: Diversions**

The post-mining drainage within the bond release areas matches the pre-mining drainage of Watersheds 3 and 4.

The riprap placed in the reclaimed Lower Robinson channel is a D50 of roughly 15 inches. The Permittee plans to remove the plug at the top of the reclaimed channel, riprap this last section, and be finished with the reclamation of Lower Robinson creek. They will then reclaim/backfill the temporary diversion.

The culvert installed under Dame's access road receives miscellaneous flow from ~62 acres of watershed 4.

**12. Backfilling And Grading**

The site appears to have been backfilled and graded back to AOC to the extent possible. The minimum requirements of R645-301-553 are met within the application as the application includes updated backfill and grading information. The bond application included update Drawing 5-17 to reflect the changes of 2.1 acres of surface disturbance that was changed to excavated area of 2.1 acres. The application also increased the total excavation volume of 20,651,261 BCY. The bond release included two submissions: Bond release 15_1 included 100.4 acres with 14,595,080 BCY moved and Bond release 15_2 included 13 acres with 1,288,771 BCY moved (CP). Areas that have been backfilled and graded include the following pits: 1A, 2, 3, 4, 5, 6, 7, 8, 9-A, 20-A, 20-B, 21-A, 22, 23, 24, 25, 26, 27, 28 and High Wall trench HWT-1-A. A total of 100.5 Though muddy we were able to get to locations where the backfilling could be evaluated. All of the above pits have been backfilled and graded to achieve Approximate Original Contour. On October 16th, the Division received comment letters from Kane County about the grade and final configuration of County Road K3900. The county was satisfied that the road had been restored to approximate original contour and its original alignment.

**13. Revegetation**

The application includes areas that have been backfilled and graded and some of which have also been topsoiled and seeded. The Division clearly realizes that topsoil redistribution and seeding are not required for Phase 1 bond release. However if there are areas that have received these treatments and they are included in the Phase I application , pertinent informatin such as acreages, locations, volumes, seed mixes and times of seeding are typically provided in order to determine when the 10 year liability period will begin. The 10 year liability bond clock will not begin until such a statement is received.

**16.a Roads: Construction, Maintenance, Surfacing**

The completed portion of the reclaimed County road 3900 is within BRP1-2. The County enters the permit area above Pit 28 at an elevation of 6,842.2 ft. It rises to 6,862.1 ft. elevation over a distance of 1,600 feet. (Average grade is 1.25%). Its current elevation is ten feet above the original elevation. CR3900 exits the permit area west of Pit 22. An erosion hole was noted in the borrow ditch of the County road near the crest of the hill on the west side of Pit 23. [ACD repaired this drainage problem on October 29. Lou Pratt inspected the repair and sent an email confirming its adequacy on 10/30/2015].

The county road runs through is not included in the BPR1-3, but is not included in the bond release for that area. The county road along the east boundary of BRP1-1 and within BRP1-3 still needs grading, compaction testing, and gravel.

A post mining roadway was reconstructed to access Mr. Dame's property in Bond Release Phase 1 area 1 (BRP1-1). The road was not originally shown on the bond release Figure 1. A revised figure was requested ( and was received 10/21/2015).

**16.b Roads: Drainage Controls**

The 12 inch culvert under the road to Richard Dame property was evaluated and found adequate to safely pass the required event for miscellaneous flows which is a 10 year 6 hour storm.

## 21. Bonding and Insurance

Current bond amount is $12,750,000 for 342 surface disturbed acres. The phase 1 bond release application is for 113.407 acres. Division representative reviewed the Permittee's required documents. A field inspection South Coal Hollow lease areas that have been backfilled and graded with subsoil. The Permittee has established relative AOC in the bond release areas of HWT 1-A, Pits 1A, 2, 3, 4, 5, 6, 7, 8, 9A, 21A, 22 ,23, 24, 25 ,26, 27, and 28. A culvert was installed in the Dames access road and was completely open at the time of inspection. All ditches and culverts associated with the restored country road were to Kane County's satisfaction as documented by email. The current bond release amount is $21,921,515 for Bond Release Submission 15_1 and $1,966,694 for Bond Release Submission 15_2. The Permittee has applied for Phase I bond release, Task 4965 and 4980, currently under review by the Division. The current bond liability is after both bond releases will be $11,830,000.

Kane County GIS / Transportation Director
Fleet Manager
Louis L. Pratt Jr.
Kane County Courthouse
76 North Main Street
Kanab, Utah 84741
Phone (435) 644-4968
Fax (435) 644-4963
kanerds@kanab.net

October 16, 2015

**Re: Phase 1 Bond Release, Alton Coal Development, LLC, Coal Hollow Project, Kane County, Utah, C/025/0005**

Daron R. Haddock
Coal Program Manager
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Haddock:

Multiple Kane County offices recently attended the October 6 field trip to view the Phase 1 reclamation that had been conducted on Alton Coal Development's Coal Hollow Project in Kane County, Utah. These offices included Shannon McBride and Mary Reynolds, Kane County Planning and Zoning, Bert Harris Kane County Roads Foreman and Byard Kershaw from our Resource Committee.

All that attended the site visit was very satisfied that the backfilled areas have been restored to the approximate original contour, and that the reclamation work will be a valued landscape for the property owners.

Kane County Road K3900 is at its approximate location and proper alignment and has been restored to its original if not better alignment and road base quality as it once had been.

Kane County supports the Phase 1 bond release for the three areas for which the Application was submitted. Those areas are identified in the Bond Release Application as BRP1-1, BRP1-2 and BRP1-3.

# KANE COUNTY COMMISSION

**Douglas K. Heaton, Dirk Clayson, Jim Matson**
**76 North Main**
**Kanab, Utah 84741**
**(435) 644-4901**


October 16, 2015

**Re: Phase 1 Bond Release, Alton Coal Development, LLC, Coal Hollow Project, Kane County, Utah, C/025/0005**

Daron R. Haddock
Coal Program Manager
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Haddock:

Shannon McBride and Mary Reynolds, Kane County Planning and Zoning, Lou Pratt, Kane County GIS Coordinator and I attented the October 6 field trip to view the Phase 1 reclamation that had been conducted on Alton Coal Development's Coal Hollow Project in Kane County, Utah.

We are satisfied that the backfilled areas have been restored to the approximate original countour, and that the alignment of Kane County Road K 3900 has been restored to its original alignment.

Kane County supports the Phase 1 bond release for the three areas for which the Application was submitted. Those areas are identified in the Bond Release Application as BRP1-1, BRP1-2 and BRP1-3.

Thank you for the opportunity to comment.

If you have questions or comments please contact Byard Kershaw by phone at 435-644-3094 (H) or 602-478-9621 (C), or by email at northrimconsulting@kanab.net.

Respectfully,

Byard L Kershaw

Digitally signed by Byard L Kershaw
Date: 2015.10.16 12:59:03 -06'00'

Byard L. Kershaw
For Jim Matson
Kane County Commissioner

cc: Priscilla
Cheryl
Dana
Keenan

RECEIVED
OCT 13 2015
DIV. OF OIL, GAS & MINING

September 8,2015

Daron Haddock, Coal Program Manager
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Subject: Notification of Bond Release Application of Areas to be reclaimed, Alton Coal Development, Coal Hollow Mine, Permit # C/025/0005,Task # 7788

Dear Mr. Haddock:

I am a land owner and have leased some of my land to the Alton Coal Company. The southern part of the reclaimed Mined area is my Land.

I have been in contact with Priscilla Burton and yourself about this matter. Ms. Burton has E-mailed to me Pre-Mining and Post-Mining topography and drawings, she sent me pre-mining Photographs. Of the Area. I cannot make out my property from the photos. I don't have the skill to make sense out of the topography maps.

My problem is that I don't agree that the land has been restored to the same contour as the original shape and grade the county road is higher than it was before and the slope from the road to the east is not as flat as it was before. I have been told by the mine that it has been restored the same as it was and it has not. I don't want to cause a problem for the mine but I think it should be restored back to original.

My other concern is the culverts under the road to my Ranch. During a serious runoff or flood the culverts do not seem large enough to drain the water.

I'm sorry I could not be there for the Inspection. I don't want to have trouble with the mine people because of all this. There are others that have commented that the land is higher than it was before.

All of this restoration was made last winter when I was not around.

Thank you

Richard L. Dame
1620 Georgia Avenue
Boulder City, NV 89005
435-691-2911
rldame@cox.net

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*

October 28, 2015

Richard L. Dame
1620 Georgia Avenue
Boulder City, NV 89005

Subject: Bond Release Concerns, Alton Coal Development, Coal Hollow Mine, Permit C/025/0005, Task ID #4980, Kane County, Utah

Dear Mr. Dame:

This letter is in response to your letter dated September 8, 2015 and received at the Division offices on October 13, 2015. First, I would like to thank you for taking the time to write and for identifying some concerns that you have at the Coal Hollow Mine. Your input is helpful in getting a better reclamation result at the site.

In your letter you indicated your concern that the land has not been restored to the same contour as the original shape and grade. During our inspection of the site, this was examined and there is probably some difference in the contour now versus what was at the site before the mine. However, the standard for reclamation is to achieve "approximate" original contour (AOC) not exact original contour. The Utah Coal rules provide for some differences and allow the reclaimed area to closely resemble the general surface configuration of the land prior to mining as long as it blends into and complements the drainage pattern of the surrounding terrain. The reclaimed area appears to satisfy the AOC standard. We would be available to meet with you at the mine site and go over the topography maps and cross-sections if you so desire.

Of course, one of our concerns for the reclamation of this area was the reestablishment of the roads. The county road and the road to your property both had to be restored and be functional. Representatives from Kane County were present at the inspection and were consulted about the grade and final configuration of County Road K3900. The county was satisfied that the road had been restored to approximate original contour and its original alignment. Please see the enclosed letters from the Kane County Commission and Road Department. We do realize that the road to your property is in a different location than it was prior to mining, but we understand that the revised location was at your request. We would be interested in reviewing any agreements you may have made with the mine in this regard.

1594 West North Temple, Suite 1210, Salt Lake City, UT 84116
PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR
OIL, GAS & MINING

Per your request, we have also looked into your concern about the culvert under your road being too small. The culvert is a 12 inch corrugated metal pipe. The culvert placement was necessary to convey runoff to the south of your road, as the road is now built up. When we first looked at it, we too were concerned that it looked quite small. However, upon further investigation, we have concluded that it has been sized appropriately. The Utah Coal Mining Rules only require the diversion of miscellaneous flow be sized to adequately convey a 10 year, 6 hour storm event. Our hydrologist has verified that this culvert will be adequate, primarily because the drainage area reporting to it is quite small.

I hope that I have adequately addressed the concerns that you have voiced in your letter. The coal program staff has discussed them. Alton Coal Development has provided additional information as a result. We will be watching the reclaimed area throughout the bond release period (another 10 years) and expect to see your pasture restored to its former productivity. The company is responsible to maintain the culvert and control erosion throughout the bond release period. We are committed to successful reclamation. Please keep in touch with us, so that we will know how we are doing.

Thank you again for your involvement in the bond release process. Please call me at (801) 538-5325 if you have further questions.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Coal Program Manager

DRH/ss
Enclosures
O:\025005.COL\WG4980 PHASE I BOND RELEASE\October 28.docx

Phase I Bond Release on 13 acres
Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

Task #4980

**TABLE OF CONTENTS**

Decision Document

* Action

* Background

* Chronology

* Summary of Findings

* Recommendation for Phase I Bond Release

Technical Analysis

Affidavit of Publication

Phase I Bond Release Inspection Report

Letter of Recommendation from Kane County

# DECISION DOCUMENT

Phase I Bond Release on 13 acres
Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

Task ID #4980

## ACTION

Phase I bond release is requested for 13 acres of the 342 acres in the disturbed area boundary at Coal Hollow Mine. The current bond for Coal Hollow Mine will remain at $12,750,000.

## BACKGROUND

The Alton coal field is located in T39S, R6W and T39S, R5W SLB&M, Kane County, Utah. The town of Kanab, which is the Kane County Seat, is located about 30 miles south of the Alton coal field. Alton Coal Development, LLC (ACD) is the company responsible for the development of a portion of the Alton coal field which is known as the Coal Hollow Mining Project. The center of the Coal Hollow Project (CHP) is located approximately 3 miles south of the town of Alton, Utah.

In 2004, ACD negotiated surface and coal leases for the private or fee areas of the Alton coal field. In 2004 ACD submitted a Lease by Application (LBA) to the Department of the Interior, Bureau of Land Management State Office, Salt Lake City, Utah for federal coal acreage contiguous to the secured private lease area. Starting in 2006, ACD submitted an application for a mine permit along with a Mining and Reclamation Plan (MRP) to the Utah Division of Oil, Gas and Mining (UDOGM). It took until November 8, 2010 to complete the permitting process and the Division issued a permit for the Coal Hollow Mine.

The Coal Hollow Project started as a surface mining operation that intended to produce approximately 2,000,000 tons of coal annually using pit mining. Midway through the project, ACD initiated highwall mining which was used in a portion of the mine. Recently the Company has instigated underground mining, which is still being developed. Production at the mine has been much slower than anticipated.

A permanent program permit was issued to Alton Coal Development, LLC for the Coal Hollow Mine on November 8, 2010. An enlargement of the mine (known as the North Private Lease ) has been applied for but is still undergoing the review process.

Backfilling and grading of the pits has occurred concurrently and as contemporaneously as possible with the mining. This bond release application is for approximately 13 acres of land

that has been reclaimed to phase I requirements. The areas that are included in this application include highwall trench 1-A and pits 20-A, 20-B and 21-B.

An inspection of the site was conducted on October 6, 2015, which found that the 13 acre area had been backfilled and graded to achieve approximate original contour.

## CHRONOLOGY FOR PHASE I BOND RELEASE

| | |
|---|---|
| September 10, 2015 | Alton Coal Development, LLC submits the Phase I bond release application for the Coal Hollow Mine. |
| September 10, 2015 | Alton Coal Development, LLC sends letters to local governments, planning agencies, surface owners and subsurface owners notifying them of the proposed bond release:<br>Alecia Swapp Dame Trust, c/o Richard Dame Trustee<br>C. Burton Pugh<br>Darlynn Sorensen<br>Kane County Water Conservancy District<br>Kane County Planning Commission<br>BLM, Kanab Field Office, James Holland<br>Alton, Utah, Mayor Cox |
| September 17, 24 and October 1, 8, 2015 | Phase I Bond Release Published in the Southern Utah News. |
| September 21, 2015 | The Division sends letters of invitation for the bond release inspection to be held October 6, 2015. |
| October 6, 2015 | Phase I bond release inspection. In attendance:<br>Larry Johnson, Drew Christensen, Joe Kumpke, Riley Anderson, Alton Coal Development, LLC<br>Daron Haddock, Cheryl Parker, Joe Helfrich, Priscilla Burton, Keenan Storrar, UDOGM<br>Shannon McBride, Mary Reynolds, Lou Pratt, Bert Harris, Byard Kershaw, Kane County<br>Lisa Eckert, NPS<br>Eric Houston, Panguitch City<br>Leslie Fonger, Susan Baughman, USDA-Dixie National Forest<br>Doug Heaton, Wade Heaton, Dorothy Heaton, Landowners |
| November 7, 2015 | Public comment period closes. The Division receives no comments |

## SUMMARY OF FINDINGS

The Phase I bond release was advertised for four consecutive weeks. The only comments received during the public comment period were from Kane County who expressed their satisfaction that the backfilled areas have been restored to the approximate original contour and the alignment of Kane County Road K3900 has been restored to its original alignment. A bond release inspection was conducted on October 6, 2015. No problems were identified. The technical analysis for Phase I bond release is attached.

## PHASE I BOND RELEASE RECOMMENDATION

The Permittee has met the requirements of Phase I bond release at the mine site. The recommendation is that the Division approve Phase I bond release for the area.

GARY R. HERBERT
Governor
GREG BELL
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

# Technical Analysis and Findings

## Utah Coal Regulatory Program

November 6, 2015

**PID:** C0250005
**TaskID:** 4980
**Mine Name:** COAL HOLLOW
**Title:** PHASE I BOND RELEASE

## Summary

Analysis:
This bond release application, task 4980, is for Phase 1 bond release on areas identified as BRP1-4 (3.2 acres) and BRP1-5 (9.8 acres), on Bond Release 15_2/Figure 1, totaling 13 acres. The surface is owned by C. Burton Pugh. Original lease agreements were received on June 14, 2007 and a revision was received in December 2008. Reclamation of the site is referred to in Article 9.1 of the lease agreement.

Bond release Drawing 5-19 shows the polygons of bond release areas. The 13 acres includes final grading in portions of Pits 9, 20, and 21 on the west side of High Wall Trench 1 and HWT 2. (See Drawing 5-10 of the Mining and Reclamation Plan for Pit and HWT locations.) Figure 1-A shows BRP1-4 and BRP1-5 in more detail and provides cross section locations in plan view. Figure 1-B provides cross sections for BRP1-4 and BRP1-5.

The task 4980 bond release application was received on September 10, 2015. After the bond release inspection on October 6, 2015, maps were revised to show original contour. In addition, the update removed topographic lines from Drawing 5-17 (Overburden removal Ultimate Disturbance) and Drawing 5-19 (Bond Polygons). Drawing 5-18 was revised to remove calendar dates from the bond release phases. These revisions were received October 21, 2015, and revised again on 11/3/2015 to provide basic information such as identification of bond release areas and station locations for cross sections on the plan view. Errors in presentation still remain with the final maps, as the numbers of the station locations are presented backwards and the change in elevation from original to final reclamation is reported as a positive number, when the change was negative. But the Division has been able to interprete the information.The review of task 4980 considers all the information received pertaining to BRP1-4 and BRP1-5.

*Deficiencies Details:*

**pburton**

The Permittee submitted erroneous sheets within the bond application of Task 4965 and 4980 that arrived at the Division October 21, 2015. The Division expedited the review and documented the critical errors in as promptly as time as possible given pressure from several other operator amendments. A complete detailed document was sent on November 4, 2015 to the Permittee outlining the problem with each error along with the fix. The document also included the complete electronic Division estimate to expedite the Permittee's response. The Division reached out to the Permittee's staff to offer assistance November 4th and 5th. The Permittee submitted revised cost estimates on November 6, 2015.

The current application cannot be finalized with the submitted information but the analysis of the Bond release was completed utilizing the Division's estimate, which was provided to the Permittee. The Permittee still needs to provide

corrected bond sheets, updated figures that display bond calculations, and chapter 8 with correct bond numbers and all references of the North Lease permit removed.

*Deficiencies Details:*

cparker

# Reclamation Plan

## Approximate Original Contour Restoration

*Analysis:*

Analysis:
The application meets the requirements of R645-301-553.110, to achieve approximate original contour, because the graded area closely resembles the surface configuration prior to mining and the land blends into the surrounding terrain. Figure 1-A shows BRP1-4 and BRP1-5 in more detail and provides cross section locations in plan view. Figure 1-B provides cross sections for BRP1-4 and BRP1-5. The cross sections show the depth of fill to be approximately 100 feet deep and the final contour is approximately 10 feet above the original land surface. Settling of the backfilled pits is expected and the ground surface may drop some over time. With the exception of an area in the middle of BRP1-5, shown on cross-section D-D', the land follows the original grade. The general direction of overland flow is to the southeast.

pburton

## Backfill and Grading General

*Analysis:*

The minimum requirements of R645-301-553 are met within the application as the application includes updated backfill and grading information if the Permittee address the errors in the application regarding volumes. The analysis below was conducted on the corrected sheets the Division supplied to the Permittee 11/5/2015.

Figures of the bond release areas were provided detailing the plan and profile view for Bond Release Submission 15_2. The total bond release area was broken into two groups BRP 1-4 and BRP1-5. BRP 1-4 and BRP 1-5 includes Pits 20-A, 20-B, 21-B and HWTA for a total surface disturbance of 13 acres and approximately 1,288,771BCY of backfill. The application meets the minimum requirements for Phase I bond release.

cparker

## Hydrological Information Reclamation Plan

*Analysis:*

The Phase I Bond Release application meets the State of Utah R645 hydrology requirements for reclamation.

The application provides multiple plan view maps and cross-sections of the reclaimed areas slated for Phase I bond release. The maps and cross-sections show the Permittee has achieved approximate original contour (AOC) of the land surface for all of the backfilled pits. In achieving AOC, the Permittee has met the minimum hydrology reclamation requirements of R645-301-762.100. Restoring the natural drainage patterns. During the Oct. 6th Bond Release inspection it was determined the post-mining drainage within the bond release area matches the pre-mining drainage of Watersheds 3 and 4.

The permanent diversion of miscellaneous flows under Dame's road meets the State of Utah R645 hydrology requirements. The culvert installed under Dame's access road receives miscellaneous flow from ~62 acres of watershed 4. The Permittee has provided culvert sizing calculations showing it will safely and adequately pass runoff from a 10 year-6 hour storm event as required by R645-301-742.333.

kstorrar

## Stabilization of Surface Areas

*Analysis:*

On September 10, 2015 the Division received an application for phase I bond release on certain areas within the Coal

Hollow mine permit area. This memo will include a review of that information. The amendment meets the State of Utah R645 requirements for R645-301-357. The application includes areas that have been backfilled and graded and some of which have also been topsoiled and seeded. The Division clearly realizes that topsoil redistribution and seeding are not required for phase I bond release. However if there are areas that have received these treatments and they are included in the phase I application pertinent information such as acreages, locations, volumes, seed mixes and times of seeding are typically provided in order to determine when the 10 year liability period will begin. The permittee (Alton Coal Development) needs to include that
information for those revegetated areas included in the phase one bond release application and a statement regarding when the last augmented seed has or has not occurred as well as a request to start or not start the 10 year liability bond clock on those areas. [JCH]

**jhelfric**

## Maps Affected Area Boundary

*Analysis:*

The minimum requirements of R645-301-542 are met within the application as Figure 1 of Bond Release submission 15_2 was updated to reflect the application for Phase I Bond release of 13 acres. The remaining total Phase I Bond release area is 228.5 acres.

Excavated areas were expanded a total of 2.1 acres since the figure was updated in March 2015. The 2.1 acres were originally considered part of the surface disturbance associated with the facilities. The Permittee will engage with Division to establish documentation to justify the changes in area with no changes to the volumes associated with the individual pits in a timely manner after permit renewal.

**cparker**

## Maps Bonded Area

*Analysis:*

The minimum requirements of R645-301-800 are meet within the application as the bonded area map was updated in Figure 1. Figure 1 of Bond Release submission 15_2 was updated to reflect the application for Phase I Bond release of 13 acres. The remaining total Phase I Bond release area is 228.5 acres.

The Permittee will engage with Division to establish documentation to justify the changes in area with no changes to the volumes associated with the individual pits in a timely manner after permit renewal.

**cparker**

## Maps Reclamation BackFilling and Grading

*Analysis:*

The minimum requirements of R645-301-542 are met within the application as updated backfilling and grading areas were provided. Additional scaled profile views of bond release areas BRP 1-4 and BRP 1-5 where provided in Figure 1-B to demonstrate how AOC was achieved in restoring the historic drainage patterns at the site. The profile also demonstrates where areas were backfilled vs undisturbed. The largest variance from AOC in BRP 1-4 within the provided profiles is 9.92 feet below AOC. These variances from AOC are within acceptable tolerances of the Division.

**cparker**

## Maps Reclamation Final Surface Configuration

*Analysis:*

The minimum requirements of R645-301-542 are met within the application detailed figures were included within the bond release application that show final surface configuration back to AOC. Additional scaled plan views of bond release areas BRP 1-4 and BRP 1-5 where provided in Figure 1-A to demonstrate how AOC was achieved in resorting the historic drainage patterns at the site.

**cparker**

## Bonding Form of Bond

*Analysis:*

The application meets the minimum requirements of R645-301-860.100 as the applicant currently maintains a surety bond amount of $12,750,000 which is held by Lexon Insurance Co with a rider held by Ironshore Indemnity Inc.

**cparker**

## Bonding Determination of Amount

*Analysis:*

The Permittee submitted a complete updated Chapter 8 of the MRP to reflect the change in areas, pit release sequencing, and titles utilized to call out each bond release application. The complete Chapter 8 includes information pertaining to the North Lease permit area that is currently within the Division for review under Task 4942. These references should have been removed prior to submission to the Division, but due to a lack of response in a timely manner by the Permittee the Division had no recourse but to review the Chapter 8 and disregard all North Lease permit area. The approval of this amendment does not endorse any and all the North Lease permit area verbiage within the submitted Chapter 8. The Permittee will provide clean copies with the North Lease permit area removed for final approval.

The application meets the minimum requirements of R645-301-830.140 if the Permittee address the errors in the application regarding escalation. The analysis below was conducted on the corrected sheets the Division supplied to the Permittee 11/5/2015.

As a result of this a formal new submission for Phase I bond release was received by the Division and a new site inspection was conducted October 6, 2015. The current bond application is for a release on 13 acres within the permitted area for a surety bond reduction of $1,966,694. The site inspection verified that the following pits within the application have achieved approximate original contour: Pits 20-A, 20-B, 21-B and HWT 1-A.

The remaining bond required for the Coal Hollow Mine is $11,830,000.

**cparker**

## Bonding Terms and Conditions Liability Insurance

*Analysis:*

The application meets the minimum requirements of R645-301-850 as the applicant currently holds liability insurance through American Mining Insurance Company, effective until 12/10/15. The insurance includes the required Marsh from, explosives and claims made per occurrence.

**cparker**

**PUBLIC NOTICE**
**PHASE I BOND RELEASE APPLICATION**
**COAL HOLLOW MINE, ALTON COAL DEVELOPMENT, LLC**

**Public Notice**
**Phase I Bond Release Application**
**Coal Hollow Mine (CHM)**
**Alton Coal Development, LLC**
**463 N 100 W, Suite 1**
**Cedar City, UT 84721**
**MSHA # 42-02519**
**Permit # C/025/0005**
**Permit Approval 11/08/2010**

Notice is hereby given that Alton Coal Development, LLC has filed an application with the Utah Department of Natural Resources, Division of Oil, Gas and Mining for Phase I Bond Release on approximately 13.065 acres of the Coal Hollow Mine ("CHM" or the "Reclaimed Coal Mine"). All areas for bond release have met the standards of the Utah Coal Program as to backfilling, regrading and drainage control for Phase I Bond Release (refer to R645-301-880). The locations of the Reclaimed Coal Mine areas in Kane County, Utah are as follows:

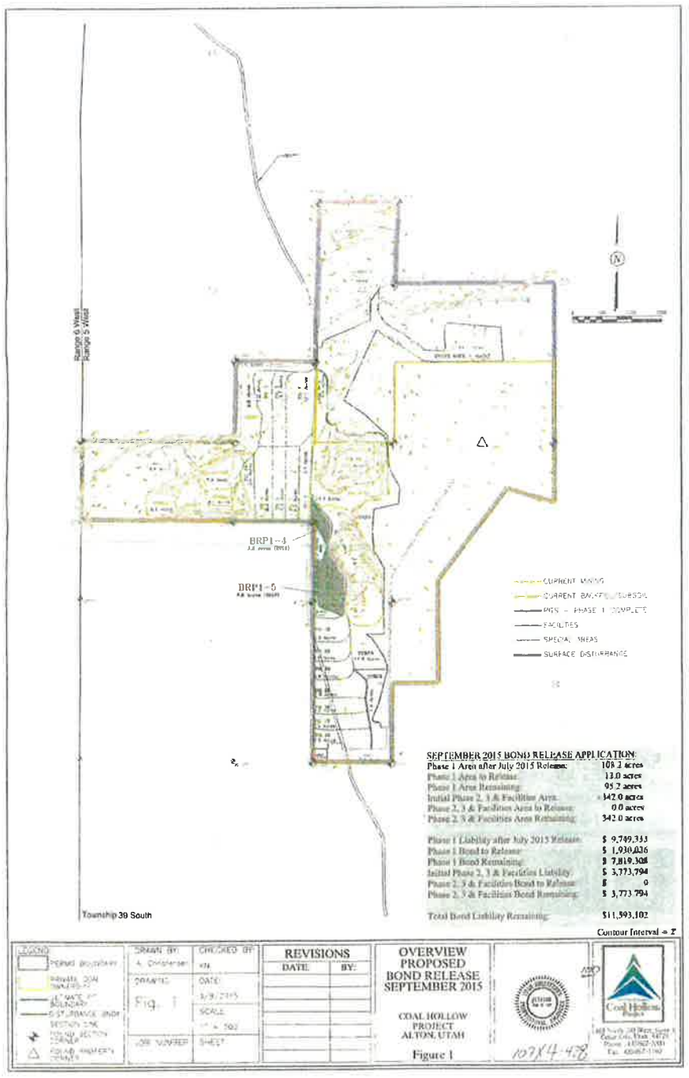
**BRP1 - 4** - A portion of the CHM within the NE 1/4 Sec. 30, T39S, R5W, containing **3.247** acres. **BRP1 - 4** includes the former HWT 1-A that has achieved final grade, subsoil placement and shaping for drainage control. Incremental reclamation of the **BRP1 - 4** was completed in Sept. 2015.

**BRP1 - 5** - A portion of the CHM within the E 1/2 of the E 1/2 of Sec. 30, T39S, R5W, containing **9.818** acres. **BRP1 - 5** includes the former Pits 20-A, 20-B, and 21B that have achieved final grade, subsoil placement and shaping for drainage control. Incremental reclamation of the **BRP1 - 5** was completed in Sept. 2015.

The Phase I bond release application is for a liability reduction of $ 1,930,026 from the ultimate disturbance liability of $ 34,702,758. The current bond for Coal Hollow Mine will remain at $12,750,000. All of the above-described areas within the Reclaimed Coal Mine meet the requirements of the MRP and the Division's regulations for post mine land use and for backfilling, regrading and drainage control standards.

A copy of the Phase I bond release application with the complete legal description for each area may be examined at the office of Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801, and written comments, objections, or requests for an informal conference may be submitted to the Salt Lake City address. Said comments must be submitted thirty (30) days from the date of the last publication of this notice. This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, the Utah Coal Mining and Reclamation Act and State and Federal regulations promulgated pursuant to said Acts.

Published in the *Southern Utah News* on September 17, 24, October 1 and 8, 2015.




# Affidavit of Publication

COPY OF NOTICE

STATE OF UTAH )
(SS.
COUNTY OF KANE )

I, Dennis A. Brunner, being duly sworn, depose and say that I am General Manager/Publisher of the SOUTHERN UTAH NEWS, a weekly newspaper of general circulation published every Wednesday at Kanab, Utah, for Kane County, Utah and Coconino County, Arizona, and a designated agent of the Utah Press Association and the notice attached hereto,

was published in said newspaper for: **FOUR**

consecutive weeks, the first publication on: **09/17/2015**

and the last on: **10/08/2015**

that said notice was published in the regular and entire issue of every number of the paper during the period and times of publication, and

that the same was published in the newspaper proper and not in a supplement and that said notice was published on www.utahlegals.com on the same day as the first newspaper publication and the notice remained on www.utahlegals.com for one week after the final publication date.

Dennis Brunner, Publisher

Subscribed and sworn to before me October 28, 2015

Shannon Allen, Notary Public

Residing in Kanab, Utah.

My commission expires: May 20, 2019

SHANNON ALLEN
Notary Public
State of Utah
Comm. No. 683579
My Comm. Expires May 20, 2019

GARY R. HERBERT
*Governor*
GREG BELL
*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*

# Inspection Report

| Permit Number: | C0250005 |
|---|---|
| Inspection Type: | BOND RELEASE |
| Inspection Date: | Tuesday, October 06, 2015 |
| Start Date/Time: | 10/6/2015 8:30:00 AM |
| End Date/Time: | 10/6/2015 12:30:00 PM |
| Last Inspection: | Wednesday, September 23, 2015 |

Inspector: Priscilla Burton,

Weather: overcast 55 F

InspectionID Report Number: 5328

Accepted by: DHADDOCK
11/6/2015

| Representatives Present During the Inspection: | |
|---|---|
| OGM | Priscilla Burton |
| Company | Larry Johnson |
| Company | Drew Christensen |
| Company | Joe Kumpke |
| OGM | Daron Haddock |
| OGM | Keenan Storrar |
| OGM | Joe Helfrich |
| OGM | Cheryl Parker |

Permitee: **ALTON COAL DEVELOPMENT LLC**
Operator: **ALTON COAL DEVELOPMENT LLC**
Site: **COAL HOLLOW**
Address: **463 North 100 West, Suite 1, CEDAR CITY UT 84720**
County: **KANE**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

**Current Acreages**

| | |
|---|---|
| 721.00 | **Total Permitted** |
| 342.00 | **Total Disturbed** |
| | **Phase I** |
| | **Phase II** |
| | **Phase III** |

**Mineral Ownership**

- [x] **Federal**
- [ ] **State**
- [ ] **County**
- [x] **Fee**
- [ ] **Other**

**Types of Operations**

- [ ] **Underground**
- [x] **Surface**
- [ ] **Loadout**
- [ ] **Processing**
- [ ] **Reprocessing**

**Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:**

Two bond release applications were the subject of this inspection. The first application was for 100.342 acres (under review as Task 4965) and the second application for 13.065 acres (Task 4980). The bond release inspection was attended by representatives from Kane County (Byard Kershaw, Bert Harris, Shannon McBride, Mary Reynolds, Lou Pratt), Panguitch City (Eric Houston), Alton town (Wade Heaton), the Dixie National Forest (Susan Baughman, Leslie Fonger), Bryce Canyon National Park (Lisa Eckert), Landowners (Dorothy Heaton, Doug Heaton) and the Division. The site had received heavy rainfall the previous day and was quite muddy. Access across the graded area was difficult. Most of the group remained on the reclaimed County road which had just been graveled. One Landowner was not able to attend, but had been in contact with the Division the previous week.

**Inspector's Signature:**

Priscilla Burton,
Inspector ID Number: 37

**Date** Tuesday, October 13, 2015

**Note:** This inspection report does not constitute an official finding of compliance with the regulatory program of the Division of Oil, Gas and Mining.



UTAH DNR OIL, GAS & MINING

***REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS***

1. *Substantiate the elements on this inspection by checking the appropriate performance standard.*
   a. *For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.*
   b. *For PARTIAL inspections check only the elements evaluated.*
2. *Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.*
3. *Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.*
4. *Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.*

| | Evaluated | Not Applicable | Comment | Enforcement |
|---|---|---|---|---|
| 1. Permits, Change, Transfer, Renewal, Sale | ☑ | ☐ | ☑ | ☐ |
| 2. Signs and Markers | ☐ | ☐ | ☐ | ☐ |
| 3. Topsoil | ☑ | ☐ | ☑ | ☐ |
| 4.a Hydrologic Balance: Diversions | ☑ | ☐ | ☑ | ☐ |
| 4.b Hydrologic Balance: Sediment Ponds and Impoundments | ☐ | ☐ | ☐ | ☐ |
| 4.c Hydrologic Balance: Other Sediment Control Measures | ☐ | ☐ | ☐ | ☐ |
| 4.d Hydrologic Balance: Water Monitoring | ☐ | ☐ | ☐ | ☐ |
| 4.e Hydrologic Balance: Effluent Limitations | ☐ | ☐ | ☐ | ☐ |
| 5. Explosives | ☐ | ☐ | ☐ | ☐ |
| 6. Disposal of Excess Spoil, Fills, Benches | ☐ | ☐ | ☐ | ☐ |
| 7. Coal Mine Waste, Refuse Piles, Impoundments | ☐ | ☐ | ☐ | ☐ |
| 8. Noncoal Waste | ☐ | ☐ | ☐ | ☐ |
| 9. Protection of Fish, Wildlife and Related Environmental Issues | ☐ | ☐ | ☐ | ☐ |
| 10. Slides and Other Damage | ☐ | ☐ | ☐ | ☐ |
| 11. Contemporaneous Reclamation | ☐ | ☐ | ☐ | ☐ |
| 12. Backfilling And Grading | ☑ | ☐ | ☑ | ☐ |
| 13. Revegetation | ☑ | ☐ | ☑ | ☐ |
| 14. Subsidence Control | ☐ | ☐ | ☐ | ☐ |
| 15. Cessation of Operations | ☐ | ☐ | ☐ | ☐ |
| 16.a Roads: Construction, Maintenance, Surfacing | ☑ | ☐ | ☑ | ☐ |
| 16.b Roads: Drainage Controls | ☑ | ☐ | ☑ | ☐ |
| 17. Other Transportation Facilities | ☐ | ☐ | ☐ | ☐ |
| 18. Support Facilities, Utility Installations | ☐ | ☐ | ☐ | ☐ |
| 19. AVS Check | ☐ | ☐ | ☐ | ☐ |
| 20. Air Quality Permit | ☐ | ☐ | ☐ | ☐ |
| 21. Bonding and Insurance | ☑ | ☐ | ☑ | ☐ |
| 22. Other | ☐ | ☐ | ☐ | ☐ |

**1. Permits, Change, Transfer, Renewal, Sale**

Pre-mining topography is shown on Dwg 5-1. Post-mining topography plans are shown on Dwg 5-37 and Dwg 5-37A cross sections. Figures included with the bond release applications under review as Tasks 4965 (August 2015) and Task 4980 (September 2015) show the as-built post-mining topoography of Bond Release Phase 1 Areas 1 through 3 (BRP1 -1, BRP1-2, BRP1-3 etc.). MRP Chapter 1 pages 1 - 4 provides images of the area, pre-mining, including images of Lower Robinson Creek and the County road and Richard Dame's property.

**3. Topsoil**

To the west of HWT-2, recently graded bond relase areas BRP1-4 and BRP1-5 were also recently topsoiled. This area was extremely muddy and topsoil depths could not be evaluated.

**4.a Hydrologic Balance: Diversions**

The post-mining drainage within the bond release areas matches the pre-mining drainage of Watersheds 3 and 4.

The riprap placed in the reclaimed Lower Robinson channel is a D50 of roughly 15 inches. The Permittee plans to remove the plug at the top of the reclaimed channel, riprap this last section, and be finished with the reclamation of Lower Robinson creek. They will then reclaim/backfill the temporary diversion.

The culvert installed under Dame's access road receives miscellaneous flow from ~62 acres of watershed 4.

**12. Backfilling And Grading**

The site appears to have been backfilled and graded back to AOC to the extent possible. The minimum requirements of R645-301-553 are met within the application as the application includes updated backfill and grading information. The bond application included update Drawing 5-17 to reflect the changes of 2.1 acres of surface disturbance that was changed to excavated area of 2.1 acres. The application also increased the total excavation volume of 20,651,261 BCY. The bond release included two submissions: Bond release 15_1 included 100.4 acres with 14,595,080 BCY moved and Bond release 15_2 included 13 acres with 1,288,771 BCY moved (CP). Areas that have been backfilled and graded include the following pits: 1A, 2, 3, 4, 5, 6, 7, 8, 9-A, 20-A, 20-B, 21-A, 22, 23, 24, 25, 26, 27, 28 and High Wall trench HWT-1-A. A total of 100.5 Though muddy we were able to get to locations where the backfilling could be evaluated. All of the above pits have been backfilled and graded to achieve Approximate Original Contour. On October 16th, the Division received comment letters from Kane County about the grade and final configuration of County Road K3900. The county was satisfied that the road had been restored to approximate original contour and its original alignment.

**13. Revegetation**

The application includes areas that have been backfilled and graded and some of which have also been topsoiled and seeded. The Division clearly realizes that topsoil redistribution and seeding are not required for Phase 1 bond release. However if there are areas that have received these treatments and they are included in the Phase I application , pertinent informatin such as acreages, locations, volumes, seed mixes and times of seeding are typically provided in order to determine when the 10 year liability period will begin. The 10 year liability bond clock will not begin until such a statement is received.

**16.a Roads: Construction, Maintenance, Surfacing**

The completed portion of the reclaimed County road 3900 is within BRP1-2. The County enters the permit area above Pit 28 at an elevation of 6,842.2 ft. It rises to 6,862.1 ft. elevation over a distance of 1,600 feet. (Average grade is 1.25%). Its current elevation is ten feet above the original elevation. CR3900 exits the permit area west of Pit 22. An erosion hole was noted in the borrow ditch of the County road near the crest of the hill on the west side of Pit 23. [ACD repaired this drainage problem on October 29. Lou Pratt inspected the repair and sent an email confirming its adequacy on 10/30/2015].

The county road runs through is not included in the BPR1-3, but is not included in the bond release for that area. The county road along the east boundary of BRP1-1 and within BRP1-3 still needs grading, compaction testing, and gravel.

A post mining roadway was reconstructed to access Mr. Dame's property in Bond Release Phase 1 area 1 (BRP1-1). The road was not originally shown on the bond release Figure 1. A revised figure was requested ( and was received 10/21/2015).

**16.b Roads: Drainage Controls**

The 12 inch culvert under the road to Richard Dame property was evaluated and found adequate to safely pass the required event for miscellaneous flows which is a 10 year 6 hour storm.

## 21. Bonding and Insurance

Current bond amount is $12,750,000 for 342 surface disturbed acres. The phase 1 bond release application is for 113.407 acres. Division representative reviewed the Permittee's required documents. A field inspection South Coal Hollow lease areas that have been backfilled and graded with subsoil. The Permittee has established relative AOC in the bond release areas of HWT 1-A, Pits 1A, 2, 3, 4, 5, 6, 7, 8, 9A, 21A, 22 ,23, 24, 25 ,26, 27, and 28. A culvert was installed in the Dames access road and was completely open at the time of inspection. All ditches and culverts associated with the restored country road were to Kane County's satisfaction as documented by email. The current bond release amount is $21,921,515 for Bond Release Submission 15_1 and $1,966,694 for Bond Release Submission 15_2. The Permittee has applied for Phase I bond release, Task 4965 and 4980, currently under review by the Division. The current bond liability is after both bond releases will be $11,830,000.

Kane County GIS / Transportation Director
Fleet Manager
Louis L. Pratt Jr.
Kane County Courthouse
76 North Main Street
Kanab, Utah 84741
Phone (435) 644-4968
Fax (435) 644-4963
kanerds@kanab.net

October 16, 2015

**Re: Phase 1 Bond Release, Alton Coal Development, LLC, Coal Hollow Project, Kane County, Utah, C/025/0005**

Daron R. Haddock
Coal Program Manager
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Haddock:

Multiple Kane County offices recently attended the October 6 field trip to view the Phase 1 reclamation that had been conducted on Alton Coal Development's Coal Hollow Project in Kane County, Utah. These offices included Shannon McBride and Mary Reynolds, Kane County Planning and Zoning, Bert Harris Kane County Roads Foreman and Byard Kershaw from our Resource Committee.

All that attended the site visit was very satisfied that the backfilled areas have been restored to the approximate original contour, and that the reclamation work will be a valued landscape for the property owners.

Kane County Road K3900 is at its approximate location and proper alignment and has been restored to its original if not better alignment and road base quality as it once had been.

Kane County supports the Phase 1 bond release for the three areas for which the Application was submitted. Those areas are identified in the Bond Release Application as BRP1-1, BRP1-2 and BRP1-3.

# KANE COUNTY COMMISSION

**Douglas K. Heaton, Dirk Clayson, Jim Matson**
**76 North Main**
**Kanab, Utah 84741**
**(435) 644-4901**


October 16, 2015

**Re: Phase 1 Bond Release, Alton Coal Development, LLC, Coal Hollow Project, Kane County, Utah, C/025/0005**

Daron R. Haddock
Coal Program Manager
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Haddock:

Shannon McBride and Mary Reynolds, Kane County Planning and Zoning, Lou Pratt, Kane County GIS Coordinator and I attented the October 6 field trip to view the Phase 1 reclamation that had been conducted on Alton Coal Development's Coal Hollow Project in Kane County, Utah.

We are satisfied that the backfilled areas have been restored to the approximate original countour, and that the alignment of Kane County Road K 3900 has been restored to its original alignment.

Kane County supports the Phase 1 bond release for the three areas for which the Application was submitted. Those areas are identified in the Bond Release Application as BRP1-1, BRP1-2 and BRP1-3.

Thank you for the opportunity to comment.

If you have questions or comments please contact Byard Kershaw by phone at 435-644-3094 (H) or 602-478-9621 (C), or by email at northrimconsulting@kanab.net.

Respectfully,

Byard L Kershaw

Digitally signed by Byard L Kershaw
Date: 2015.10.16 12:59:03 -06'00'

Byard L. Kershaw
For Jim Matson
Kane County Commissioner