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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 8, 2015

Elliot Finley, Resident Agent
Hiawatha Coal Company
P.O. Box 1240
Huntington, Utah 84528

Subject: Midterm Completion Response Deficiencies, Hiawatha Coal Company, Hiawatha Mine, C/007/0011, Task ID # 4759

Dear Mr. Finley:

The Division has completed the review of your response to the deficiencies noted in the midterm review for the Hiawatha Mine. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application by no later than February 18, 2015.

If you have any questions, please call me at (801) 538-5350 or Joe Helfrich (801) 538-5290.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/JCH/ss
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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070011
TaskID: 4759
Mine Name: HIAWATHA MINE
Title: MIDTERM COMPLETION RESPONSE

Operation Plan

Topsoil and Subsoil

Deficiencies Details:

R645-301-231.200, The statement on page 2-4 must also indicate that prior to placement in the topsoil stockpile, the substitute topsoil will be sampled for analysis of parameters outlined in Tables 3 and Table 7 of the 2008 Division Guidelines for Topsoil and Overburden.

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Reclamation Plan

Bonding Determination of Amount

Deficiencies Details:

The Permittee must update the all the individual unit cost data used in the 2009 Midterm Permit Review reclamation cost estimate to 2014 unit costs using the 2014 R.S. Means Heavy Construction Cost Data manual and other appropriate cost data manuals. All computation sheets for demolition, earthwork and re-vegetation must be updated and submitted to the Division so the Division can determine the required bond amount needed through 2019.

The total reclamation cost for the Hiawatha (sum of the direct and indirect costs) must be escalated from 2014 to 2019 (5 years) using an escalation factor of 1.9 %.

This escalated cost is rounded to the nearest \$ 1,000 to determine the amount of required bond which must be posted with the Division by the Permittee.

Line item updates were applied to the demolition, earthwork, and re-vegetation calculation sheets, using the 2014 RS Means Heavy Construction Cost Data manual by the Division in October 2014. Utilizing updated 2014 cost data, the new bond amount required by the Permittee in 2019 Dollars is \$3,928,000. The current bond posted is deficient by \$1,800,000 or 45.82%.

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