



GARY R. HERBERT
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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

March 16, 2018

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

Subject: Conditional Approval of Phase I Bond Release, Coal Hollow Mine, C/025/0005, Alton Coal Development, LLC, Task #5597

Dear Mr. Nicholes:

The Division finds that Alton Coal Development, LLC has met the regulatory requirements for Phase I bond release for area BRP 1-13. Enclosed is the Division's Decision Document for the Phase I bond release. A copy of the bond release inspection report is included in this package along with the documentation of events and the Division's Findings.

The Division hereby conditionally approves the Phase 1 bond release in the amount of \$321,844 on approximately 24.107 acres. No actual bond money is being released with this action as it will be applied to future disturbance. The Division continues to hold bond in the amount of \$12,750,000 to ensure the remainder of the reclamation work. The approval is conditioned upon Alton Coal Development, LLC submitting clean copies of the bond release application and figures for incorporation into the approved Mining and Reclamation Plan, which have been updated to reflect the bond adjustment amendment that was approved on February 2, 2018.

Please submit these by April 16, 2018. Thank you for your help during this process. If you have any questions, please call Daron Haddock at (801) 538-5325.

Sincerely,

John R. Baza
Director

DRH/sqs
Enclosure

cc: Robert Nead, Alton Coal Development, LLC
Priscilla Burton, DOGM

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Phase I Bond Release on BRP 1-13 (24.107 acres)
Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

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DECISION DOCUMENT

Phase I Bond Release on BRP 1-13
Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

ACTION

Phase I bond release is requested for 24.107 acres in the disturbed area boundary at the Coal Hollow Mine. This area known as BRP1-13, is located in the North Private lease and encompasses pits 7 through 10. The current bond for the 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) was approved by the Division on February 2, 2016.

As is typical with most surface mines, reclamation is occurring concurrent with mining operations. Backfilling of the pits and regrading the surface occur shortly after the coal is removed. Up to this point, Alton Coal Development, LLC has achieved Phase I bond release on 5 different parcels totaling 195.429 acres. This action will release Phase I bond on another 24.107 acres for a total of 219.536 acres of Phase I bond release.

CHRONOLOGY FOR PHASE I BOND RELEASE

January 8, 2018	Alton Coal Development, LLC submits the Phase I bond release Application
January 17, 2018	The Division sends letters of invitation for the bond release inspection to be held February 6, 2018.
January 4, 11, 18 and 25, 2018	Phase I Bond Release Published in the Southern Utah News
February 6, 2018	Phase I bond release inspection.
February 26, 2018	Comment period ends. The Division receives no comments.

SUMMARY OF FINDINGS

The Phase I bond release was advertised for four consecutive weeks. No comments were received. A bond release inspection was conducted on February 6, 2018. No problems were identified. The technical analysis for Phase I bond release is attached. The original bond release request identified a liability reduction in the amount of \$2,400,633, however this amount was subsequently changed to \$321,844 as the result of a bond adjustment that was approved on February 2, 2018. Because of the bond adjustment, some of the figures in the bond release application need to be updated to reflect the changes made. Approval of the bond release will be conditioned upon the figures being updated to reflect the changes as a result of the bond adjustment so they can be incorporated into the Mining and Reclamation Plan

PHASE I BOND RELEASE RECOMMENDATION

The recommendation is, that the Division conditionally approve the Phase I bond release for the requested area. The Permittee has applied for a bond reduction in the amount of \$321,844 for the disturbance in the 24.107 acre area. The posted bond will remain at \$12,750,000, which will allow the mine to roll over the excess bond amount for future disturbance. Approval is conditioned upon the bond release application figures being updated to reflect the changes as a result of the subsequent bond adjustment so they can be incorporated into the Mining and Reclamation Plan.



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Division Director

Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0250005
TaskID: 5597
Mine Name: COAL HOLLOW
Title: PHASE I BOND RELEASE

Summary

Phase I bond release of North Lease area BRP1-13 (24.107 acres) was received on January 3, 2018. The bond release area includes North lease Pits 7 -10. Figures 1 and 1A and Appendix 2-7 were revised on February 15 and February 28, 2018 to show the mine haul road being temporarily retained in Pit 10 and to correct the subsoil/topsoil replacement depth tables of Appendix 2-7.

pburton

Reclamation Plan

Topsoil and Subsoil

Analysis:

The application for bond release of 24.107 acres in BRP1-13 meets the requirements of R645-301-252, because the area (with the exception of 1.55 acres of mine haul road in Pit 10), has been brought to grade as shown in Figures 1 and Figure 1-A (received on 2/28/2018) and because subsoil replacement depths and acreages are included in Appendix 2-7 (received on 2/15/2018).

North Lease Pits 7 – 9 (a.k.a. Area 1 Extended) equal 17.89 acres of BRP1-13 (Chap 2, p. 2-25). If 17.89 acres of BRP1-13 is Pits 7-9, then Pit 10 is the remainder of the acreage or 6.217 acres (i.e. $24.107 - 17.89 = 6.217$). However, 2017 bonding sheets for the NPL state the acreage of each bonded area as follows:

Pit 7 = 4.5 acres, Pit 8 = 4.8 acres, Pit 9 = 5.9 acres, Pit 10 = 8.8 acres. The BRP1-13 total is 24 acres and the sum of Pits 7 – 9 is 15.2 acres.

2017 bonding sheets also indicate that 3.5 ft of subsoil would be placed and 0.7 ft of topsoil would be placed over pits 7 – 10. These replacement volumes agree with information presented in Section 232.100 (pg. 2-29), but are not in accord with subsequent statements in Section 233.100 (p. 2-34) of the MRP. Section 233.100 states the expected topsoil replacement depth within Area 1 will be 18 inches. This latter, more precise, statement of subsoil redistribution depth was followed, and so 2.5 feet or 30 inches of subsoil was applied to Area 1 extended (personal communication with Kirk Nicholes, 2/12/2018). However, subsoil was not placed on the location of the reclaimed County Road or on the reclaimed MacDonald's/Lamb's property access road, which together account for approximately 1 acre. A diagram showing placement of subsoil within BRP1-13 was provided in Appendix 2-7. However, the diagram is not legible and could be improved.

Tables in Appendix 2-7 recount the volume of subsoil replaced over all of BRP1-13 as 84,403 CY (supplemental information received 2/15/2018). As described in the BRP1-13 supplemental information, 75,155 CY of subsoil was

spread over 20.34 acres to a depth of 2.5 feet in mining Area 1 (Pits 7 -9 and part of 10). The remaining 9,248 CY of subsoil was placed to a depth of 3.1 feet on 3.77 acres of Pit 10 which is in mining Area 2. Email communication from Mr. Nicholes on 2/15/2018 states that 0.7 acres of Pit 10 was not disturbed and 1.55 acres of Pit 10 currently serves as a mine haul road. The undisturbed and road portions of Pit 10 were not subsoiled. Subsoil is stockpiled along the Pit 10 mine haul road for future placement. In Pit 9, the county road and the road south to MacDondald's gravel pit and private property was not subsoiled.

Topsoil redistribution is ongoing in BRP1-13. But Appendix 2-7 was updated with reclamation topsoil volumes for BRP1-13. As of January 3, 2018, 11,284 CY of topsoil had been live hauled and redistributed 18 inches deep over 4.66 acres in Pits 7 & 8. Pits 7 & 8 were seeded in October 2017.

As of January 3, 2018, there was 48,994 CY of topsoil in the North Lease stockpile and 49,675 CY in the North Lease subsoil stockpile. During the bond release inspection on February 6, 2018, both stockpiles were noted to be actively receiving soil from Pit 13 development.

The topsoil nutrient analysis for BRP1-13 will be submitted when received and Appendix 2-7 will be updated with the final topsoil application volumes for BRP1-13, in accordance with the MRP Chapter 2 Section 231.300 and Section 234.230, respectively (personal communication with K. Nicholes 2/13/2018).

pburton

Hydrological Information Reclamation Plan

Analysis:

The amendment meets the State of Utah R645 requirements for Hydrologic Reclamation.

Plan view maps and cross-sections of the backfilled and reclaimed areas are provided for the Phase I bond release area of Pits 7 through 10 in the North Private Lease area of the Coal Hollow mine. The maps and cross-sections show the Permittee has restored the pre-mining natural drainage patterns. Refer to Inspection Report #6072 for supporting narratives of the reclaimed bond release area.

The backfilled NPL Pits 7-10 are adequately reclaimed for Phase I Bond release. The reclaimed land surface elevation seamlessly transitions to the adjacent undisturbed surface to the south. Drainage matches the surrounding drainage patterns. Runoff from the bond release area is still routed to and treated by Pond 6 and 7 prior to leaving the permit area.

kstorror

Maps Reclamation Monitoring and Sample Locations

Analysis:

The amendment meets the State of Utah R645 requirements for Reclamation Monitoring.

The bond release Pits 7-10 mined through a Tropic Shale ridge. Thus, there are no ground water monitoring locations associated with this bond release area. There are also no surface water monitoring location associated with this bond release area. The water monitoring plan will not change due to this bond release.

kstorror

Bonding Determination of Amount

Analysis:

The application meets the State of Utah R645 requirements for Determination of Bond Amount.

R645-301-880.100: This application proposes Phase 1 bond release for 24.107 acres of the North Private Lease (NPL). The 24.107 acres are located within BRP 1-13, and consist of pits 7 - 10. The subsoil placement, final grade, and drainage control measures required to comply with Phase 1 bond release were all completed in January 2018. This bond release area is actually comprised of two separate areas: Area 1 and Area 2. Area 1 consists of Pits 7 through 9 and certain areas of Pit 10. Area 2 consists of 3.77 acres of Pit 10. Of those 3.77 acres 0.70 acres were not disturbed. All Area 1 acreages pertaining to this bond release were backfilled and a 30 inch thick layer of subsoil applied everywhere except the county and haul roads. All Area 2 acreages pertaining to this bond release were backfilled and a

37 inch thick layer of subsoil applied everywhere except the county and haul roads.

Since the county road will be a permanent postmining feature, subsoil application is not required. The haul road is still being used as a primary road. The subsoil required to reclaim the haul road has been placed in berms along the length of the road. Approximately 1.55 acres of the haul road are located in Pit 10. Once the haul road is no longer needed, the subsoil volumes in these berms will be spread and graded over the haul road. The Division estimates that the earthwork required to establish final grade through this 1.55 acres remaining on Pit 10 would cost approximately \$14,000 dollars. A portion of Permittee's approved bond is dedicated to reclaiming various facilities on site, including a separate line item for roads. Over \$100,000 dollars are committed and set aside for ripping and regrading of roads, which would be more than adequate to cover the cost of reclamation in the event of default.

In addition to the above described earthwork, 11,284 cubic yards of topsoil has been redistributed 18 inches deep over 4.66 acres in Pits 7 & 8, and seeding completed in October 2017. This work is in addition to the Phase 1 earthwork, and does not affect the dollar amounts under consideration for this bond release.

This application is proposing a bond liability reduction of \$321,844 dollars, while maintaining the current bond unchanged at \$12,750,000.

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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, February 06, 2018
Start Date/Time:	2/6/2018 9:00:00 AM
End Date/Time:	2/6/2018 11:45:00 AM
Last Inspection:	Wednesday, January 10, 2018

Inspector: Daron Haddock,

Weather: Sunny, mild weather, approximately 50 degrees

InspectionID Report Number: 6072

Accepted by: DHADDOCK
3/12/2018

Representatives Present During the Inspection:	
OGM	Todd Miller
OGM	Wiser Beverly
OGM	Priscilla Burton
OGM	Daron Haddock
Company	Drew Christensen
Company	Kirk Nicholes
OSM	Daniel MacKinnon

Permittee: **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

1,017.15	Total Permitted
443.00	Total Disturbed
195.00	Phase I
77.00	Phase II
	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

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

This was a Phase I bond release inspection evaluating the reclamation of pits 7-10 comprising a little over 24 acres. The inspection commenced at the mine office where a short briefing was given to those in attendance, after which a site inspection was conducted. Following is a list of the attendees. Drew Christensen, Kirk Nicholes, Riley Anderson representing Alton Coal Development. Burt Pugh, Ken Pugh, Arkay Pugh representing a land owner. Dan McKinnon representing OSM, Alex Pashley representing UDEQ. Todd Miller, Bev Wiser, Priscilla Burton and Daron Haddock representing UDOGM.

Inspector's Signature

Daron Haddock

Daron Haddock,

Inspector ID Number: 28

Date Wednesday, February 06, 2018



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 performance 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The Operator has applied for Phase I bond release on 24.107 acres of land associated with pits 7-10 on the North Private lease area (review Task 5597). Pits 7 - 9 are in Area 1 extended. Pit 10 straddles areas 1 and 2. No bond money is requested to be returned as the Company intends to roll over the funds to cover future expansion.

2. Signs and Markers

Signs were visible at the entrances to the mine site. The required mine information is provided.

3. Topsoil

Topsoil redistribution was ongoing over Pits 7 - 10. Subsoil was placed to a depth of 30 inches in Area 1 and to a depth of 37 inches in Area 2 ((Pit 10 straddles Areas 1 & 2). Subsoil was not placed over the location of the County Road, the MacDonald's/Lamb property access road, both in Pit 9. Subsoil was not placed over the active mine access road in Pit 10.

11. Contemporaneous Reclamation

The landowner (Pugh) is concerned about grazing cattle on his southern reclaimed area. Apparently cattle have been allowed to trespass on the property and are heavily grazing it. A discussion ensued about the need for the Company to keep the fences and gates up in the area in order to prevent cattle from overgrazing the reclaimed areas. We observed the grazed which was seeded on several dates between the fall of 2016 and January 2017. Grass stalks were grazed to the ground in this area.

12. Backfilling And Grading

The Operator has backfilled pits 7 through 10. (Roughly 0.7 ac of Pit 10 were not disturbed.) Mining is currently taking place in pit 13. Overburden is being stripped from above Pits 13 -15 (to allow for layback) and live hauled to fill pits 11 and 12. It appears that the Operator continues to improve their efficiency and seems to be keeping up with the backfilling requirements. We walked the boundary of the bond release area. It appears from an ocular estimate that the pits have been adequately backfilled and graded. Subsoil resources have been placed on approximately 90% of the area. An active mine road in Pit 10 was not at final grade and was not subsoiled.

The Technical Inspection to ensure the minimum requirements were met for Hydrologic Reclamation was conducted by the Division hydrologist, Keenan Storrar, on January 16, 2018.

The backfilled North Private Lease Pits 7-10 meet the hydrologic requirements for Phase I bond release. The area of Pits 7-10 were inspected. The backfilled and graded areas match the surrounding terrain. The hillslope has been re-established and is sloped to properly drain runoff. The edge the backfilled area seamlessly joins to the surrounding undisturbed terrain. The backfill in the bond release area consists of Tropic Shale. This backfill material is not considered to be of hydrogeologic importance due to its low conductivity. Therefore, it is not anticipated any groundwater of importance will recharge to the bond release areas. [KS]

16.a Roads: Construction, Maintenance, Surfacing

The Operator has constructed the basic grade for the County road that will eventually be restored over the North Private lease area. It will require additional surfacing and grading once the mining is completed in this area so that it can be turned back over to the County.

21. Bonding and Insurance

The Company still retains a bond in the amount of \$12,750,000 which has been determined to be adequate to allow mining through pit 15.

ATTACHMENT A – Photos February 6, 2018 Phase I bond release inspection

 <p>PHOTO 1 Group at Wetland mitigation area February 6, 2018</p>	 <p>PHOTO 2 North Private lease looking toward pit 13 February 6, 2018</p>
 <p>PHOTO 3 Soil placement on reclaimed pits February 6, 2018</p>	 <p>PHOTO 4 Mining in pit 13 February 6, 2018</p>

ATTACHMENT A – Photos February 6, 2018 Phase I bond release inspection

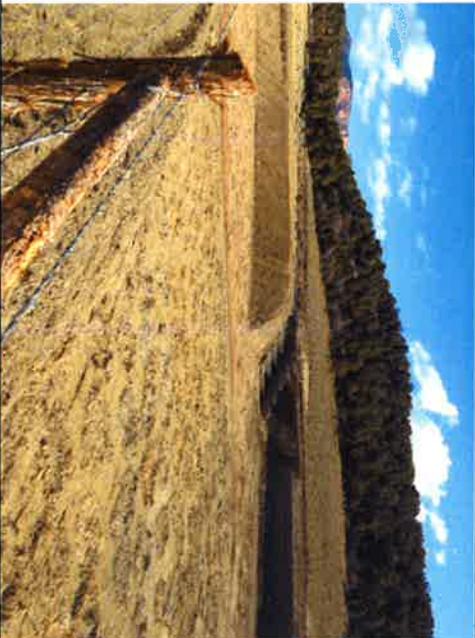


PHOTO 5

Wetland mitigation area
February 6, 2018

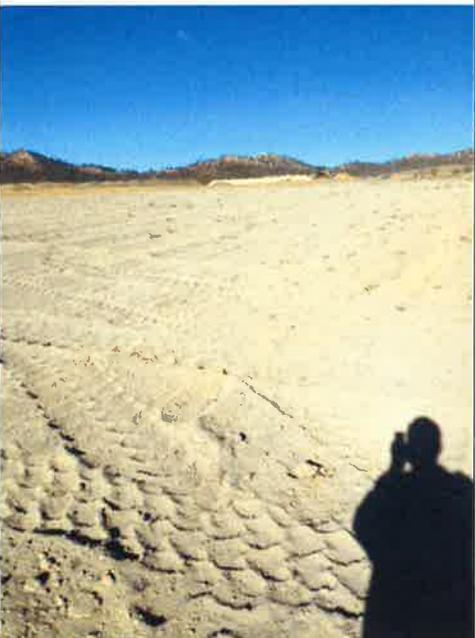


PHOTO 6

Pits 7-10 backfilled and graded
February 6, 2018



PHOTO 7

Access road to pit 13
February 6, 2018

PHOTO 8

Coal Hollow Phase I Bond Release

CO25/005 Internal

#5597

Attendee list - Feb 6, 2018

<u>Name</u>	<u>Representing</u>	<u>Email</u>
Daron Haddock	DOG M	daronhaddock@utah.gov
Dan Mackinnes	OSMAE	dmackinnes@osmre.gov
Todd Miller	DOG M	toddmiller@utah.gov
Alex Pashley	UDEQ	apashley@utah.gov
Ken Pugh	land owner	
Burt Pugh	land owner	
Rly Anderson	ACD	rAnderson@altoncoal.com
Kirk Nicholas	ACD	knicholas@altoncoal.com
Bev Wiser	DOG M	btwiser@utah.gov
Arkay Pugh	land owner	arkay.pugh@gmail.com
Priscilla Burton	DOG M	priscilla.burton@utah.gov
Drew Christensen	ACD	

C/025/005 Incoming



Alton Coal Development, LLC

463 North 100 West, Suite 1
Cedar City, Utah 84720
Phone (435) 867-5311 Fax (435) 867-1192

#6597

February 6, 2018

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

Subject: **Affidavit of Publication for Phase 1 Bond Release, Alton Coal Development, LLC, Coal Hollow Mine, Kane County, Utah, C/025/0005**

Dear Mr. Haddock,

Alton Coal Development, LLC is providing a copy of the Affidavit of Publication for the Phase 1 Bond Release for the Coal Hollow Mine. Also included is a copy of the public notice for verification.

Please do not hesitate to contact me if you have any questions 435-691-1551.

Sincerely

A handwritten signature in blue ink, appearing to read "B. Kirk Nicholes", is written over the word "Sincerely".

B. Kirk Nicholes
Environmental Specialist

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

Public Notice
Phase I Bond Release Ap-
plication
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 24.107 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 - 13 - A portion of the CHM within the SE 1/4, NE 1/4 of Sec. 30, T39S, R5W, containing 24.107 acres. BRP1 - 13 includes the former Pit 7, 8, 9 and 10 of the North Private Lease that has achieved final grade, subsoil placement and shaping for drainage control. Incremental reclamation of the BRP1 - 13 was completed in January 2018.

The Phase I bond release application is for a liability reduction of \$ 2,400,833 from the current disturbance liability of \$ 12,730,495. 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 Jan. 4, 11, 18 and 25, 2018. 90

