



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

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June 3, 1996

TO: Daron Haddock, Permit Supervisor

FROM: Wayne H. Western, Senior Reclamation Specialist *(WHW)*

RE: Deficiency Response, Nevada Electric Investment Company (NEICO), Wellington Preparation Plant, ACT/007/012, Folder #2, Carbon County, Utah

Deficiency # 1:

The Permittee must provide the following in accordance with the requirements of:

R645-301-521, a description of the estimated life of operations, the size, and the sequence and timing of operation and reclamation activities. This section should be update to reflect current proposed operation activities.

Response:

The Operator states in Section 5.21 and 5.26 that:

Most recently, the owner of the Wellington Plant has expressed a desire to sell the property. As a result, numerous operations have been proposed and are currently being investigated for the site.

Plans proposed for potential buyers of the site include the following: using the coal fines and other reject material as a fuel source, an on-site power generation plant, industrial park facilities, recycling center, coal brickette fabrication facility, and even restoration of the coal cleaning facility for other similar processing operations. Furthermore, the Wellington site has been proposed as an industrial area. The area is zoned by the county as "heavy industrial" and current investigations are being conducted to develop it as such. Disclosure of additional details would not be appropriate at this time pending final negotiations. It is anticipated that at least one of the proposed activities will soon be finalized. At that time the operator will submit to DOGM a full description of the operations

including the size, sequence and timing of subareas for which it is anticipated that individual permits will be sought.

Analysis:

The response is inadequate because it does not give the Division specific information about the sequence and timing of operation and reclamation activities. The Operator has failed to meet the requirements of R645-301-521.

The Division has responded to the deficiency by issuing a Division Order. The Operator will be required to submit a detailed reclamation plan by June 30, 1996. If the Operator does not meet the deadline, the Division will determine the reclamation time line. Once the reclamation timetable has been established, the Operator will be required to start it.

Findings:

The Operator has failed to meet the requirement of R645-301-521 by not supplying the Division with information on the timing and sequence of operation and reclamation activities. This failure to comply has resulted in the Division issuing Division Order 96A.

Remaining Deficiencies:

The Operator has failed to meet the requirements of R645-301-521 by not providing the Division with information on the timing and sequence of operation and reclamation activities.

Deficiency #6:

The Permittee must provide the following in accordance with the requirements of:

R645-301-515, the commitments for slides and other damage as required by this regulation.

Response:

Section 5.15 has been changed as follows:

If at any time a slide occurs which may have a potential adverse effect on public, property, health, safety, or the environment, the owner or operator at the Wellington Preparation Plant will notify the DOGM by the most prompt

available means and comply with any remedial measures required by DOGM.

Analysis:

The Operator has complied with R645-301-515.100 by making the placing the commitments in the MRP as required by that regulation.

Findings:

The Operator has met the requirements of R645-301-515.100.

Deficiency #17:

The Permittee must provide the following in accordance with the requirements of:

R645-301-515.300, a description of procedures for temporary cessation of operations.

Response:

The Operator stated that this deficiency was addressed in deficiency #6.

Analysis:

Deficiency #6 dealt with reporting and responding to slides. R645-301-515.300 deals with temporary cessation of operations. The Operator failed to address this issue.

Findings:

The Operator failed to meet the requirements of R645-301-515.300.

Remaining Deficiencies:

The Operator failed to meet the requirements of R645-301-515.300 because he did not include information on how a temporary cessation of operations would be handled.

Deficiency #17:

The Permittee must either dispose of the asbestos or provide the following in accordance with R645-301-830-140:

A detailed cost estimate with supporting calculations that will allow the Division to determine the adequacy of the bond with regard to the disposal of asbestos.

Response:

This information was submitted to DOGM on April 2, 1996.

Analysis:

This issue was addressed in a memo to Joe Helfrich. The contents of the memo were:

The Division reviewed the bond cost estimates submitted to the Division on May 14, 1996 by Patrick Collins for NEICO. The bid was submitted by Covol Technologies, Inc. and AcandS for the removal of all known asbestos containing materials at the Wellington Preparation Plant. One company will do the removal the other will supervise the operation. From my experience with asbestos removal this arrangement is common.

Wellington's reclamation bond is \$6,036,000. The asbestos bid is \$43,766, plus contingency and management fees. Dr. Collins determined the reclamation cost, including asbestos removal, to be \$6,130,000, which is a 1.6% increase. The unofficial policy of the Division is to make bond adjustments when the reclamation cost increases by plus or minus 5%. Under the unofficial policy the Division should not seek a bond adjustment at this time. In 1996 the unit cost for concrete decreased significantly. The bond amount using 1996 data is \$5,880,000.

Unit costs for asbestos removal are not listed in the 1996 Heavy Construction Cost Data, which is the publication to which the Division subscribes. I contacted R.S. Means about asbestos removal and they faxed me unit cost data. Based on that information the removal costs are \$50,979, which is 16% higher than the bid estimate. The data from R.S. Means is for obtaining cost estimates not actual cost. The actual cost will vary between plus or minus 25% of the Means estimate. The Division has no reason to reject the bid estimate at this time.

Findings:

The Division has determined that the current bond is adequate.