

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

November 24, 2004

TO: Internal File

THRU: Pam Grugaugh-Littig, Permit Supervisor *PL*

FROM: Wayne H. Western, Environmental Scientist III *WHW*

RE: 5-Year Permit Renewal, Nevada Electric Investment Company, Wellington Preparation Plant, Permit C/007/0012, Task ID #1994

SUMMARY:

The Division evaluated the reclamation bond for the Wellington Preparation Plant as part of the permit renewal. The Division found that the bond was adequate and that no additional action was needed.

The Division now escalated the bond from midterm to midterm. The Division will inform the Permittee that the next bond schedule bond review and escalation will be at the midterm.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

The Division evaluated the reclamation bond as part of the permit renewal for Wellington Preparation Plant. A summary of the bond information is:

- The current bond amount is \$4,904,000.
- The Division's reclamation cost estimate as of November 2004 is \$4,408,000 in 2007 dollars.
- The current bond amount is adequate.

The Division revised the reclamation cost estimate in November 2004 by:

- Updating the vegetation cost estimate to conform to current reclamation practices. Revised revegetation practices resulted in a decrease in the estimated revegetation costs.
- Revised the unit costs with references for the 2004.
- Escalate the bond to 2007, which is when the midterm is scheduled.

R645-301-830.110, states that the bond amount will be determined by the Division. Since the MRP does not have a copy of the Division reclamation cost estimate the Permittee must include the estimate in the MRP. The Division will give an electronic and hard copy of the estimate to the Permittee upon request.

Findings:

The information in the MRP is not adequate to meet the minimum requirements of the bonding and insurance section of the regulations. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-830.110, The Permittee must include a copy of the Division's reclamation cost estimate in the MRP. The Division will give the Permittee both an electronic and hard copy of the cost estimates.

RECOMMENDATIONS:

The Division should notify that the Permittee that the reclamation bond is adequate.

The Permittee must include a copy of the Division's reclamation cost estimate into the MRP. The Division will give the Permittee bath an electronic and hard copy of the cost estimates.