



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

September 16, 1997

TO: File

THRU: Daron Haddock, Permit Supervisor *1027*

FROM: Wayne H. Western, Senior Reclamation Specialist *W. H. W.*

RE: Revised Reclamation Cost Estimate, Savage Industries, Savage Coal Terminal, ACT/007/022-MT, File #2, Carbon County, Utah

Summary:

On July 31, 1997, the Division revised a revised reclamation cost estimate for the Savage Coal Terminal. The revision was requested by the Division because the estimate in the approved MRP was not compatible with the Division format for bond calculations.

Technical Analysis:

The Division reviewed the reclamation cost estimate submitted by the Permittee on July 31, 1997. The reclamation estimate was in a form that could be used by the Division to determine the bond amount.

The Division calculated the bond amount for the Savage Coal Terminal to be \$2,525,000 in 2001 dollars. The Permittee calculated the reclamation costs to be \$1,927,408.38. The major area where the Division and the Permittee disagreed on costs was the indirect costs. The Division estimates the indirect costs to be 35% of the direct costs. The Permittee estimates that the indirect costs will be 10% of the direct costs.

The current bond is for \$2,728,178.00, which is \$203,178 more than the Division reclamation cost estimate. The current bond is adequate to cover reclamation. The Permittee could reduce the bond amount from \$2,728,178.00 to \$2,525,000. Attached is a copy of the detailed reclamation cost estimate.

The Permittee met the minimum requirements of R645-301-830.140 and R645-301-

830.110 have been met. The Permittee supplied the Division with a detailed reclamation cost estimate. The Division used the Permittee's estimate to calculate the bond amount.

Findings:

The Permittee has met the minimum requirements of R645-301-830.140 by providing the Division with a detailed reclamation cost estimate. The Division met the minimum requirements of R645-301-830.100 by determining the bond amount.

Recommendation:

Since the current bond amount is greater than the Division's reclamation cost estimates the Division should:

- Consider the current bond to be adequate,
- Give the Permittee the option to reduce the current bond amount from \$2,728,178.00 to \$2,525,000,
- Informally send the Permittee a copy of the Division's reclamation cost estimate and ask the Permittee to submit comments.