

January 17, 2003

TO: Internal File

THRU: Pam Grubaugh-Littig, Permit Supervisor

FROM: Wayne H. Western, Reclamation Specialist/Engineering

RE: Permit Renewal Sunnyside Cogeneration Associates, Sunnyside Refuse and Slurry, C/007/035-RN02

SUMMARY:

As part of the permit renewal, the Division evaluated the reclamation bond. The Division limited the bond evaluation to updating the equipment and labor costs to 2003 values along with escalation. The bond is currently escalated to 2005 dollars. The Division escalated the bond for 2 year because the next scheduled bond review will take place during the midterm.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

TECHNICAL MEMO

Analysis:

Determination of Bond Amount

As part of the permit renewal, the Division evaluated the reclamation bond for the Sunnyside Congerment Associates facility. The Division updated the bond by using 2003 unit costs, equipment costs and labor costs. In addition, the Division also used updated indirect cost estimates. The Division also escalated the bond amount for 2 years. The Division will review the escalation for the mine during the midterm review.

The current bond for the Sunnyside Congerment facility is \$1,747,000. The Division's reclamation cost estimate for the site in 2005 dollars is \$1,746,000. Since the bond amount calculated by the Division is less than the current bond the Permittee does not need to increase the bond at this time.

The Division and the Permittee have agreed upon the reclamation cost estimate. However, the Division's reclamation cost estimate has not been incorporated into the MRP. To avoid confusion and to have consistent records the Permittee needs to incorporate the Division's reclamation cost estimate into the MRP. The Division will supply the Permittee with hard copies of all relevant bond calculations.

Findings:

The Permittee has met the minimum regulatory requirements of the bonding and insurance requirements of the regulations. The bond amount considered adequate to insure reclamation in the event of bond forfeiture.

RECOMMENDATIONS:

The Division should inform the Permittee that the current bond \$1,747,000 is adequate and that the bond amount may reduce to a little as \$1,746,000.