



GARY R. HERBERT  
Governor

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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

April 22, 2015

Garth Nielsen, General Manager  
Savage Services Corporation  
901 W. Legacy Center Way  
Midvale, Utah 84047

Subject: Conditional Approval of Storage Track Addition , Savage Services Corporation,  
Savage Coal Terminal, Task ID #4887

Dear Mr. Nielsen:

The above-referenced amendment is approved conditioned upon receipt of 2 clean copies prepared for incorporation. Along with the clean copies, please include the bond determination document attached. Please submit these copies by May 22, 2015. Once we receive these copies, final approval will be granted.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan.

If you have any questions, please call me at (801) 538-5350 or Pete Hess at (435) 613-3731.

Sincerely,

Steve Christensen  
Permit Supervisor

SKC/sqs

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Direct Costs		
Demolition		
Backfill and Grading		
Revegetation		
Sub Total Direct Costs	\$1,697,320.00	
Indirect Costs		
Mob/Demob		10.0%
Contingency		5.0%
Engineering Redesign		2.5%
Main Office Expense		6.8%
Project Mainagement Fee		2.5%
Sub Total Indirect Costs	\$454,882.00	26.8%
Total Reclamation Cost / 2011 Dollars (MTR 4050)	\$2,152,202.00	
Escalation Dollars to 2012 (\$ 32,283)	\$2,184,485.00	1.015
Escalation Dollars for 2013 (\$ 41,505)	\$2,225,990.00	1.019
Escalation Dollars for 2014 (\$ 26,712)	\$2,252,702.00	1.012
Escalation Dollars for 2015 (\$ 27,032)	\$2,279,734.00	1.012
Add Direct Cost / 1935' track demo (TID 4887)	\$3,700.00	
Add Indirect Cost / 1935' track demo (26.8 %)	\$992.00	
Total Escalated Reclamation Cost for 2015	\$2,284,426.00	
Escalation to 2016 (next Mid-term Permit Review)	\$27,413.00	1.012
Total Escalated Reclamation Cost to 2016	\$2,311,839.00	
Required Bond Amount (Rounded to Nearest \$ 1,000)	\$2,312,000.00	
Posted Bond 2 / 27 / 2004	\$2,525,000.00	
Difference Between Posted Bond and Required Bond	\$213,000.00	
% Difference		8.44%

Note: Track Demo Cost of \$10,000 per mile pulled from  
 2011 Non RS Means (Contractor Rate)



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## Technical Analysis and Findings

### Utah Coal Regulatory Program

April 22, 2015

**PID:** C0070022  
**TaskID:** 4887  
**Mine Name:** SAVAGE COAL TERMINAL  
**Title:** STORAGE TRACK ADDITION

### Summary

#### RECOMMENDATION:

Conditional approval by the Division is recommended, based on receipt of three clean copies prepared for incorporation which must include the total required bond amount calculation prepared by the Division. This page has been forwarded to Mr. Dan Guy, P.E. of Blackhawk Engineering Company for inclusion in the final copies. Upon receipt of the clean copies, the Division will grant final approval.

#### Deficiencies Details:

None

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### Operation Plan

#### Road System Other Transportation Facilities

##### Analysis:

#### ROAD SYSTEMS AND OTHER TRANSPORTATION FACILITIES

Regulatory Reference: R645-301-521, -301-527,-301-534, -301-732

##### Analysis:

#### Other Transportation Facilities

This amendment proposes to add a 1935 foot side track to the west side of the rail loading loop within the Coal Terminal disturbed area / permit area C/007/022.

The Permittee submitted a revised page 8 for the Chapter 5, Engineering section of the Coal Terminal mining and reclamation plan. A page 9, Chapter 5 which contains descriptions of the conveyor belt installations at the Coal Terminal was also included to keep the Chapter 5 information and pagination correct. The additional text stated on page 5 says the following; "an additional storage track will be added in 2015. This track will be located on the outside of the In addition to the revised Chapter 5, page 8 text and Plates 5-2 and 5-5, additional information has been submitted as Appendix 5-5, Storage Track Addition.

Appendix 5-5 contains a Project Description for the proposed side track addition. The 1935 foot sidetrack length will start at the existing ABA Yard Belt Transfer and terminate at the South Entrance Railroad Crossing, (See Plate 5-2, SAVAGE COAL TERMINAL FACILITY MAP). The sidetrack will allow the Permittee to store thirty-three rail cars on a temporary basis.

Appendix 5-5 also provides a brief discussion of the Environmental Considerations associated with this proposed side track. As the proposed sidetrack will be constructed within the already approved DOGM permit boundary, there is no need

to make changes to the soils, biology, geology or hydrology (including the surface drainage of this area) in the approved mining and reclamation plan. All intercepted precipitation will report to sediment pond 5, as depicted on Figure 4, Chapter 7, area 5 of the mining and reclamation plan.

The additional reclamation cost to add the 1935 foot sidetrack into the reclamation cost estimate for this site is briefly discussed. Please refer to the reclamation section of this technical memorandum.

**Findings:**

The Task ID # 4887 submittal meets the minimum regulatory requirements the R645 Coal Mining Rules for Other Transportation Facilities, sections R645-301-521, -301-527, -301-534 and -301-732.

western portion of the existing railroad loop. This storage track will be approximately 1935' in length and will be offset 20' from the present track, as shown on Plate 5-5."

The rail loading loop and its associated side tracks, tail tracks, and rail switches is the property of Savage Services Corporation, and is therefore part of the reclamation responsibility for which the reclamation cost estimate and reclamation bond is associated. The minimum regulatory requirements of the associated R645 Coal Mining Rules have been adequately addressed.

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## Maps Facilities

*Analysis:*

Two revised Plates have been submitted as part of the Task ID # 4887 amendment; these are Plate 5-2, Savage Coal Terminal Facility Map, and Plate 5-5, Savage Coal Terminal Railroad Facilities. Plate 5-2 depicts an aerial or plan view of all facilities within the Coal Terminal permit boundary; the new / proposed 1935 foot side track is shown in light green as the western circumference portion of a 593 foot radius curve.

Plate 5-5, Savage Coal Terminal Railroad Facilities depicts the track grade and centerline of track, as well as a typical cross-section (sub-grade of fill having 2 H: 1 V outslopes is shown. The track ballast is also depicted, with outslopes of 2 H: 1V.

Plates 5-2 and 5-5 are both P.E. certified in accordance with the requirements of R645-301-511.100, and -301-512.200 by Mr. Dan Guy, Utah registered professional engineer. The minimum regulatory requirements of the associated R645 Coal Mining Rules have been adequately addressed.

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## Maps Certification Requirements

*Analysis:*

Plates 5-2, Savage Coal Terminal Facility Map and 5-5, Savage Coal Terminal Railroad Facilities are certified by Mr. Dan Guy, P.E., Utah registered professional engineer in accordance with the requirements of R645-301-511.100, and -301-512.200

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## Reclamation Plan

### Bonding Determination of Amount

*Analysis:*

**DETERMINATION OF BOND AMOUNT**

**Analysis:**

A reclamation cost estimate of \$ 2,152,202.00 was determined for the Task ID # 4050 Midterm Permit Review, which was approved on 3/27/2012. This figure was used as the basis for determining the reclamation cost estimate and required bond amount for Task ID # 4887.

Appendix 5-5 has been submitted as part of the Task ID # 4887 permit amendment application. A direct cost for the demolition of the 1,935 feet of rail storage of \$ 3,700 is included. This \$ 3,700 cost figure is based on a 2011 Non-RS Means demolition cost of \$ 10,000 per mile of track by an independent contractor.

\$10,000 per mile / 5,280 feet per mile = \$ 1.894 dollars per foot of track.

(\$ 1.894 / foot) X (1,935 feet of track) = \$ 3,665 or \$ 3700.

An Indirect Cost of 26.8 % was calculated @ \$ 3,700 X (.268 x \$ 3700) = \$ 992.

The Total of the Direct and Indirect Costs for the reclamation of the 1935 feet of sidetrack is \$ 4,692.00.

Total Reclamation Cost of the Savage Coal Terminal site for 2015 including this addition of 1935 feet of track storage = \$ 2,284,426.00.

Escalating = \$ 2,284,426.00 to 2016 (1 year / 2016 is the next MTR) at the 2015 escalation rate of 1.012 = \$ 2,311,839.00.  
Bond Amount Required to 2016 = \$ 2,312,000.  
The Amount of Bond Posted (2/27/2004) to reclaim the Savage Coal Terminal is \$ 2,525,000.  
The difference between the posted bond amount (\$ 2,525,000) and the REQUIRED BOND AMOUNT (\$ 2,312,000) is \$ 213,000 (excess bond).  
\$ 213,000 amounts to an excess bond of + \$213,000 / \$2,525,000 = 8.435 %.

Findings:

Savage Services Corporation has an adequate bond posted to reclaim the site through 2016; this includes an amount of \$ 4,750 to reclaim the 1935 feet of storage track proposed by Task ID # 4887. The minimum regulatory requirements of the associated R645 Coal Mining Rules have been adequately addressed.

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