ACT/007/021 #5

STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

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Internal
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OK

March 8, 1985

TO: Lowell P. Braxton, Administrator, Mineral Resource Development and Reclamation Program

THRU: Mary M. Boucek, MB Susan C. Linner SCL

FROM: Pamela Grubaugh-Littig, Reclamation Engineer pgl

RE: Inadequate Bonds Presently Posted for Suspended Operations

There are several suspended coal operations in Utah that are not covered with an adequate reclamation bond. These operations are covered by an interim amount of $5,000/acre. They are in various stages of permitting:

| Status | Project | Present Bond Amount | Acres | Date of Suspension |
|---|---|---|---|---|
| Federal Permitting | Huntington #4 INA/015/004 | $154,275.00 (surety) | 78 | 11/84 |

The final Technical Analysis is in Denver and will be sent to Washington soon. The estimated bond amount of $360,104.00 (1990 dollars) is being posted now.

| | | | | |
|---|---|---|---|---|
| Non-Federal Repermitted Reclamation Only | Gordon Creek #3 & #6 INA/007/017 | $39,900.00 (surety) | 7.98 | 9/83 |

The operator has been lax about responses to this operation. The bond amount should be brought up to an adequate amount at this time.

| | | | | |
|---|---|---|---|---|
| Federal Operations Suspended | Geneva ACT/007/013 | Interim $260,000.00 (t-bills) | 50 | 2/84 |

The Geneva permit transfer to Kaiser Steel Corporation is now effective. By March 29, 1985, Kaiser Steel Corporation by Board Order Directive must submit a revised mining and reclamation plan as well as a new bond estimate. The revised bond will be posted shortly thereafter in April 1985.

| Status | Project | Present Bond Amount | Acres | Date of Suspension |
|---|---|---|---|---|
| Non-Federal Operations Suspended | Knight ACT/041/005 | $213,153.00 (contract) | 40 | (not sure) |

The Knight Mine went into suspension in spring 1981. The relamation contract, however, was entered into January 1978 between Coal Search Corporation and the Board of Oil, Gas and Mining. This contract is a legal instrument but the criteria for self bonds is now explicitly enumerated and this criteria for the contract should be reviewed. A revised and adequate reclamation estimate should also be developed at this time.

| | | | | |
|---|---|---|---|---|
| Non-Federal Revoked Interim Permit | Trail Canyon ACT/015/021 | $50,000.00 (LOC) | 10 | (not sure) |

The interim permit was revoked by the Board in mid-1983. This mine seems to presently have coal-related activities being conducted on it. A coal chute (freshly-painted) looks as if it was assembled there recently. The cost of the reclamation of this site will be substantially more than $50,000.00. A revised estimate should be posted soon.

| | | | | |
|---|---|---|---|---|
| Non-Federal Repermitting Reclamation Only | J. B. King INA/015/002 | $292,577.00 (surety) | 28 | 12/84 |

The operator was officially given a final "reclamation only" status in January 1985. At that time, the operator posted a revised reclamation bond that adequately reflects the cost of reclaiming (1/85).

| | | | | |
|---|---|---|---|---|
| Non-Federal Repermiting Reclamation Only | Blazon ACT/007/021 | $23,524.00 | 3.2 | 2/82 (temp) 2/85 (perm) |

The Division was notified that Blazon would be permanently closed in February 1985. The present review schedules the permanent program permit for reclamation only to be issued by mid-1985.

One approach to adequately bond for the operations requiring adequate bonds now would be to take an average cost per acre of the permanent program permitted mines or about $24,000 per acre. Adequate reclamation sureties should be revised as follows:

| | Acres | Reclamation At $24,000/Acre |
|---|---|---|
| Gordon Creek #3 & #6 | 7.98 | $191,520.00 |
| Knight Mine | 40 | $960,000.00 |
| Trail Canyon | 10 | $240,000.00 |
| Blazon | 3.2 | $ 76,800.00 |

Another approach would be to post now the latest surety estimate in the mine plan which could be done for Gordon Creek #3 & #6. The Knight Mine, Trail Canyon and Blazon, however, do not have an adequate estimate in their present plan.

Please advise me how you would like me to proceed. If this could proceed as described, I would like to notify the operators as soon as possible. A deadline of April 30 is suggested.

btb
cc: Ron Daniels
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