

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

February 8, 2005

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor

THRU: Priscilla Burton, Team Lead

FROM: Wayne H. Western, Senior Environmental Scientist, Bond

RE: MRP Rewrite, Andalex Resources Inc., Wildcat Loadout, C/007/0033 and Task ID # 2089

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. On December 12, 2004, the Permittee received an updated copy of the MRP rewrite. This review is based on the rewrite.

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TECHNICAL ANALYSIS:

OPERATION PLAN

MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

Analysis:

Mining Facilities Maps

Plate 1 must indicate all primary roads and designate those primary roads that are dedicated haul roads (as per the air quality order). For the definition of primary roads see R645-301-527.120.

Findings:

The information provided does not meet the minimum requirements for Coal Processing Plants Not Located Within the Permit Area of a Mine. Prior to approval, the Permittee must provide the following, in accordance with:

R645-302-263 and R645-301-521.170, R645-301-521.190, Plate 1 must indicate all primary roads and designate those primary roads that are dedicated haul roads (as per the air quality order). For the definition of primary roads see R645-301-527.120.

R645-302-263 and R645-301-521.190, Along with a hard copy, provide an electronic copy of each map provided to the Division.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Form of Bond

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

Determination of Bond Amount

In February 2005, the Division review task 2089, MRP rewrite. During the rewrite the Division reviewed the bond calculations. They updated the reclamation cost estimate based on changes that had occurred in the vegetation plan. The plan had been revised by replacing drilling and tractor seeding with pocking and hydromulch.

The Division then adjusted the unit cost to 2005 costs and escalation factor. The updated reclamation cost estimate then determined to be \$651,000 in 2006 dollars.

Since the current bond amount is also for \$651,000, no changes to the bond amount are needed. However, the Permittee must update the reclamation cost estimate by including a copy of the Division's cost estimates into the MRP. The Division will supply the Permittee with a copy of the calculations.

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 approval, the Permittee must the following in accordance with:

R645-301-830, The Permittee must include a copy of the Division's reclamation cost estimate into the MRP. The Division will supply the Permittee with both hard and electronic copies of the bond calculation upon request.

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RECOMMENDATIONS:

The Division should not approve the amendment until all of the above mentioned deficiencies have been adequately addressed.

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