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

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May 21, 1993

Certified Return Receipt Requested
P 074 975 408

Mr. R. Jay Marshall, Chief Engineer
Castle Valley Resources, Inc.
P. O. Box 1282
Huntington, Utah 84528

Dear Mr. Marshall:

Re: Approval, Amendment 93C, Appendix J (Reclamation Cost Information),
Castle Valley Resources, Inc., Wellington Prep Plant, ACT/007/012-93C,
Folders #3 & #4, Carbon County, Utah

The proposed permit amendment received on May 19, 1993, regarding detailed cost information for reclamation at the Wellington Prep Plant has been reviewed and found to be complete and adequate by Wayne Western and Randy Harden of the Division's technical staff.

Accordingly, the Division hereby approves the above referenced amendment effective May 20, 1993. The reclamation cost information provided as Appendix J has been carefully reviewed and much of the work done to formulate Appendix J was coordinated through our office. The diligent efforts to rework and revise the cost estimation information in the plan by your consultants has resulted in a substantial reduction in the bond amount previously required by the Division. It was only by these efforts that the Division was able to make a finding for such an adjustment to the bond amount required.

Ten (10) additional copies of Chapter 8 and Appendix J, as approved, must be submitted to the Division on or before June 15, 1993 for distribution to other agencies for incorporation into their plans.

In consideration of the revised cost information, the Division has re-evaluated the bond amount for adequacy and finds that performance bond in the amount of \$2,969,000 is the minimum bond amount required for the permit. The



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Approval Appendix J
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Division currently has a surety performance bond posted by Safeco Insurance Company, Bond No. 5612986, effective October 1, 1989, with rider effective April 13, 1993, in the amount of \$3,266,000.

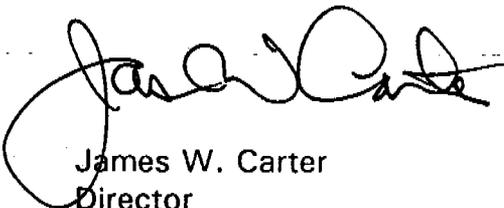
The above surety bond amount meets the minimum performance bond requirement of \$2,969,000 as determined by the Division. This newly determined amount supersedes the amount required in the Findings of Inadequate Bond in RE: Castle Valley Resources, Docket 93-009, and consequently, Castle Valley Resources has now met the conditions for bond amount as presented in those findings (please see the enclosed Findings of Adequate Bond).

Castle Valley Resources may pursue an informal conference regarding the revised bond within the terms noticed by the Division. As previously discussed, a request for a conference must be submitted by no later than May 24, 1993.

Additionally, you may wish to revise the surety bond amount to the minimum performance bond amount or allow the currently posted bond amount to remain as a contingency for any future changes to the permit. If Castle Valley Resources does wish to revise the surety bond amount, please submit the revised bond along with an appropriate Stipulation form to Revise the Reclamation Agreement.

Thank you for your cooperation in resolving this matter.

Very truly yours,



James W. Carter
Director

Enclosure

cc: D. Drago
R. Mower
L. Braxton
D. Haddock
R. Harden
T. Mitchell
W. Western

FINABOND.CVR

BEFORE THE DIVISION OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

---ooOoo---

IN THE MATTER OF MID-TERM : FINDING OF ADEQUATE BOND
PERMIT REVIEW, BOND : IN RE: CASTLE VALLEY
READJUSTMENT AND ALTERNATIVE : RESOURCES, WELLINGTON
POST-MINING LAND USE, : PREPARATION PLANT,
WELLINGTON PREPARATION PLANT : ACT/007/012
PERMIT

DOCKET NO. 93-009
CAUSE NO. ACT/007/012

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In the above entitled matter, the Division makes the following Written Findings and Conclusions of Law concerning the adequacy of the reclamation bond posted by Castle Valley Resources (the "Permittee").

FINDINGS OF FACT

1. On March 15, 1993 the Division of Oil Gas and Mining issued a Finding of Inadequate Bond to Castle Valley Resources (CVR). In that finding the required bond to be posted by CVR was determined to be \$4,881,000.

2. CVR was also notified in the Findings that if the findings constitute an adjustment of the amount of bond pursuant to R.645-301-830.400 they would be provided an opportunity to request an informal conference within 30 days of the last newspaper advertisement published by the Division under R.645-300-121.

3. The last newspaper notice was published in the Salt Lake Tribune on April 24, 1993.

4. CVR submitted a bond rider to the Division on April 13, 1993 which brought the Wellington reclamation bond to a total of \$3,266,000.

5. CVR submitted an amendment to the Wellington Preparation Plant a Reclamation Plan which provided better information and a technical basis for determining a detailed bond estimate.

6. The Division received an amendment to the Wellington Plan (revised chapter 8 and Appendix J) on May 19, 1993.

7. The Division's technical staff reviewed the submitted amendment and found the bond estimate submitted by CVR's consultant to be \$2,969,000.

8. The Division's technical staff has determined that the bonding information provided by the consultant is complete and adequate and can be approved as part of the Wellington Plan. The bond estimate of \$2,969,000 is an appropriate figure for the bond.

CONCLUSIONS OF LAW

1. The amendment ACT/007/012-93C has been accepted by the Division and approved for insertion into the Wellington plan.

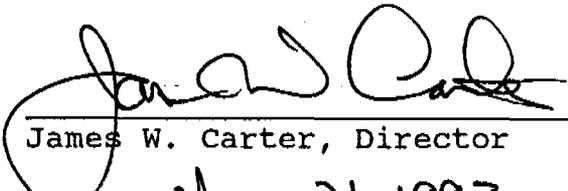
2. The amount necessary to meet the requirement of the law which must be posted as performance bond is determined to be \$2,969,000. This reduction in the bond amount from the previous amount of \$4,881,000 is based on information now available through the approved amendment.

3. The bond currently held by the Division in the amount of \$3,266,000 meets the minimum requirements for a performance bond at the Wellington site.

4. CVR has until May 24, 1993 to request an informal conference on the bond adjustment.

5. CVR may provide a surety rider, if desired, which will revise the Wellington Surety bond to \$2,969,000.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING



James W. Carter, Director

Date: May 21, 1993