



Pennsylvania Department of Environmental Protection

25 Technology Drive
California Technology Park
Coal Center, PA 15423

October 30, 2007

California District Office

724-769-1100

Certified Mail #7005 1820 0007 8648 9171

JoAnna Niecgorski
CNX Land Resources, Inc.
1525 Pleasant Grove Road
PO Box J
Claysville, PA 15323

RE: Proposed Bond Adjustment and Informal Conference
WL0582-R
Operation Name: Bailey Mine
Permit No.: 30841316
Richhill Township, Greene County

Dear Ms. Niecgorski:

The Department has reviewed your plan to permanently pay the increased operation and maintenance (O&M) costs for the Kenneth and Kim Jones water supply and the evidence submitted pertaining to the amount of the increased O&M costs. The Department has determined that the amount of the annual increased O&M costs is \$345.97. Using this amount, the Department has calculated that the appropriate bond for the O&M costs for this water supply identified above is \$22,011.00.

Therefore the bond for this permit will need to be adjusted. The Department has preliminarily determined that the required bond for the increased O&M bond is \$22,011.00.

Pursuant to 25 Pa. Code 86.152(d) you, as the permittee, are entitled to an informal conference concerning the proposed bond adjustment. Please contact Joseph P. Matyus at the California District Office within fifteen (15) days of receiving this letter if you wish to request an informal conference. Topics which may be discussed at the informal conference include, the amount of the bond adjustment, the assumptions and data used in the Department's calculations, input from the water supply owner, and the alternative to the bond. Specifically, you may find that settling this with the water supply owner is more economically advantageous to you than providing the bond and continuing to make payments in accordance with your approved plan.

JoAnna Niegorski

-2-

October 30, 2007

If you fail to request a conference in a timely manner, the Department will proceed to determine the required bond amount based upon the information available. In the case where an informal conference is held, after the conference the Department will determine the required bond amount, notify you in writing of that determination and request the necessary bond.

If you have any questions feel free to contact Joseph P. Matyus at 724-769-1100.

Sincerely,

A handwritten signature in black ink that reads "Joseph P. Matyus". The signature is written in a cursive style with a large initial "J".

Joseph P. Matyus
Geologic Specialist
District Mining Operations