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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 4, 1998

TO: File

THRU: Joe Helfrich, Permit Supervisor *JH*

THRU: Daron Haddock, Permit Supervisor *DH*

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

RE: Review of the Bond Calculations, Skyline Waste Rock Facility, Canyon Fuel Company, LLC, Skyline Mine, ACT/007/005-98F, File #2, Carbon County, Utah

SUMMARY:

On November 27, 1998, the Division received the reclamation bond cost estimates for the Skyline Mine Waste facilities. The Division reviewed the reclamation cost estimate and found that the existing bond amount is adequate.

Analysis:

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of bond amount.

The reclamation costs for the waste rock disposal facility consist of backfilling and grading, and vegetation. The increase in the waste rock site is 1.39 areas. The total increase to the bond is approximately \$10,000. The current bond amount is for more than \$5,000,000.

The Division usually does not increase the bond amount unless the reclamation cost increase by 5% of the bond. Since the bond increase is less than 5% of the bond, the Division finds that the current bond amount is adequate.

Findings:

The Permittee met the minimum requirements of this section.