



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 20, 1999

Chuck Semborski, Environmental Supervisor
Energy West
P. O. Box 310
Huntington, Utah 84528

Re: Bond Adjustment, PacifiCorp, Cottonwood/Wilberg Mine, ACT/015/019, Folder #3, Emery County, Utah

Dear Mr. Semborski:

The Division has reviewed your correspondence dated September 29, 1999, wherein you asked us to reconsider our requirements for a reclamation bond at the Cottonwood/ Wilberg mine. We can understand the need to be accurate with such a large adjustment. It appears we have made one major accomplishment, since we are now in agreement with the cost estimate as it relates to the direct costs of reclamation. However, there seems to be some differing opinions on how to calculate the indirect costs associated with reclamation. We have taken a closer look at the indirect costs that we have applied and still feel that our cost estimate is accurate. While the OSM handbook is useful as a guide for cost estimation it is not as accurate as we need it to be. After all the handbook is over 12 years old and errors have since been found in it. Our method of calculation is more accurate and seems to be closer to reality with the reclamation projects that we have completed. One of our main goals is to reach consistency on how we are calculating bonds and this method and figures are being applied to other Utah mines as well as to yours.

In accordance with R645-301-830, the Division is responsible for determining the bond amount. Upon further review we have determined that the amount of bond that must be posted for the Cottonwood/Wilberg mine still remains at \$3,911,000. You should post the required bond within 30 days (by November 18, 1999). If you have questions or concerns or would like to meet regarding this adjustment please contact me or Mary Ann Wright as soon as possible.

Sincerely,

A handwritten signature in cursive script that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

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cc: Price Field Office

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