

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

#3304
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August 4, 2009

TO: Internal File

THRU: Dave Darby, Environmental Scientist III, Team Lead
James D. Smith, Environmental Scientist III, Task Manager *JDs 08/06/09*

FROM: Peter Hess, Environmental Scientist III / Engineering / Bonding *PHH/hms*

RE: MIDTERM PERMIT REVIEW, Plateau Mining Corporation, Star Point Mine, C/007/006, Task ID # 3304

SUMMARY:

The Division initiated a midterm permit review of the Star Point Mine mining and reclamation plan on June 4, 2009. A field inspection of the reclaimed Mine was conducted by Division personnel, and Mr. Dennis Ware, representing the Permittee on July 28, 2009.

This memo will address the adequacy of the posted reclamation bond, which currently is posted in 2008 dollars.

The Permittee received a Phase I release of \$ 4,677,600.00 on October 21, 2004, and a Phase II release of \$ 2,384,000 on February 12, 2009. An amount of \$ 734,000 remains in the reclamation bond account for the Star Point site.

TECHNICAL ANALYSIS

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

General

An amount of \$ 734,000 remains (2008 dollars) in the reclamation bond account held by the Division for the Star Point Mine, (113.34 acres of disturbance).

Form of Bond

The bond is a surety provided by the Traveler's Casualty and Surety Insurance Company, (#104329368). This surety has an A.M. Best rating of A+ as of June 30, 2009.

Determination of Bond Amount

As was previously noted, the Permittee has received Phase I and Phase II bond releases for the reclamation work accomplished at this site.

Revegetation costs remain in the amount of \$ 517,916.00 (remaining direct cost).

This amount was used to project the indirect costs (amounting to 26.8%) which have been tallied at \$ 138,802.00.

Total Cost to complete all reclamation at the Star Point Mine has been estimated at \$656,718.00 (2008 dollars).

This amount was escalated six years (2014 is the next midterm permit review) to 2014 at an escalation factor of 1.013. (Escalation amount = \$ 52,918.00).

Total Cost in 2014 dollars = \$709,636.00.

The bond amount rounded to the nearest \$ 1,000 is \$ 710,000.00

The amount of bond posted in 2009 = \$ 734,000.00.

The amount of bond currently posted is adequate to complete reclamation at this site at least until the next midterm permit review, which is scheduled for 2014.

Terms and Conditions for Liability Insurance

The Permittee's current general liability insurance coverage remains in effect through October 1, 2009. The Division confirms renewal / coverage of this permit requirement during the four quarterly inspections conducted each year.

Findings:

The amount of bond currently posted by the Permittee is adequate to ensure that the remaining reclamation responsibilities at this site can be completed through 2014.

RECOMMENDATION:

The 2009 Midterm Permit Review for the Star Point Mine should be approved.

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