

# TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

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July 28, 2004

OK

TO: Internal File

THRU:  Priscilla Burton, Team Lead

FROM: Wayne H. Western, Senior Environmental Scientist, Bond *W HW*

RE: MRP Rewrite, Andalex Resources Inc., Wildcat Loadout, C/007/0033 and Task ID # 1911

## SUMMARY:

On April 8, 2004, the Division received an amendment (1911), for a rewrite of the Wildcat Loadout (WCL), mining and reclamation plan (MRP.) The purpose of the rewrite was to organize the MRP along the lines of the R645 regulations. This memo deals specifically with bonding issues.

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**TECHNICAL ANALYSIS:**

**RECLAMATION PLAN**

**BONDING AND INSURANCE REQUIREMENTS**

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

**Analysis:**

**General**

Andalex Resources Inc (ARI) posted a reclamation bond for \$651,000, 2006 dollars. The reclamation bond was based on a cost analysis done by the Division in 2003. R645-301-830.110 required that, the Division calculated the bond amount, which it did.

The bond amount in the MRP was based on calculations done in 1990 and escalated to 1999. The reclamation cost estimate in the MRP was \$797,000 in 1999 dollars.

Because the bond calculations in the MRP are outdated and not based on the Division's bond calculations ARI must revise the bond section of the MRP. The revised bond section must be updated with a copy of the Division reclamation cost estimate and a narrative about the bond calculations. ARI will be given a copy of the Division bond calculations.

The Division is unaware of any changes to the reclamation plan that would involve changes to the bond. Therefore, the Division considered the reclamation bond amount to be adequate.

**Form of Bond**

The Division found that form of the bond was adequate when the bond was adjusted in 2003.

**Determination of Bond Amount**

The Division determined the bond amount in 2003 to be \$651,000, 2006 dollars. The bond amount is adequate. However, ARI needs to include the proper documentation into the MRP to show how the bond amount was calculated.

**Terms and Conditions for Liability Insurance**

The liability insurance was considered adequate.

**Findings:**

The information presented in the amendment is not considered adequate to meet the minimum requirements of this section of the regulations. Before the Division can approve the amendment ARI must provide the Division with the following in accordance with:

**R645-301-830.110**, ARI must include a copy of the Division's bond calculations in the MRP. The Division will give ARI a copy of the calculations to insert into the MRP.

**RECOMMENDATIONS:**

The Division should deny the amendment until ARI adequately addresses the above-mentioned deficiencies.