

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

December 15, 2004

OK

TO: Internal File

FROM: Wayne Western *WW*

RE: Update of Bond Contingency, Savage Services Corporation, Savage Coal Terminal, C/007/0022, Task ID #2082

SUMMARY:

On November 29, 2004, the Division received an amendment to update the reclamation cost estimate for the Savage Coal Terminal. The Division updated the unit cost from 2002 to 2004 dollars. The Division now requires that their reclamation cost estimate be included in the MRP. The Division will give a copy of their bond calculations to the Permittee to inclusion into the MRP.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The submittal that the Division received on November 29, 2004 is not in the proper form and format. The Division requires that their reclamation cost estimates be included in the MRP. See R645-301-830.110. On December 14, 2004, the Division sent Dan Guy an electronic copy of the bond calculations. The Division will send the Permittee a hard copy upon request.

The reclamation cost estimate is in Appendix 5-6 and 5-7 of the MRP. The Permittee must replace the information in Appendix 5-6 with the Division's reclamation cost estimate. In addition, the Permittee must remove Appendices 5-7, 5-8 and 5-9 from the MRP. Those appendices contain reclamation cost estimate and all that information must be included in one appendix.

The Permittee included updates to the reclamation cost estimate in the November 29, 2004 submittal. The current bond is form \$2,525,000 and the Division estimated the reclamation cost at \$2,155,000. The current bond is adequate.

Findings:

The information in the amendment is not considered adequate to meet the minimum requirements of bonding and insurance requirements. Before approval, the Permittee must provide the following in accordance with:

R645-301-830.120 and R645-301-121.300, The Permittee must include a copy of the Division's reclamation cost estimate in the MRP and remove those appendices that no longer are relevant.

Page 3
C/007/0022
Task ID #2082
December 15, 2004

TECHNICAL MEMO

RECOMMENDATIONS:

The Division should deny the amendment until all of the above mentioned deficiencies are resolved.

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