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Orig mine file

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

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August 24, 1989

TO: Dianne R. Nielson, Director

FROM: Pamela Grubaugh-Littig, Reclamation Engineer pgl

RE: **Real Property and Water Rights Evaluation, Sunnyside Reclamation and Salvage, Inc., Sunnyside Mines, ACT/007/007, Folder #4, Carbon County, Utah**

Sunnyside Reclamation and Salvage, Inc. (SRS), is proposing to pledge real property and water rights to meet the requirement to post a bond for the Sunnyside Mines. The value of this collateral is estimated at $5,442,680.00. This memo outlines how these values were substantiated.

PROPERTY VALUES

An appraisal was done by George Fujii, MAI, dated February 24, 1989 (copy attached). This appraisal report was conducted for the Division for the surface valuation of lands that SRS is proposing to pledge as collateral. The acreage and values of the property are as follows:

Location	Acreage	Value
Inside Permit Area	10,665 acres	$ 630,000
Outside Permit Area	12,785 acres	$1,266,700
	23,440 acres	**$1,897,100**

There are certain lands within Sunnyside City (e.g. shopping center, homes, golf course) that are not disturbed under any permit and are acceptable as collateral. However, the abandoned coke ovens and the East Carbon City Landfill are disturbed areas that are not acceptable as collateral. Therefore, the real property valuation acceptable under UMC 800.21(c) is:

Real Property Valuation

	$1,897,100
Less the value of the landfill and coke ovens	- $ 120,000
	$1,777,100

WATER RIGHTS

Water rights values for Grassy Trail Creek and Range Creek were described in a report by Higginson-Barnett Consultants dated July 15, 1988 (copy attached). The other water rights at six unnamed springs and six underground sources are approved, certified and decreed water rights, and are described in a Division memo dated June 6, 1988 (copy attached).

The water rights valuation is as follows:

Grassy Trail Creek	$ 3,423,774
Range Creek	$ 236,768
Unnamed Springs	$ 749
Underground Water	$ 4,289
	$ 3,665,580

In summary, the combined collateral values are:

Real Property	$ 1,777,100
Water Rights	$ 3,665,580
	$ 5,442,680

The reclamation cost estimate for the Sunnyside Mines has recently been revised and $2,631,057 (1991 dollars) must be posted. Therefore, the value of the real property and water rights would meet the requirements for the reclamation bond obligation.

djh
Attachments
cc: B.W. Roberts, Atty Gen'l Office
L. Braxton, DOGM
R. V. Smith, DOGM
AT45/53-54