0016

Orig: mine file
copies Braxton
P. Grubitting

VALLEY CAMP OF UTAH, INC.

Scofield Route
Helper, Utah 84526

13 May 1985

RECEIVED
MAY 16 1985
DIVISION OF OIL
GAS & MINING

Mr. Lowell P. Braxton
Administrator, M.R.D.&.R.P.
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Reclamation Bond
Belina Complex - ACT/007/001

Dear Mr. Braxton:

In regard to your May 7, 1985, letter on the above subject, I have concerns which I feel should be brought to your attention.

The particular items of interest to which your attention is requested are as follows:

1. The reclamation bond presently posted with the D.O.G.M. and O.S.M. is for costs calculated in 1984 dollars, rather than 1983 dollars.

2. The requirement to update the bond on an annual basis was not part of the compliance requirement. The bond was required for the five year permit period, and the provisions of UMC 805.14, Adjustment of Amount, indicate the performance bond re-evaluations will be done at the time permit reviews are performed.

   This would be in direct contrast to Valley Camp's option to post a new five year permit bond in only the second year of the permit, as found in Item No. 2 of your letter.

3. The figure of $1,521,000.00, which is, in fact, the amount of Valley Camp's present

performance bond, is not an accurate figure for total reclamation costs.

In reviewing the calculations presented by O.S.M. in Valley Camp's "Mining Plan Decision Document", several errors have been found. Assuming their figures for assumed item costs to be reasonable, the total of O.S.M.'s figures amount to $1,151,149.00, rather than $1,521,000.00. This error should certainly be corrected before any type adjustment is undertaken.

This discrepancy has been pointed out to Pamela Grubaugh-Littig of the Division, and she has agreed to meet and discuss this matter.

4. Under Section UMC 805.14, the permittee is also allowed an opportunity for a conference on the adjustment prior to the Division requesting the permittee to adjust the bond to a proposed amount.

5. Any proposed adjustment should also disclose the foundation of the financial premises for which the percent of escalation was chosen.

6. Comments in this letter notwithstanding, the allotted time of 21 days from the date of receipt for the permittee to re-submit an adjusted bond, is not enough to ensure the deadline compliance.

In consideration of the possible problems surrounding your request, I would suggest we meet and discuss this matter at length before any further adjustment activities are attempted.

If you are receptive to this suggestion, please feel free to schedule the meeting at your convenience.

Your consideration of this matter will be appreciated.

Sincerely,

T. G. Wjiteside
Chief Engineer