



GARY R. HERBERT
Governor

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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

July 6, 2015

Ken May, General Manager
Canyon Fuel Company, LLC
597 South SR 24
Salina, Utah 84654

Subject: Conditional Approval of Midterm Completion Response, Canyon Fuel Company, LLC,
Sufco Mine, C/041/0002, Task ID #4898

Dear Mr. May:

The Division of Oil, Gas and Mining (the Division) has completed its review of the submitted midterm bond revisions. Final approval of the amendment will be granted when the following condition has been met:

- 1) The current bond for the Sufco Mine is a surety bond in the amount of \$2,874,000 posted with Ironshore Indemnity Inc. #1093364. A rider to increase the bond \$1,070,000, for a total of \$3,944,000 is required. Please submit the attached Exhibit "D" along with the surety rider to the Division. Contact Suzanne Steab, Bond Coordinator at (801)538-5265 if you have any questions. The revisions to the MRP language and bond cost estimates that reflect the increased bond amount have been approved.

Please post the additional bond amount by August 28, 2015. A stamped incorporated copy will be returned to you for insertion into your copy of the MRP along with a copy of the fully-signed and executed bond documents.

During the midterm review, it was determined that four bond calculation sheets (Belt Deicer Tank, Covered Storage, Pulley Racks and Substation-upper) had the total dollar amount revised to zero dollars in 2011 (Task ID #3780). These structures were located within the disturbed area, but the buildings and foundations had been removed. The earthwork associated with re-seeding efforts for these area remains in the current bond calculations.

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Ken May

The amendment processed under Task #3780 outlined the removal of these structures, but upon review of the file, documentation of said removal could not be located. In order for the Division of Oil, Gas and Mining to remove the aforementioned structures from bonding considerations, a field inspection was to have occurred for verification purposes. Such an inspection will take place this month.

If you have any questions, please call me at (801) 538-5325 or Amanda Daniels at (801) 538-5262.

Sincerely,



Daron R. Haddock
Coal Program Manager

DRH/sqs
Attachment
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EXHIBIT “D”

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Mine Name: Sufco
Permit Number: C/041/0002
Effective Date: _____
Bond Number: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

As a result of the Division of Oil, Gas & Mining's midterm permit review, the required bond to maintain adequate coverage is \$3,944,000. The permittee is required to submit an increase rider for an amount of \$1,070,000 increasing the current bond of \$2,874,000 to the required total of \$3,944,000.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- Replace the Reclamation Agreement in its entirety.
- Replace Exhibit "A"- bonded area.
- Rider added to existing Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 2,874,000 to \$ 3,944,000

The bonding type is changed from _____ to _____.

The surface disturbance is revised from _____ acre to _____ acres.

The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed from
\$ _____ to \$ _____.

IN WITNESS WHEREOF, _____ the PERMITTEE has hereunto set
its signature and seal this _____ day of _____, 20__.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH this ___ day of _____, 20__.

Director,
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

**AFFIDAVITS
OF
QUALIFICATION**

Bond Number _____

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, _____, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) _____ of _____; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

(Signed)
Name - Position

Attest: _____
Secretary of the Corporation

STATE OF _____)

) ss:

COUNTY OF _____)

Subscribed and sworn to before me this ____ day of _____, 20__.

Notary Public

My Commission Expires:

_____, 20__.

