

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

October 8, 2004

TO: Internal File

THRU: James D. Smith, Senior Reclamation Hydrologist/Team Lead *DS*

FROM: Wayne H. Western, Senior Environmental Scientist Engineering *WHW*

RE: 2004 Midterm Review, Canyon Fuel Company, Soldier Canyon Mine,
C/007/0018, Task ID #692

SUMMARY:

As part of the midterm review, the Division analyses the reclamation cost estimate to determine if the reclamation bond is adequate to ensure that the Division could reclaim the site in the event of bond forfeiture. On October 8, 2004, the Division updated the reclamation bond estimate. They determined that the current bond of \$3,238,000 was in excess of the amount needed, which was \$1,593,000 in 2009 dollars.

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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 Division determined as part of task 692 that the reclamation cost estimate for the Soldier Canyon Mine must be a minimum of \$1,593,000 (2009 dollars). The Permittee posted a bond for \$1,593,000 on October 13, 2004. Therefore, the bond amount is adequate to insure that the Division could reclaim the site if the Permittee were to forfeit the bond.

The bond calculations in the MRP show that the bond amount must be \$1,442,000 in 2004 dollars. Since the bond calculations in the MRP are outdated, the Permittee must submit current bond calculations. The Division will supply the Permittee with updated bond calculations.

Findings:

The information in the MRP is out dated and not adequate to meet the minimum requirements of the bonding and insurance regulations. Before approval of the midterm review, the Permittee must provide the following in accordance with:

R645-301-830.140, the Permittee must include a copy of the Division updated reclamation bond estimate in the MRP. The Division will provide the Permittee with copies of the reclamation cost estimate in either electronic or hard form upon request.

RECOMMENDATIONS:

The Division should find that the bond amount is adequate.