

0020



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

March 25, 1997

TO: File

THRU: Joe Helfrich, Permit Supervisor *JH*

FROM: Wayne H. Western, Senior Reclamation Specialist *WHW*

RE: Reclamation Bond Adjustments for the Willow Creek and Castle Gate Mines, AMAX Coal Co., Castle Gate Mine, ACT/007/004, File #2, Carbon County, Utah *OSE*

Summary:

The Permittee wants to reduce the reclamation bond by separating the permit boundaries. Currently the permit boundaries for the Willow Creek and Castle Gate mine overlap and we require that the Permittee have two separate bonds on the overlapping areas.

Technical Analysis:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Determination of bond amount.

The Division requires the Permittee under Section R645-301-820.100 to post a reclamation bond for the entire permit area. Because the Castle Gate and Willow Creek permit areas overlap, we require that the Permittee double bond the overlapping areas. The Permittee wants to stop double bonding the overlapping areas. Before the Division can drop the double bond, the Permittee must separate the permit boundaries.

Under R645-301-830.100 the Division requires that the Permittee submit a detailed reclamation cost estimate with supporting calculations. The reclamation bond cost estimates must be based on local site conditions.

The earthwork cost estimates submitted by the Permittee are based on Means. The Means earthwork costs are based on average site conditions that may be significantly

Reclamation Bond Adjustments

ACT/007/004

March 25, 1997

Page 2

different from those encountered at these mines. Before the Division can accept the Means cost estimates the Permittee must show that a contractor can achieve the productivity rates stated in Means.

The Division does not accept contractor's productivity rates and cost estimates unless there is no reasonable alternative available. We usually base productivity rates for earthwork cost on manufactures handbooks and locale site conditions. The most commonly used reference for earthwork calculations is the Caterpillar handbook. The Division usually bases equipment costs on bluebook. However, the Division also accepts Means rates. Until the Permittee submits detailed earthwork calculations that included productivity rates the Division cannot adjust the bond amount.

Findings:

Information provided in the proposed amendment is not considered adequate to meet the requirements of this section. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-820.100. The Permittee cannot drop the double bonding requirement until they separate the Castle Gate and Willow Creek permit areas.

R645-301-830.100. The Permittee must provide the Division with detailed earthwork cost estimates. Those earthwork cost estimates must be based on site specific productivity calculations.