

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

December 20, 2005

TO: Internal File

THRU: D. Wayne Hedberg, Permit Supervisor
Karl R. Houskeeper, Team Lead

FROM: Wayne H. Western, Environmental Scientist III, Bonding

RE: Revised Appendix X and Gob Vent Holes #5A, #7, #8 and #9, Andalex Resources, Inc., Centennial Mine, C/007/0019, Task ID #2359

SUMMARY:

Andalex Resources Inc. submitted the revised appendix on October 20, 2005 to the Utah Division of Oil, Gas and Mining (the Division). The revised appendix contains as built information for previously installed gob vent holes GVH-1, GVH-3, GVH-4, GVH-5, and GVH-6. In addition, the amendment also contains information on four additional holes, GVH-5A, GVH-7, GVH-8, and GVH-9. This amendment deals with bonding issues.

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 estimated that reclamation for the Centennial Project would cost \$1,048,000 in 2009 dollars, which includes the cost to reclaim gob hole vents 5A, 7, 8, and 9. The Division revised the reclamation cost estimate to include a revised escalation factor of 1.2% annually.

The current bond is for \$1,080,839.00, therefore, the bond amount is adequate.

The Permittee needs to include the Division's updated reclamation cost estimate that includes the additional vent holes. The Division will give the Permittee a revised copy of the reclamation cost estimate in either electronic format or paper.

Findings:

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

R645-301-830.120, The Permittee must include the Division's revised reclamation cost estimate in the MRP. The Division will give the Permittee a copy of the revised reclamation cost estimate in either electronic format or a paper copy.

RECOMMENDATIONS:

The Division should deny the amendment until the Permittee updates the reclamation cost estimate.