

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

April 5, 2007

TO: Internal File

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

FROM: Wayne H. Western, Team Lead *WHW*

RE: 2006 Midterm Permit Review, Canyon Fuel Company, LLC, Banning Loadout, C/007/0034, Task ID #2760

SUMMARY:

In a letter dated August 29, 2006, the Division informed the Permittee that the Division would be conducting a midterm review of the Banning Loadout Permit. As part of the midterm review, the Division will review the bond to determine if the amount is adequate to ensure reclamation in the event of bond forfeiture.

On January 31, 2007, the Division sent a deficiency letter to the Permittee. On March 5, 2007, the Permittee responded with additional information.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The Division reviewed the reclamation cost estimate for the Banning Loadout in September of 2006. The Division estimated that the amount needed to ensure reclamation in the event of bond forfeiture was \$238,050 in 2006 dollars. The Division escalated the bond for 5 years at 1.2% per year for five years and rounded the amount to the nearest \$1,000. The Division determined that the Permittee must post a bond for a minimum of \$253,000 in 2011 dollars. The Permittee updated the reclamation cost estimate in the MRP.

The current bond is \$350,000, and is adequate to ensure reclamation in the event of bond forfeiture.

Findings:

The information in the proposed amendment is adequate to meet the requirements of this section of the TA and the associated regulations.

RECOMMENDATIONS:

The Division should approve the midterm.