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

May 9, 2017

John Byars, General Manager
Canyon Fuel Company, LLC
597 South SR24
Salina, Utah 84654

Subject: Revised Bond, Canyon Fuel Company, Sufco Mine, C/041/0002, Task ID #5400

Dear Mr. Byars:

The Division has reviewed your application. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application.

If you have any questions, please call me at (801) 538-5350

Sincerely,

Steve Christensen
Permit Supervisor

SKC/sqs
O:\041002.SUF\WG5400 BOND\Deficiencies.doc

UTAH DNR OIL, GAS & MINING

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

PID:	**C0410002**
TaskID:	**5400**
Mine Name:	**SUFCO MINE**
Title:	**REVISED BOND**

Reclamation Plan

Bonding Determination of Amount

Analysis:

The reviews of the submitted amendments Task 5400 Revised Bond and Task 5434 Waste Rock As Built Soils are deficient and do not meet the requirements of R645. It is the responsibility of the Permittee to provide accurate calculations for reclamation cost and to provide accurate bonding to cover the reclamation cost for the Sufco Mine. Minor entry errors and calculation errors were found and will need to be fixed, and an increase in the posted bond amount will need to be made.

The following calculation errors need to be provided:
Waste Rock Site Earthwork Sheet total should be around: $608,407.
Total Earthwork sheet total should be around: $1,511,267.
Re-vegetation Sheet total should be around: $165,426.
Total Sheet will include updates to Subtotal Back-filling and Grading, Subtotal to Re vegetation, Indirect cost and Total cost, reclamation cost escalated, and bond amount rounded to nearest $1,000 in 2019 dollars will be $4,680,000.00.

The bond amount is deficient and will need to be increased by a minimum of $319,000.00 to provide full posted bond coverage for the Sufco Mine. The full posted bond amount will need to be a minimum of $4,680,000.00.

Deficiencies Details:

The reviews of the submitted amendments Task 5400 Revised Bond and Task 5434 Waste Rock As Built Soils are deficient and do not meet the requirements of R645. It is the responsibility of the Permittee to provide accurate calculations for reclamation cost and to provide accurate bonding to cover the reclamation cost for the Sufco Mine. Minor entry errors and calculation errors were found and will need to be fixed, and an increase in the posted bond amount will need to be made.

The following calculation errors need to be provided:
Waste Rock Site Earthwork Sheet total should be around: $608,407.
Total Earthwork sheet total should be around: $1,511,267.
Re-vegetation Sheet total should be around: $165,426.
Total Sheet will include updates to Subtotal Back-filling and Grading, Subtotal to Re vegetation, Indirect cost and Total cost, reclamation cost escalated, and bond amount rounded to nearest $1,000 in 2019 dollars will be $4,680,000.00.

The bond amount is deficient and will need to be increased by a minimum of $319,000.00 to provide full posted bond

coverage for the Sufco Mine. The full posted bond amount will need to be a minimum of $4,680,000.00.

bwiser