

0009



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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

February 3, 1995

TO: Daron Haddock, Permit Supervisor

FROM: Wayne H. Western, Reclamation Engineer *WHW*

RE: Hiawatha Midterm Review, U. S. Fuel Company, Hiawatha Complex, ACT/007/011, Folder #2, Carbon County, Utah

Synopsis of Proposal

As part of the midterm review of the Hiawatha Mine the Division reviewed the reclamation cost estimates and bond amount.

Analysis

U. S. Fuel currently has a \$3,779,000 reclamation bond for the Hiawatha mine. In 1991 the Division determined the reclamation costs to be \$3,117,794 in current dollars or \$3,321,000 in 1996 dollars. During the midterm the bond was adjusted for inflation from 1991 to 1993 and escalated from 1994 to 1996. The current 1996 dollar amount for the bond is \$3,350,000. The current bond exceeds the projected reclamation costs by \$429,000. There is no reason for the Division to request a bond increase at this time.

U. S. Fuel has done a significant amount of reclamation on the property. The reclamation work included demolition and removal of several buildings, and grading the slurry ponds. The Division determined the cost to reclaim the Hiawatha Mine in February 1995 to be \$2,838,000 in 1996 dollars.

Recommendation

1. Accept the current reclamation bond of \$3,779,000.

HIAMIDI.WHW

