

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

February 3, 2006

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor

FROM: Wayne H. Western, Team Lead

RE: Update of Reclamation Cost Estimate, Andalex Resources Inc., Centennial Project, C/007/0019, Task ID #2416

SUMMARY:

On January 5, 2006, the Division received an amendment from Andalex Resources Inc., a revision to the bond calculations. The revisions were based on some new information for the degas wells.

TECHNICAL MEMO

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The Division revised the reclamation cost estimate for the Centennial Project based on new information supplied by the Permittee pertaining to reclamation of the degas wells.

The Division determined the reclamation cost in 2009 dollars to be \$1,048,000. The current bond is for \$1,080,000. Therefore, the Division determined that there is adequate bond to allow the Division to reclaim the site in the event of bond forfeiture.

Terms and Conditions for Liability Insurance

Findings:

The Permittee met the requirements for the bonding and insurance as outline in the R645-Rules.

RECOMMENDATIONS:

The Division should approve the amendment.