

July 14, 2003

TO: Internal File

THRU: Priscilla W. Burton, Environmental Scientist III/Soils, Team Lead

FROM: Wayne H. Western, Environmental Scientist III/Engineering

RE: Stockpile Area Expansion, Andalex Resources, Inc., Wildcat Loadout, C/007/033-03A

SUMMARY:

The permittee submitted a permit amendment application to the Division on May 12, 2003, that would allow the expansion of the coal stockpile storage area located west of sediment pond "B". This pile is dedicated to the storage of coal from the West Ridge Mine and is designated as the "A2, B" stockpile on Plate 1, Wildcat Loadout Surface Facilities, as submitted with amendment 03A.

This technical memo focuses on the bonding issues.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

General

Exhibit A of permit describes the bonded area as the surface disturbed area of 63.7 acres. (Exhibit A is dated March 6, 1995).

Form of Bond

A surety bond in the amount of \$813,795 was filed with the Division, at the time of permit renewal (Exhibit B of the 1999 Permit). A copy of the original 1982 bonding agreement (Exhibit B of the Permit) is found in Appendix B.

Determination of Bond Amount

Chapter III, Section F, Item 2 provides reclamation cost estimates and bonding information. This information was last revised in 1994. The largest percentage of the total dollars bonded is being spent on structure removal and the second largest expenditure will be for regrading and topsoil redistribution. The regrading and topsoil redistribution estimates were based upon quotations received from contractors pertaining to costs per square yard for moving material. (Chapter IV, Section F, Item 2.2, page 77).

The Division needs the Permittee to include bond calculations for the expansion project. The updated calculations are needed to keep the bond estimate accurate.

Findings:

Information provided in the application is not considered adequate to meet the minimum Bonding and Insurance requirements of the Regulations. Prior to approval, the Permittee must act in accordance with the following:

R645-301-830, The Permittee must give the Division detailed reclamation cost estimates for reclaiming the addition 0.92 acres.

RECOMMENDATIONS:

The Division should deny the amendment until the Permittee give the Division a detailed cost estimate for reclaiming the additional 0.92 acres.