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

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August 12, 1997

TO: File

THRU: Daron Haddock, Permit Supervisor *DH*

FROM: Wayne H. Western, Senior Reclamation Specialist *w h w*

RE: Technical Discussion Regarding the Informal Conference, Canyon Fuel Company, LLC, Skyline Mine, ACT/007/005, Carbon County, Utah

Summary:

On July 29, 1997, the Division completed a memo regarding the technical issued discussed at the informal bond conference with representative from the Skyline Mine. The Division hand delivered a copy of the memo to Gary Taylor. Gary Taylor and Wayne Western discussed the Division's position on the reclamation issued outlined in the July 29, 1997 memo. The Division and the Permittee informally resolved 6 of 8 issues discussed in the informal bond conference. One unresolved technical issue is what unit cost should the Division use for concrete demolition.

The other unresolved issues involve the disposal of building debris and concrete debris. The approved plan requires off site disposal for building debris and disposal of concrete debris in approved onsite disposal areas. The Permittee wants to modify the MRP so they can dispose of building material onsite and place concrete debris along the highwalls. **Allowing the Permittee to amend the MRP before posting the additional bond is an administrative issue.**

Technical Issues Informally Resolved:

The Division and the Permittee informally agreed to resolve 6 of the 8 issues discussed in the informal bond conference. Those issues were:

Waste Rock Site

Both Parties agreed a reduction in the bond amount for reclamation work done at the waste rock site can only be done as part of a bond release. Both parties agreed that a

bond release should be handled separately.

Other Items

The Division and the Permittee resolved the issues involving the hay mulch, double costs, powder magazines, escalation and the removal of the 48" culvert.

Concrete Demolition a Technical Issues NOT Informally Resolved

The Division originally used Means cost of \$118 per cubic yard for concrete demolition costs. The Permittee stated in the informal conference that Means concrete demolition cost was excessive. The Division explained that the Means cost was based on a 50-horsepower backhoe with a hydraulic hammer and that significant cost reduction would occur if a larger piece of equipment was used. Both parties agreed to determine concrete demolition costs based on larger pieces of equipment.

The Division determined the concrete demolition costs to be \$26 per cubic yard. That figure was based on a Caterpillar 235 excavator with a hydraulic hammer. The figure of \$26 per cubic yard is consistent with the fees that AML is currently paying for concrete demolition.

The Permittee calculated a demolition cost of \$4 a cubic yard. The Division believes that a contractor's direct costs for concrete demolition could be as low as \$4 per cubic yard but the cost to the Division would be much more. The issue of what the unit cost concrete demolition should be has not been resolved.

R645-301-830.200 states that the amount of the bond will be sufficient to assure the completion of the reclamation plan if the work has to be performed by the Division in the event of forfeiture. The Division is currently paying \$25 per cubic yard for concrete demolition. The Permittee concrete demolition costs show that the unit cost could be as low as \$4 per cubic yard but do not assure the Division that the actual cost will be that amount.

Debris Disposal an Unresolved Technical and Administrative Issue

Building Debris Disposal

On Page 4-2 of the **approved** MRP the Permittee states that "The next step in reclamation will be the removal of all surface structures and equipment. Once this has been accomplished, all solid waste generated in the abandonment operation will be collected and removed from the areas being reclaimed." The word "remove" implies that the Permittee will

take the building debris offsite. The Permittee gives no other information about refuse disposal in the MRP. The Division determined the cost of building disposal based on the disposal fees that we would be charged at ECDC (East Carbon Disposal Center).

The cost to dispose of building debris in a commercial landfill is much more than for onsite disposal. ECDC charges \$35 per ton for building debris while Means unit cost for onsite disposal is \$6.10 per cubic yard. **The saving for onsite disposal is significant and could result in a savings of approximately \$1,000,000.**

Approximately 60% of the Division's direct reclamation cost involves building demolition and removal. Approximately half the demolition cost is for debris disposal in a commercial landfill. **This issue accounts for more than 50% of the amount of the cost discrepancy between the Division and the Permittee.**

The Division recommended that the Permittee determine how much building debris would be steel. Steel disposal could be based on the cost to haul the steel debris to a remelt facility. The Division assumes that the remelt facility would accept the steel debris at no cost. Division policy prohibits the use of salvage value for bond calculations. Shipping the steel debris to a remelt facility would significantly reduce the reclamation costs.

The Permittee wants to submit an amendment for onsite disposal areas. The Permittee does not want to post the bond based on the current plan when they will soon submit an amendment that will significantly reduce the bond. Therefore, the Permittee informally requested an opportunity to amend the MRP before the Division determining the bond.

The reclamation bond **must** be based on the approved MRP. Granting the Permittee an opportunity to submit an amendment is an administrative issue not a technical issue.

Concrete Disposal

The approved MRP requires the Permittee to dispose of concrete debris at the waste rock disposal site or buried onsite in other approved disposal areas. The Division used Means unit cost of \$6.10 per cubic yard for onsite disposal. The Permittee wants to amend the backfilling and grading plan so concrete debris can be used for backfill against the highwall. **As stated above the bond must be based on the approved MRP. Granting an extension to the Permittee so that he can submit amendment is an administrative issue not a technical issue.**

Current Status on the Bond

The Division reclamation bond cost is \$5,700,000 and is based on the approved MRP. The Permittee calculated the reclamation cost to be \$4,200,000. The Permittee's estimate is based on the assumption that the Division will approve amendments to dispose of building debris onsite and allow for concrete debris to be used as backfill.

Recommendations:

Concrete Demolition Unit Costs

The Division unit cost of \$26 per cubic yard should be used for bond calculations. That figure is approximately what the Division is paying for concrete demolition. If the bond cost were based on the Permittee's unit cost for concrete demolition of \$4 per cubic yard, the Division has no assurance that reclamation could be completed according to the approved plan.

Onsite Disposal of Building Debris

Allowing the Permittee time to amend the plan so that building debris can be disposed of onsite instead of in a commercial landfill is an administrative issue.

Use of Concrete Debris as Backfill

Allowing the Permittee time to amend the plan so that concrete debris can be used as backfill against the highwall instead of disposed of in the waste rock disposal site is an administrative issue.