



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Internal
COO-70033
OK

June 9, 1997

TO: File

THRU: Daron Haddock, Permit Supervisor *DH*

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

RE: Reclamation Cost Estimate, Andalex Resources Inc., Wildcat Loadout, ACT/007/033, File 2, Carbon County, Utah
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Summary

On June 4, 1997, Wayne Western and Mike Glasson discussed the reclamation cost estimate for the Wildcat Loadout. Both parties agreed that the Division needs more information to complete the reclamation cost estimate.

Technical Analysis

The Division reviewed the reclamation cost estimate submitted by the Permittee. The Division determined that part of the reclamation cost estimate were inadequate and requested a meeting with the Permittee. The Permittee agreed to the meeting and invited the consultant who prepared the cost estimate to attend. We scheduled the meeting at the Permittee on June 3, 1997. The Permittee's consultant, Dan Guy, was unable to attend the meeting because he had to accompany other Division staff to an unannounced inspection to the Gordon Creek Mines.

The Permittee and the Division agreed to hold the meeting without Mr. Guy. The Division gave the Permittee following list of deficiencies:

R645- 301-830, disposal costs for non steel building debris were no addressed

R645- 301-830, regional adjustment factors for Means unit costs are no allowed by the Division

R645-301-830, concrete demolition unit costs used by the Permittee were not properly documented and was much lower than concrete demolition

costs used by the Division

R645- 301-830, earthwork calculations were not adequate

At the meeting the Division and the Permittee agreed the reclamation contractor would take all steel debris to a remelt facility. Both parties agreed that the remelt facility would accept all the steel debris. The remelt facility would charge neither a disposal fee nor give salvage value for the steel debris. Non steel debris would be disposed in a state approved landfill. The landfill would charge a disposal fee. **The Permittee agreed that the disposal fee charged by the landfill must be included in the reclamation cost estimate.**

The Division does not use Means regional adjustment factors. The regional adjustment factors are based on construction labor costs and material costs. Demolition costs do not involve construction labor or materials. The Division has determined that Means regional adjustment factors are not applicable for demolition work. **The Permittee agreed that the use of Means regional adjustment factors should not be used for demolition work.**

The Permittee used a demolition unit cost for concrete based on the productivity of a bull dozer to demolish concrete. The Permittee did not list references for the assumptions made in determining the productivity factors. **The Permittee agreed that they did not document the concrete productivity data. He agreed to supply proper documentation.** The Permittee's unit cost for reinforced concrete demolition is \$4.00 per cubic yard. Means' unit cost for reinforced concrete demolition is \$118 per cubic yard and AML pays a minimum of \$25 per cubic yard. The Division agreed to review the Permittee references for concrete demolition. Unless the Division feels confident that we can demolish reinforced concrete with a bull dozer for \$4.00 per cubic yard we will use the Means estimate.

The Permittee's earthwork calculations consisted of only the unit costs and quantities. In order for the Division to verify the unit costs the Permittee must show the equipment productivity calculations, haul distances and grades. **The Permittee agreed to supply the Division with detailed earthwork calculation.**

The only information that the Division needs to complete the reclamation cost estimate is the earthwork cost. By using Means the Division can determine the concrete demolition costs without the Permittee's productivity estimates.

Recommendation

The Division should send a letter to the Permittee summarizing the June 3, 1997 meeting. They should remind the Permittee that they have not complied with **R645-301-830** because they have not supplied the Division with a detailed cost estimate based on the site factors. We should give the Permittee a reasonable amount of time to complete the reclamation cost estimate.