



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter  
Governor

Dee C. Hansen  
Executive Director

Dianne R. Nielson, Ph.D.  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

0047

May 29, 1992

Mr. Keith Zobell  
Utah Fuel Company  
P.O. Box 719  
Helper, Utah 84526

Dear Mr. Zobell:

Re: Reclamation Bond Determination, Utah Fuel Company, Skyline Mine, ACT/007/005,  
Folder #4, Carbon County, Utah

The Division has determined that the reclamation bond for the Skyline Mine should be \$3,180,000. This amount was determined by Division staff after our meeting with you on May 27, 1992.

Enclosed is a copy of the Division's calculations. Please call me or Wayne Western, Reclamation Engineer, should you have any questions about the bond calculations.

Sincerely

Daron Haddock,  
Permit Supervisor

cc: W. Western  
SKYLBOND.LET



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May 29, 1992

TO: Daron Haddock, Permit Supervisor

FROM: Wayne H. Western, Reclamation Engineer *WHW*

RE: Reclamation Bond Calculations, Utah Fuel Company, Skyline Mine  
ACT/007/005, Folder #2, Carbon County, Utah

On May 27, 1992 I met with Keith Zobell and Gary Taylor at the Skyline Mine to discuss the reclamation bond. My original bond estimation had been \$3,417,000, while Utah Fuel's was \$3,095,000.

The major reason the two estimates differed was that I had included \$190,000 to dispose of demolished structures. Keith and Gary explained that the disposal costs had been included in their estimate under portal back-filling. Their plan is to place the demolished buildings in the portals as part of final reclamation. I agreed to remove the disposal costs from my estimate.

We then calculated the bond amount. My estimate is \$3,114,000, while Keith and Gary is \$3,180,000. Their estimate is 2% higher than mine.

**My recommendation is to accept Utah Fuel's estimate of \$3,180,000.**  
Attached is a copy of both calculations.

SKYLBOND.MEM

Bonding Calculations  
 Skyline Mine - ACT/004/1005  
 May 1992  
 Wayne H. Western

|  | amount<br>(\$1,000) |
|--|---------------------|
| I Subtotal Demolition & Removal                            | 1,165               |
| II Subtotal Backfilling & Grading                          | 317                 |
| III Subtotal Topsoil Preparation<br>and distribution       | 297                 |
| IV Subtotal Stream Channel<br>Reclamation                  | 388                 |
| V Subtotal Revegetation                                    | 112                 |
| VI Subtotal Siltation Sediment<br>Control Facilities       | 60                  |
| Subtotal of Reclamation<br>Cost                            | <u>2,339</u>        |
| 10% Maintenance and Monitoring<br>Costs                    | 234                 |
| 10% Contingency for Anticipated<br>Additional Bonding Cost | 234                 |
| 5% Contingency for Engineering<br>Costs.                   | 117                 |
|  | <u>2,924</u>        |
| Escalation @ 7.27%/yr<br>for 5 years (1996 Dollars)        | 790                 |
| Total Bond Amount  | <u>\$ 3,714</u>     |