

0005

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

January 24, 2006

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor *pgl*

FROM: Wayne Western, Lead, Bonding *WAW*

RE: Phase II Bond Release, Arch Western Bituminous Group, LLC., Gordon Creek 2, 7, & 8 Mines, C/007/0016, Task ID #2384

SUMMARY:

The Phase II bond release application (Task 2384) was received on December 12, 2005. The Permittee applied for Phase II bond release in the amount of 146,578.00. This includes the 32.52 acres of reclaimed mine disturbance. The mines are located in Bryner Canyon approximately 20 miles northwest of Price, Utah and can be located on the Jump Creek 7.5 minute quadrangle map. The Division reviewed the application and found it to be defective.

The disturbed area at the Gordon Creek No. 2, No. 7 and No. 8 Mines contains 34.15 acres of which the Permittee is seeking Phase II bond release on 32.52 acres. The remaining 1.63 acres contain three sediment ponds that will be removed and the area reclaimed after Phase II bond on the 32.52 areas has been approved.

Swisher Mining Company originally disturbed the No. 2 mine in late 1969. No topsoil was salvaged at the site during construction. Coal refuse was dumped along the embankments of the stream channel of Bryner Canyon. Mountain Coal Company permanently sealed the portal in 1985.

The No. 7 Mine was disturbed in 1983. Extensive excavation occurred which left an escarpment about eighty feet high. The No.7 Mine portal was sealed in December 1990. Approximately fifty feet of the escarpment was covered during regrading and channels were reestablished.

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The No. 8 Mine was opened in 1989 and then sealed in 1990. Due to poor mining conditions, the operator was forced to close the mine shortly after opening it.

The No. 7 and No. 8 mine sites were backfilled and regraded in 1997. Reclamation of the No. 2 mine began in 1998.

On October 9, 2003, the Division granted Phase I bond release for the all areas with the exception of the Sweet's Pond area. The Division granted the Sweet's Pond area Phase III bond release on October 9, 2003.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

GENERAL REQUIREMENTS

Regulatory Reference: PL 95-87 Sec. 515 and 516; 30 CFR Sec. 784.13, 784.14, 784.15, 784.16, 784.17, 784.18, 784.19, 784.20, 784.21, 784.22, 784.23, 784.24, 784.25, 784.26; R645-301-231, -301-233, -301-322, -301-323, -301-331, -301-333, -301-341, -301-342, -301-411, -301-412, -301-422, -301-512, -301-513, -301-521, -301-522, -301-525, -301-526, -301-527, -301-528, -301-529, -301-531, -301-533, -301-534, -301-536, -301-537, -301-542, -301-623, -301-624, -301-625, -301-626, -301-631, -301-632, -301-731, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-732, -301-733, -301-746, -301-764, -301-830.

Analysis:

The Permittee failed to meet the general requirements for bond release. Those requirements include:

- Notorized Signatures: The Permittee did not include an affidavit with notarized signatures.
- Notification Letters: The Permittee did not include the same information the notification letters as is required in the newspaper advertisement.
- Newspaper Advertisement: The Permittee did not include
 - The type of bond (surety.)
 - When the Permittee completed seeding.
- Maps: The Permittee must include a map that shows the following:
 - Show the reclamation dates and acreages of each reclaimed area.
 - Show the operation or reclamation status of each area, such as active; temporary cessation; or phase bond release.
 - Show areas proposed for bond release.

Findings:

The information provided in the bond release application is not considered adequate to meet the minimum requirements for Phase II bond release. Before the Division can approve Phase II bond release, the Permittee must provide the following in accordance with:

R645-301-880.120, the Permittee must include in the newspaper advertisement the type of bond held, and when the Permittee completed seeding.

R645-301-880.130, The Permittee must include a notarized statement which certifies that all the applicable reclamation activities have been accomplished in accordance with the requirements of the R645- Rules.

R645-301-830, The Permittee must include a map that shows the following so that the Division can determine the amount of bond that is needed to insure reclamation in the event of bond forfeiture: ● shows the reclamation dates and acreages of each reclaimed area, ● shows the operation or reclamation status of each area, such as active; temporary cessation; or phase bond release and, ● shows areas proposed for bond release.

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

R645-301-830.100 requires that the Division determine the bond amount. The current bond amount of \$256,578.00 is in 2005 dollars. R645-301-830.100 requires that the Division escalate the bond amount. The Division escalates the bond from midterm to midterm. The Division scheduled the next midterm for February 28, 2007. Therefore, the dollar amount must be in 2007 dollars.

The Division estimated the reclamation cost in the event of bond forfeiture at \$171,000 in 2007 dollars. Since the current bond is for \$256,578 the maximum amount of bond release is \$85,578.

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Findings:

The information provided in the bond release application is not considered adequate to meet the minimum requirements for Phase II bond release. Before the Division can approve Phase II bond release, the Permittee must provide the following in accordance with:

R645-301-830.110, the Permittee will include a copy of the Division's bond calculations in the MRP. The Division will give the Permittee a copy of the bond calculations in either electronic or hard copy upon request.

RECOMMENDATIONS:

The Division should deny the Phase II bond release application until the above mention deficiencies have been addressed.