

TABLE OF CONTENTS
CHAPTER EIGHT
R645-301-800 (BONDING AND INSURANCE)

R645-301-800 BONDING AND INSURANCE

820 REQUIREMENT TO FILE BOND 1
830 DETERMINATION OF BOND AMOUNT 1
PROPOSED PERMIT TERM RECLAMATION SCENARIO 1
890 TERMS AND CONDITIONS FOR LIABILITY INSURANCE 4

LIST OF TABLES

Table 8-1, Determination of Bond Amount
Table 8-2, Equipment Rental Rate Costs and Production Rates

APPENDICES

Appendix 8-1, Permit Term Reclamation Hydrology Plan

PLATES

Plate 8-1, Permit Term Reclamation Plan - Phasing Plan
Plate 8-2, Permit Term Reclamation Plan - Rough Grading Plan
Plate 8-3, Permit Term Reclamation Plan - Drainage Areas and Diversions Plan
Plate 8-4, Permit Term Reclamation Plan - Borrow Material Plan
Plate 8-5, Permit Term Reclamation Plan - Seeding Plan

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**CHAPTER EIGHT
800 BONDING AND INSURANCE**

820 REQUIREMENT TO FILE BOND

SCA currently has on file with the Division of Oil, Gas and Mining (DOGGM), a bond or bonds for performance made payable to DOGM and conditioned upon the faithful performance of all the requirements of the State Program, the permit and the reclamation plan.

Once reclamation operations have begun, all areas will be protected from further surface disturbance prior to the acceptance by the DOGM. Chapter 9 and Chapter 10 outline full details of the reclamation activities and describe how each area within the SCA Permit Area will be reclaimed. The Interim Reclamation Plan is included in Chapter 9 and the Final Reclamation Plan is included in Chapter 10. Activities mentioned in the reclamation plans have been estimated and included in the total bond amount.

830 DETERMINATION OF BOND AMOUNT

SCA proposes that the amount of the bond be determined as set forth in Table 8-1 Determination of Bond Amount. The total costs shown in Table 8-1 are based on quantities of work as identified on the Permit Term Reclamation drawings (see Plates 8-1 through 8-5). Rates were determined using the 2004 Blue Book Rental Rate Guide, the Caterpillar Performance handbook, and the 2004 Means Estimating Guides (see Table 8-2).

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The Permit Term Reclamation Plan and supporting cost calculations are to be used by the Division to determine the required performance bond amount as outlined in R645-301-830. Determination of the bond amount has given consideration to such factors as topography, geology, hydrology and revegetation potential. Actual reclamation of the SCA permit area can be based on this reclamation plan in the event of forfeiture of the bond (R645-301-880.900).

PROPOSED PERMIT TERM RECLAMATION SCENARIO

The Permit Term Reclamation Plan is based on a scenario during the -2003-2008 Permit Term representing partial removal of the refuse which existed prior to the beginning of mining operations under the direction of SCA. The intended Final Reclamation Plan reflected in Chapter Ten is based on the scenario which would occur following removal of the combustible refuse in the pile. The estimated bond calculations do not anticipate placing four feet of cover over the entire disturbed area (see Plate 8-4 for cover depths corresponding to different portions of the permitted area). Regrading costs estimated to facilitate drainage from the refuse area and remove potential highwalls from the active mining area (East Slurry Cell and Coarse Refuse Pile) included in Table 8-1 are based on the proposed Rough Grading Plan shown on Plate 8-2. Evidence was not found in the program to characterize the refuse pile which indicated significant quantities of precipitate materials as previously suspected by Division personnel. Contaminated underlying soil materials were also not found (see Appendix 6-7).

Large quantities of material are not anticipated to require disposal at certain intermediate stages of operation nor following extraction of combustible fuel materials. Rather, the excess spoil disposal areas

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are expected to be constructed by disposing of the specified materials incrementally throughout the life of mining operations.

The General Reclamation Procedures described in the text of Chapter Nine are applicable to the reclamation necessary in the permit term reclamation plan. The total number of acres that will require reclamation is shown on Plate 8-4. Reclamation activities are anticipated to be able to be completed during one construction season. Distribution of borrow material is the main task with most all other tasks being scheduled to occur during the same time. Providing an adequate start in the Spring, it is expected that the work can be completed to allow for seeding in the Fall.

RECLAMATION PHASING

Plate 8-1, identify the areas to be reclaimed during Phase One or Phase Two Reclamation. The majority of the permit area will be reclaimed during Phase One. In general, Phase Two areas are composed of: areas around sediment ponds; roads needed for access until Phase Two Reclamation, but not needed for access to easements through the Permit Area; and the topsoil piles previously set aside for covering these Phase Two areas.

ROADS AND PERMANENT STRUCTURES

Some existing roads within the SCA permit area will be required to provide occasional access to other non-mining related entities in accordance with existing easements through the SCA property. The easements which require road access are those associated with maintenance of power lines which cross through the property (power lines are identified on Plates 5-1 and easements are identified on Plate 1-1). An easement or right of way also exists for the railroad towards the west and north sides of the permit area and access to these areas may also be needed at some future time. The anticipated level of activity for these roads would be minimal.

Portions of Roads A, B, E, J, K, Q, & R (as identified on Plates 5-2) are anticipated to be necessary for future access. The portions of these roads which will not be reclaimed are represented on Plates 8-1, 8-4, and 8-5 by leaving these roadway sections uncolored, unshaded, or unhatched. All other roadways are planned for reclamation and are shown as such on the above named plates. Roads that are not reclaimed will be maintained in accordance with the requirements for permanent transportation facilities. Chapter Five and associated drawings discuss the design, operation and maintenance for all roadways. The approved post-mining land use as described in Chapter Four should not be adversely affected by retention of the roadway sections mentioned above.

No other structures associated with the mining operation are anticipated to remain as permanent structures. If other structures that are not currently anticipated in this plan, become necessary to meet the post-mining land use, SCA will submit a permit amendment to DOGM to request the change.

REGRADING

Plate 8-2 identifies roughly-graded contours which are acceptable for reaching the post-mining land use. The intent of regrading is to smooth out evidences of excavation benches and create acceptable surface drainage conditions. Modifications to the regrading plan are expected to be necessary depending on the actual conditions that exist in the event of bond forfeiture at some future time. Current impoundments such as the East Slurry Cell are shown to be filled, breached, and/or regraded to the extent that drainage off

of the site would be facilitated without impounding large quantities of water. Costs estimated to breach this impoundment for drainage purposes are included in Table 8-1. General regrading of the active mining area may be necessary to smooth out high walls, benches, or other temporary mining characteristics. General regrading costs are estimated in Table 8-1.

HYDROLOGY

Appendix 8-1 provides a comprehensive hydrologic plan of the permit area requiring reclamation. Plate 8-3 identifies the drainage areas, diversions, and sediment controls to be used in the Permit Term Reclamation Plan.

RECLAMATION SOIL COVER

Plate 8-4 shows the quantity of approved borrow material that is available for use and the depth of borrow material cover or other surface treatment desired for the post-law disturbed area within the permit boundaries. Areas from which coal-type or acid/toxic material will not be removed are shown to be covered with four feet of borrow material.

The program for characterization of the refuse pile (see Appendix 6-7) found that the majority of the refuse material analyzed was not potentially acid nor toxic forming. Nonetheless, SCA has maintained the commitment to cover coal mine waste with four feet of borrow material for vegetative purposes. In the future, SCA may utilize revegetated test areas to demonstrate that less than four feet of soil cover is necessary for revegetation.

Areas which would require four feet and have already been covered with two feet for interim reclamation purposes are shown to be covered with two feet of borrow material. Documentation is included in Appendix 2-11 which demonstrates that the in-place reclamation material is adequate for use as part of the required final reclamation cover. Areas without significant quantities of coal material, but which, under present conditions, would require borrow material cover to achieve sufficient revegetation success, are shown to be covered with up to eighteen inches of borrow material. Areas that have not been significantly contaminated with coal materials will be cleaned and are shown to be scarified. If topsoil was salvaged at the time the area was first disturbed, the area is shown to be scarified and covered with topsoil.

Plate 8-5 shows the areas to be seeded with the different approved seed mixtures. The seed mixtures are identified in Figures 10-2, 10-3, and 10-4.

MAINTENANCE THROUGH BOND RELEASE

Approximately 75 percent of the disturbed portion of the SCA Permit Site was originally disturbed prior to the laws of 1977 (See Plate 5-7 Previously Mined Areas, and Plate 5-8 Existing Surface and Subsurface Facilities and Features). SCA intends to reclaim all of the disturbed land that has continued to be used for mining purposes since these laws took affect. The bond includes an amount for Monitoring and Maintenance of the reclaimed area of the estimated total reclamation costs.

POTENTIAL FOR OPERATIONAL ADJUSTMENTS TO BOND ESTIMATE

Costs may be adjusted as conditions of the SCA Permit Area are altered. The SCA Permit Area will be undergoing constant changes as contemporaneous reclamation proceeds. As a result, the permittee will

request a reduction of the applicable value of the bond, in accordance with R645-301-880, as reclamation takes place over portions of the permit area. DOGM has the discretion to alter the bond amount to reflect current conditions of the SCA Permit Area.

890 TERMS AND CONDITIONS FOR LIABILITY INSURANCE

Certificate

The required proof of insurance certificate is filed with Chapter 1 as Figure 1-1. It was issued by an insurance company, authorized to do business in Utah, certifying that Applicant has a public liability insurance policy in force for the coal mining and reclamation activities for which the permit is sought.

Rider

The policy includes a rider requiring that the insurer notify DOGM whenever substantive changes are made in the policy including any termination or failure to renew.

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$135,262.00
Subtotal Backfilling and Grading	\$864,839.00
Subtotal Revegetation	\$318,574.00
Direct Costs	\$1,318,675.00

Indirect Costs

Mob/Demob	\$131,868.00	10.0%
Contingency	\$65,934.00	5.0%
Engineering Redesign	\$32,967.00	2.5%
Main Office Expense	\$89,670.00	6.8%
Project Mainagement Fee	\$32,967.00	2.5%
Subtotal Indirect Costs	\$353,406.00	26.8%

Total Cost	\$1,672,081.00
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Escalation factor	0.012
Number of years	5
Escalation	\$102,762.00

Reclamation Cost Escalated	\$1,774,843.00
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Bond Amount (rounded to nearest \$1,000) 2009 Dollars	\$1,775,000.00
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Bond Posted 2004	\$1,747,000.00
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Difference Between Cost Estimate and Bond Percent Difference	-\$28,000.00 -1.58%
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Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Crusher Facilities 001																			
	Structure's Demolition Cost	Excavator 3 1/2 CY	01590 200 0340	1696.24	/day										1	day		1	day	1696
	Structure's Vol. Demolished	Eq. Op., Medium Equipment (Eqmd)	Eqmd	\$52.00	HR										8	1 hr		8	hr	416
	Rubble's Weight (exclude steel)	Eq. Op., Medium Equipment (Eqmd)	Eqmd	\$52.00	HR										8	1 hr		8	hr	416
	Truck's Capacity	CLAB	Clab	\$41.55	HR										8	2 hr		16	hr	685
	Haulage	Torch Cutting Steel 1" plate	02220 370 0020	1.12	/LF	200												200	FT	224
	Transportation Cost Non Steel Truck	Torch Cutting Steel 1" bar	02220 370 0020	1.58	/EA											200	Ea	200	EA	316
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel																			
	Steel's Weight																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Steel Truck	Truck dump 16 ton payload	01590 200 5300	435.96	/day										1	day		1	day	436
	Transportation Cost Steel Truck Drive	Truck Driver, Heavy	Trhv	\$42.00	HR										8	1 hr		8	hr	336
	Disposal Cost Steel																			
	Subtotal																			4505
	Equipment's Disposal Cost																			
	Dismantling Cost																			
	Equipment's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost	Concrete demolition	ConcreteDemo1	3.97	/CY						50					CY		50	CY	199
	Concrete's Vol. Demolished																1.3	65	CY	0
	Loading Cost	Front end loader 3 CY	02315 424 1300	1.39	/CY													65	CY	90
	Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. md. tri	02315 490 0320	3.44	/CY													65	CY	224
	Disposal Costs	On site disposal	02220 240 5550	7.6	/CY													65	CY	494
	Subtotal																			1007
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Total																			5512

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Culvert Removal 002																			
	Structure's Demolition Cost	Culvert Removal Lump Sum																		5000
	Structure's Vol. Demolished																			
	Rubble's Weight (exclude steel)																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Non Steel Truck																			
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel																			
	Steel's Weight																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Steel Truck																			
	Transportation Cost Steel Truck Drive																			
	Disposal Cost Steel																			
	Subtotal																			5000
	Equipment's Disposal Cost																			
	Dismantling Cost																			
	Equipment's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Total																			5000

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Riprap 003																			
	Major Channels																			
		Riprap Mat. Only 02370 300 0100	02370 450 0100 Ma	27.5	CY						2992					CY		2992	CY	82280
		Excavator 2 1/2 CY	01590 200 0320	1065.6	/day										17	HR		2.1	day	2238
		Eq. Op., Crane or Shovel (Eqhv)	Eqhv	\$54.10	HR										17	HR		17	HR	920
	Minor Channels																			
		Riprap Mat. Only 02370 300 0100	02370 450 0100 Ma	27.5	CY						1375					CY		1375	CY	37813
		Excavator 2 1/2 CY	01590 200 0320	1065.6	/day										8	HR		1	day	1066
		Eq. Op., Crane or Shovel (Eqhv)	Eqhv	\$54.10	HR										8	HR		8	HR	433
	Subtotal																			124750
	Equipment 's Disposal Cost																			
	Dismantling Cost																			
	Equipment 's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Total																			124750

	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
General Grading 001 Highwalls, refuse cleanup and drainage needs															
D10R Semi EROPS (9-55) (2nd04)	22840	95.55	0.1	52	299.86	1	300	\$/HR	200000	CY	1800	CY/HR	111	HR	33300
Subtotal															33300

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Vegetation 001																			
	AtriplexGrass																			
	Seed	AtriplexGrass	SunnySide153501	407.5	Acre					17.5						AC		18	MSF	7335
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					17.5						AC		762	MSF	8001
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					17.5						AC		762	MSF	2896
	PJSage																			
	Seed	PJSage	SunnySide153502	635.05	Acre					183.8						AC		184	MSF	118849
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					183.8						AC		8006	MSF	84063
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					183.8						AC		8006	MSF	30423
	Hydrophytic																			
	Seed	Hydrophytic	SunnySide153503	267.5	Acre					0.6						AC		1	MSF	268
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					0.6						AC		26	MSF	273
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					0.6						AC		26	MSF	99
	Subtotal																			250207
	Reseeding																			
	Assume 25% reseeding rate																			62552
	Subtotal																			62552
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Total																			312759

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Vegetation 001																			
	AtriplexGrass																			
	Seed	AtriplexGrass	SunnySide153501	407.5	Acre					17.5						AC		18	MSF	7335
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					17.5						AC		762	MSF	8001
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					17.5						AC		762	MSF	2896
	PJSage																			
	Seed	PJSage	SunnySide153502	635.05	Acre					183.8						AC		184	MSF	116849
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					183.8						AC		8006	MSF	84063
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					183.8						AC		8006	MSF	30423
	Hydrophytic																			
	Seed	Hydrophytic	SunnySide153503	267.5	Acre					0.6						AC		1	MSF	288
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					0.6						AC		26	MSF	273
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					0.6						AC		26	MSF	99
	Subtotal																			250207
	Reseeding																			
	Assume 25% reseeding rate																			62552
	Subtotal																			62552
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Total																			312759

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Vegetation 001																			
	AtriplexGrass																			
	Seed	AtriplexGrass	SunnySide153501	407.5	Acre					17.5						AC		18	MSF	7335
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					17.5						AC		762	MSF	8001
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					17.5						AC		762	MSF	2896
	PJSage																			
	Seed	PJSage	SunnySide153502	635.05	Acre					183.8						AC		184	MSF	116849
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					183.8						AC		8006	MSF	84063
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					183.8						AC		8006	MSF	30423
	Hydrophytic																			
	Seed	Hydrophytic	SunnySide153503	267.5	Acre					0.6						AC		1	MSF	268
	Seed	Tractor Spreader (equip. & labor) B-66	Reveg004	10.5	/MSF					0.6						AC		26	MSF	273
2332	Fertilizer	Fertilizer Hydro Spread	M029351000180	3.8	/MSF					0.6						AC		26	MSF	99
	Subtotal																			250207
	Reseeding																			
	Assume 25% reseeding rate																			62552
	Subtotal																			62552
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
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	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			
	Total																			312759

