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

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May 6, 1997

TO: File

THRU: Daron Haddock, Permit Supervisor DRZ

FROM: Wayne H. Western, Senior Reclamation Specialist WHW

RE: Reclamation Bond Estimate Skyline Mine, Canyon Fuel Co., Skyline Mine, ACT/007/005, File #2, Carbon County, Utah

**Summary:**

The Division has reviewed the bond calculations received on March 14, 1997 for the Skyline mine. The information submitted by the Permittee is incomplete.

**Technical Analysis:**

**BONDING AND INSURANCE REQUIREMENTS**

**Determination Of Bond Amount**

**Analysis:**

On March 14, 1997 the Division received a revised estimate reclamation cost estimate for the Skyline Mine. When the Division compared the structures listed on the Surface Facilities Map 3.2.1-1 with the structures listed in the bond estimate, we noticed that several structures appeared on the map but not in the bond calculations. The missing structures include but not limited to portals, explosive magazines, many storage buildings, power poles, substations, culverts, concrete lined ditches, footings for the overland conveyor, fuel storage facilities and propane tanks.

The Permittee must supply the Division with all structures in the information about each structure to be demolished. That information must include building materials, dimensions or volume, and the size and type of foundations.

The Permittee did not include the productivity calculations for the earthwork costs. Without that information the Division has no way to verify the earthwork costs.

Reclamation Bond Estimate

ACT/007/005

March 28, 1997

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Findings:

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

**R645-301-830.140.** The Division cannot determine the reclamation bond amount because the Permittee did not provide adequate information in Section 4.3 Cost Estimate for Performance Bond of the mining and reclamation plan. Section 4.3 of the MRP must contain a list of all structures in the permit area that they will demolish or remove as part of the reclamation plan. They must also include a description of those structures.

The Permittee must give the Division detailed information for all earthwork costs. Information on earthwork costs must include detailed productivity calculations. The Division will supply earthwork worksheets to the Permittee upon request.

Bonding Calculations  
Skyline Mine - ACT/007/005  
Revised

April 25, 1997

Bond Summary

Direct Costs

Subtotal Demolition and Removal	\$2,235,714
Subtotal Backfilling and Grading	\$642,795
Subtotal Topsoil Preparation and Distribution	\$841,973
Subtotal Stream Channel Reclamation	\$404,812
Subtotal Revegetation	\$220,898
Subtotal Interim Sediment Control Facilities	\$7,089
Subtotal of Reclamation Costs	\$4,353,281

Indirect Costs

Maintenance and Monitoring (10%)	\$435,328
Contingency (10%)	\$435,328
Engineering Redesign (5%)	\$217,664
Startup Costs (5%)	\$217,664
Contract Management (5%)	\$217,664
Subtotal Indirect Costs	\$1,523,648

Total Cost in 1997 Dollars \$5,876,929

Escalation 2.52% for 5 years \$778,766

Total Cost in 2002 Dollars \$6,655,695

Bond Amount (rounded to nearest \$1,000) \$6,656,000