

0003

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

February 4, 2008

JK

TO: Internal File

THRU: Jim Smith, Team Lead *WHW JG 02/11/08*

FROM: Wayne H. Western

RE: 2006 Midterm Permit Review, Nevada Electric Investment Company, Wellington Preparation Plant, Permit C/007/0012, Task ID #2841

SUMMARY:

On August 29, 2006, the Division notified the Permittee that the Division was doing a midterm review. The Division processed the first midterm round under Task 2621. During the review, the Division determined that letter stating that a midterm review of the mining and reclamation plan commenced by the Division.

The Division reviewed the response under Task 2841. The Division determined that the Permittee needed to update the reclamation cost estimate and increase the bond. The Division will provide the Permittee with the updated reclamation cost estimate. The Permittee must increase the bond from \$4,904,000 to \$5,153,000.

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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 information in the MRP is not adequate. The Permittee must update the reclamation costs in the MRP to take into account inflation by using 2007 unit costs and escalating the bond to 2011 dollars. In addition, the Permittee must also increase the bond from \$4,904,000 to \$5,153,000.

The Division will give the Permittee a copy of the reclamation cost estimates in either electronic or hard copy.

Findings:

The information in the MRP is not considered adequate to meet the requirements of this section. Before approval, the Permittee must provide the following in accordance with:

R645-301-830.110, The Permittee must include a copy of the Division reclamation cost estimate in the MRP. The Division will give the Permittee either an electronic or hard copy of the reclamation cost estimate.

R645-301-830.200, The Permittee must also increase the bond from \$4,904,000 to \$5,153,000.

RECOMMENDATIONS:

The Division should require the Permittee remedy the above-mentioned deficiencies before the Division finalized the midterm review.