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

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May 26, 1998

TO: File

THRU: Daron Haddock, Permit Supervisor

Handwritten initials, possibly 'DRH', in black ink.

FROM: Wayne H. Western, Senior Reclamation Specialist *W410*

RE: Reclamation Bond Estimate, Cyprus Plateau Mining Company, Star Point Mine, ACT/007/006-96C, File #2, Carbon County, Utah

SUMMARY:

On May 19, 1998, the Division reviewed the reclamation cost estimate for the Star Point Mine. The Division determined the reclamation cost to be \$12,413,000 in 2002 dollars. The Permittee calculated the reclamation cost to be \$8,973,141.

ANALYSIS:

On May 19, 1998, the Division determined the reclamation cost estimate for the Star Point Mine to be \$12,413,000 in 2002 dollars. The Division based the reclamation cost estimate on the reclamation plan submitted by the Permittee. The Permittee submitted their reclamation cost estimate to the Division on November 14, 1997. The Permittee calculated the reclamation costs to be \$8,973,141 in 2002 dollars.

The Permittee used the Division's September 1997 demolition cost estimate in determining the reclamation cost estimate. In 1997 the Division determined the demolition costs to be \$1,602,515. The Division's May 1998 demolition cost estimate is \$1,882,914. The increase is due to the update costs in the 1998 Means handbook.

The Division determined the earthwork costs to be \$5,431,122. The Permittee calculated the earthwork costs to be \$4,173,096. They then subtracted 10% for overhead and profit. The Permittee included the overhead and profit for the earthwork in the indirect costs. The Permittee assumed the overhead and profit would be 5.7%. The Division assumes that the overhead and profit would be 10%.

The Division determined the indirect costs to be 35% of the direct costs. The Permittee calculated the indirect costs to be 19.10%.

The Division determined the monitoring and maintenance costs to be \$829,214. The Division assumes that long term maintenance of the site will be approximately 10% of the reclamation cost. The Permittee calculated the monitoring and maintenance costs to be \$430,000.

Page 2
ACT/007/006-96C
Reclamation Bond Estimate
May 26, 1998

R645-301-830.110 states that the amount of the bond will be determined by the Division. The Division determined that the bond must be at least \$12,413,00.

FINDINGS:

According to R645-301-830 and R645-301-850 the Permittee is required to post a bond of not less than \$12,413,00.

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