

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

June 30, 2004

OK

TO: Internal File

THRU: Karl R. Houskeeper, Environmental Scientist III, Team Lead *KRH by an*

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

RE: 2004 Midterm Permit Review, Andalex Resources Inc., Centennial Mine, C/007/019, Task ID #1886

SUMMARY:

The Division conducted a midterm review of the Centennial Mine in 2004. As part of the midterm review, the Division evaluated the reclamation cost estimate. The Division now escalates from midterm to midterm. Therefore, the reclamation cost was escalated to 2009.

The current bond is for \$820,000 and the revised reclamation cost is \$918,000. Therefore, Andalex Resources Inc. (ARI) must post a bond for the new amount.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

TECHNICAL MEMO

Determination of Bond Amount

The Division now escalates bonds from midterm to midterm. Therefore, the Centennial bond was escalated to 2009. The current bond amount is \$820,000 and the revised bond amount is \$918,000.

The Division gave ARI a copy of the bond calculations. ARI reviewed the bond calculations and submitted them for incorporation in the MRP. Therefore, ARI must increase the bond amount to \$918,000.

Findings:

The information in this section of the PAP is not adequate to meet the requirements of this section of the Regulations. Before approval, ARI must provide the following in accordance with:

R645-301-820 and R645-301-830, ARI must post a bond of at least \$918,000.

RECOMMENDATIONS:

The Division should notify ARI that they are required to post a bond of not less than \$918,000.