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State of Utah

DEPARTMENT OF NATURAL RESOURCES

BRIAN C. STEED
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 19, 2019

Karin Madsen, Resident Agent
Andalex Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Midterm Completion Response, Andalex Resources, Inc., Centennial Mine, C/007/0019, Task #6014

Dear Ms. Madsen:

The Division has reviewed your application. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application by no later than December 20, 2019.

If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen
Coal Program Manager

SKC/sqs

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070019
TaskID: 6014
Mine Name: CENTENNIAL MINE
Title: MIDTERM COMPLETION RESPONSE

Reclamation Plan

Bonding Determination of Amount

Analysis:

The application does not meet the State of Utah R645 requirements for Determination of Bonding Amount.

A previous midterm review found this application deficient because a number of errors and inconsistencies in the direct unit costs were located throughout the bond. The current midterm response has corrected all of the issues within the demolition and earthwork sections, but it appears that a few still remain in the revegetation section. All direct unit costs have been adjusted to account for overhead and profit, and the appropriate 5-yr escalation factor of 2.32% has been applied to the total reclamation cost. A description of the inconsistencies in the revegetation section are as follows:

The following errors were identified within the Revegetation Costs table on page 118:

- In the first row containing mulching costs, it appears there may be a typo in the Means Reference Number box because 32 91 13.16 0390 does not exist in the 2019 R.S. Means Cost Manual.
- The unit cost for 1" Power Mulched hay (row 1) should be \$59.00/MSF, not \$30.50/MSF.
- An arithmetic error on the first row is suspected since the total cost claimed $30.50/\text{MSF} \times 1399 \text{ MSF} = \$1,983$.

A note on page 61 explains that the unit costs for seed vary from the RS Means manual because local bids for the seed were used in the direct costs and the hydroseeding costs were adjusted accordingly. The Division acknowledges that the resultant hydroseeder costs were adjusted down from \$42.50 to \$29.19.

Deficiencies Details:

The application does not meet the State of Utah R645 requirements for Determination of Bonding Amount. The following deficiency must be addressed prior to final approval:

R645-301-830- The Permittee must address the inconsistencies remaining in the revegetation section of the reclamation bond as described above.

jeatchel