

September 20, 2018

Permit Supervisor
Utah Coal Regulatory program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Re: Bonding of Phase 4 Construction/Reclamation and Phase 5 Seeding at Waste Rock Site, Canyon Fuel Company, LLC, Sufco Mine, C/041/002

Dear Sirs:

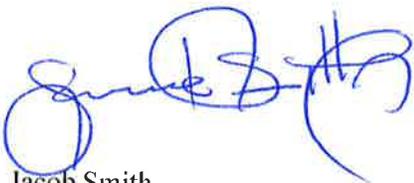
Please find enclosed with this letter an amendment to adjust the reclamation bond to add the earthwork associated with the removal, storage and placement of topsoil and subsoil for Phase 4 and the reseeding of Phase 5. These activities have previously been bonded for Phases 1, 2 and 3.

During the removal of topsoil and subsoil during the construction of Phase 3 at the waste rock site it was determined that for ease of temporary storage of soil materials to cover Phase 2 and portions of Phase 1 it would be beneficial to store topsoil and subsoil from Phase 3 in a close proximity. The construction of Phase 4 would open up area for soil storage as well as provide additional area for waste storage. The construction nor the removal of topsoil and subsoil is currently planned for Phase 5, however a portion of Phase 5 area may be needed for storage of soils from Phases 3 and 4. Once the soils temporarily stored on the area of Phase 5 are used to reclaim the previous phases, the area beneath the soils will be reseeded.

The table on Map 2G will be updated with as-built quantities of soils removed/stored once the construction on the disposal cells for Phases 3 and 4 are completed.

If you have questions or need addition information please contact Vicky Miller at (435)286-4481.

CANYON FUEL COMPANY
SUFSCO Mine



Jacob Smith
Technical Services Manager

Encl.

cc: DOGM Correspondence File

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Canyon Fuel Company, LLC

Mine: Sufco Mine

Permit Number: C/041/0002

Title: Bond Revision for Phase 4 Construction/ Reclamation and Phase 5 Seeding at Waste Rock Disposal Site

Description, Include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein,

Jacob D. Smith
Print Name

[Signature] Enga Mingo, 9/20/18
Sign Name, Position, Date

Subscribed and sworn to before me this 20 day of September, 2018

[Signature]
Notary Public
My commission Expires: _____, 20____ }
Attest: State of _____ } ss:
County of _____



For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining
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CHAPTER 1
GENERAL CONTENTS

115 Status of Unsuitability Claims

To the best knowledge of Canyon Fuel Company, LLC, no portion of the area to be permitted is designated, or under study for being designated, unsuitable for mining.

Since the SUFCO Mine was in production before passage of the Surface Mining Control and Reclamation Act of 1977, the unsuitability criteria were not applied to the existing surface facilities.

Canyon Fuel Company, LLC does not propose to conduct coal mining or reclamation operations within 300 feet of any occupied dwelling. Coal mining and reclamation operations have been or will be conducted within 100 feet of a public road, see Section 5.2.1.1 for details. Forest Service approval to conduct coal mining and reclamation operations within 100 feet of the Link Canyon forest service road is located in Appendix 1-1 and the newspaper advertisement for public comment is located in Appendix 1-3.

116 Permit Term

The following information is presented to identify permit term requirements and stipulations. Canyon Fuel Company will be operating the SUFCO Mine with continuous miner and longwall mining methods. The estimated number of total surface acres to be affected over the entire mining operation is 96.42 acres +/- .

<u>PERMITTED DISTURBED AREA BOUNDARY</u>	<u>ACTUAL AREA CURRENTLY DISTURBED TO BE RECLAIMED</u>	<u>SITE DESCRIPTION</u>
30.210	17.405	Mine Site, East Spring Canyon
0.967	0.39	Spring Collection Field, Convulsion Cyn.
0.220	0.075	Pump House, Convulsion Canyon

0.784	0.40	Leach Field, Convulsion Canyon
1.595	0.193	Water Tank, East Spring Canyon
0.286	0.017	3 East Portals
1.774	0.70	4 East Portals
0.302	0.017	South Portals
0.396	0.017	Quitcupah Portals
0.287	0.18	Link Canyon Substation No. 1
0.245	0.12	Link Canyon Substation No. 2
0.380	0.18	Link Canyon Portal
0.45	0.351	Sinkhole
<u>58.52</u>	<u>34.08</u>	Waste Rock Disposal Site*
96.416	48.825 54.125	Totals Acres +/-

*Includes acreage from pre-expansion disturbance and Phases 1 thru 4 and 2 construction disturbance and seeding for Phase 5.

The legal description of the SUFCO permit area:

Mine Site Facility, Water Tank, South Portals, Spring Collection Field, Pump House, Pipeline, Leachfield (Approximately 64.40 acres +/-)

T. 22 S., R. 4 E., SLBM, Utah

Section 12: A Portion of the following:

E1/2NW1/4, SW1/4NW1/4NE1/4, S1/2

Portals - 3 East, 4 East, Quitcupah and Link Canyon, Link Canyon Substation No. 1 and No. 2 (Approximately 3.368 acres +/-)

T. 21 S., R. 5 E., SLBM, Utah

Section 26: A Portion of the following:

SE1/4SW1/4SW1/4NW1/4, E1/2NW1/4NW1/4SW1/4

SE1/4NE1/4SW1/4SW1/4

Section 29: A Portion of the following:

NW1/4NW1/4SW1/4SE1/4, NE1/4NW1/4SE1/4SW1/4,

NE1/4NE1/4SE1/4SW1/4

Section 32: A Portion of the following:

NE1/4SW1/4SW1/4NE1/4

Waste Rock Disposal Site (Approximately 81.25 acres +/-)

T. 22 S., R. 4 E., SLBM, Utah

Section 18*: S1/2NW1/4NE1/4, S1/2N1/2NW1/4NE1/4,

S1/2S1/2NE1/4NW1/4NW1/4NE1/4, S1/2S1/2NW1/4NE1/4NW1/4NE1/4,

W1/2SW1/4NE1/4NE1/4, W1/2E1/2SW1/4NE1/4NE1/4, S1/2SW1/4NW1/4NE1/4NE1/4,

S1/2N1/2SW1/4NW1/4NE1/4NE1/4, SW1/4SE1/4NW1/4NE1/4NE1/4,

W1/2E1/2SW1/4NE1/4NE1/4, NW1/4SW1/4NE1/4, W1/2NE1/4SW1/4NE1/4,

NW1/4SW1/4SW1/4NE1/4, N1/2NE1/4SW1/4SW1/4NE1/4, SW1/4NE1/4NE1/4SW1/4NE1/4,

N1/2NE1/4NE1/4SW1/4NE1/4, N1/2NW1/4SE1/4SW1/4NE1/4, NE1/4NE1/4SE1/4NW1/4,

SE1/4NW1/4NE1/4SE1/4NW1/4, S1/2NE1/4SE1/4NW1/4, S1/2SE1/4NW1/4SE1/4NW1/4,

APPENDIX 5-9
Reclamation Bond Estimate

Direct Costs

Subtotal Demolition and Removal	\$1,735,252	
Subtotal Backfilling and Grading	\$1,776,548	
Subtotal Revegetation	\$205,315	
Direct Costs	\$3,717,115	<i>2014 Dollars</i>

Indirect Costs

Mob/Demob	\$371,712	10.0%
Contingency	\$185,856	5.0%
Engineering Redesign	\$92,928	2.5%
Main Office Expense	\$252,764	6.8%
Project Management Fee	\$92,928	2.5%
Subtotal Indirect Costs	\$996,188	26.8%

Total Cost	\$4,713,303.00	<i>2014 Dollars</i>
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<i>Escalation factor for 2018</i>	<i>0.0178</i>
<i>Number of years to next midterm</i>	<i>5</i>
<i>Escalation Amount</i>	<i>\$389,670.00</i>
<i>Reclamation Cost Escalated</i>	<i>\$ 5,102,973 2019 Dollars</i>

Bond Amount (rounded to nearest \$1,000) 2019	\$5,103,000.00
Dollars	

Posted Bond 2018 \$5,103,000.00

Difference Between Cost Estimate and Bond
Percent Difference

Canyon Fuel Company, LLC
Sufco Mine

Waste Rock Disposal Site
September 2018 ~~February 2015~~

CHAPTER 8
BONDING AND INSURANCE

CHAPTER 8 BONDING AND INSURANCE

810 BONDING DEFINITIONS AND DIVISION RESPONSIBILITIES

CFC will have on file with the Division a bond or bonds made payable to the Division for performance of all the requirements of the State Program associated with waste rock disposal site.

820 REQUIREMENT TO FILE A BOND

The disturbed area (58.5 acres, refer to Chapter 1 of M&RP for details) covered by the bond is outlined on Plate 2 of this amendment. The disturbed area and specific acres to be reclaimed are discussed in Section 340. The performance bond period is for the duration of the coal mining and reclamation operations including the extended period designated by the Division. The bond is in the form of a surety bond.

830 DETERMINATION OF BOND AMOUNT

The reclamation bond (direct and indirect costs) for the Waste Rock Disposal site is found in Appendix 5-9 of the M&RP. The bond coverage will be adjusted per the Division's determination of required bond coverage.

840 - 870 GENERAL TERMS AND CONDITIONS OF THE BOND

For the description and information pertaining to Sections 840 thru 870 refer to Chapter 8 of the approved M&RP.