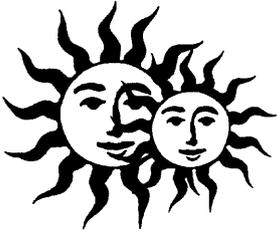


0009



## Sunnyside Cogeneration Associates

P.O. Box 10, East Carbon, Utah 84520 • (435) 888-4476 • Fax (435) 888-2538

March 22, 2006

Pam Grubaugh-Littig  
Division of Oil, Gas & Mining  
1594 W. North Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801

RE: Bond Renewal Amendment Application  
Sunnyside Cogeneration Associates  
Permit No. C/007/035

*Receiving  
C/007/035*

Ms. Grubaugh-Littig:

Please find enclosed three clean copies of SCA's bond renewal calculation forms and Chapter 8 text for incorporation into SCA's permit.

Again, SCA appreciates the time the Division devoted to Sunnyside's bond renewal. Should you have any questions, please contact Rusty Netz or myself at (435) 888-4476.

Thank You,

Michael J. Blakey  
Agent For  
Sunnyside Cogeneration Associates

Cc: Robert Escalante  
Rusty Netz  
Plant File

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MAR 24 2006

DIV. OF OIL, GAS & MINING

## 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	-\$28,000.00	
Percent Difference	-1.58%	

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MAR 24 2006

D. J. OF. GAS &amp; MINING

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

**R645-301-800 BONDING AND INSURANCE**

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- Table 8-2, Equipment Rental Rate Costs and Production Rates

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**PLATES**

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- 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

## **CHAPTER EIGHT 800 BONDING AND INSURANCE**

### **820 REQUIREMENT TO FILE BOND**

SCA currently has on file with the Division of Oil, Gas and Mining (DOGM), 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).

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

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.

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	1698.24 /day	day									1	1	day		1	day	1698	
	Structure's Vol. Demolished	Eq. Op. Medium Equipment (Egmd)	Egmd	\$52.00 /HR	HR									8	8	1 hr		8	1 hr	416	
	Rubble's Weight (exclude steel)	Eq. Op. Medium Equipment (Egmd)	Egmd	\$52.00 /HR	HR									8	8	1 hr		8	1 hr	416	
	Truck's Capacity	CLAB	Clab	\$41.55 /HR	HR									8	2	2 hr		16	hr	665	
	Haulage	Torch Cutting Steel 1" plate	02220 370 0020	1.12 /LF	LF	200										200		200	FT	224	
	Transportation Cost Non Steel Truck	Torch Cutting Steel 1" bar	02220 370 0020	1.58 /EA	EA											200		200	EA	316	
	Transportation Cost Non Steel Drive																				
	Disposal Cost Non Steel																				
	Truck's Capacity																				
	Haulage																				
	Transportation Cost Steel Truck	Truck dump 16 ton payload	01590 200 5300	435.96 /day	day									1	1	day		1	day	436	
	Transportation Cost Steel Truck Drive	Truck Driver, Heavy	Trhw	\$42.00 /HR	HR									8	8	1 hr		8	1 hr	336	
	Disposal Cost Steel																				
	Subtotal																				4595
	Equipment's Disposal Cost																				
	Dismantling Cost																				
	Equipment's Vol. Demolished																				
	Loading Costs																				
	Transport Costs																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost	Concrete demolition	Concrete/Demo1	3.97 /CY	CY						50										199
	Concrete's Vol. Demolished																				0
	Loading Cost	Front end loader 3 CY	02315 424 1300	1.39 /CY	CY																90
	Transportation Cost	12 CY (16 Ton) Dump Truck 1/2 mi. rd. tri	02315 490 0320	3.44 /CY	CY																224
	Disposal Costs	On site disposal	02220 240 5550	7.6 /CY	CY																494
	Subtotal																				1097
	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																				\$512

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																				5000
	Subtotal																				
	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 Excavator 2 1/2 CY Eq. Op., Crane or Shovel (Eqthv)	02370 450 0100 Ma 01590 200 0320 Eqthv	27.5 CY 1065.6 /day \$54.10 /HR	27.5 CY 1065.6 /day \$54.10 /HR						2992			17	17	CY HR HR		2992 2.1 day 17 HR		82280 2238 920	
	Minor Channels	Riprap Mat. Only 02370 300 0100 Excavator 2 1/2 CY Eq. Op., Crane or Shovel (Eqthv)	02370 450 0100 Ma 01590 200 0320 Eqthv	27.5 CY 1065.6 /day \$54.10 /HR	27.5 CY 1065.6 /day \$54.10 /HR						1375			8	8	CY HR HR		1375 1 day 8 HR		37813 1066 433	
	<b>Subtotal</b>																				<b>124750</b>
	Equipment's Disposal Cost																				
	Dismantling Cost																				
	Equipment's Vol. Demolished																				
	Loading Costs																				
	Transport Costs																				
	Disposal Costs																				
	<b>Subtotal</b>																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	<b>Subtotal</b>																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Costs																				
	<b>Subtotal</b>																				
	<b>Total</b>																				<b>124750</b>





Ref.	Description	Materials	Means Reference Number	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
	Vegetation 001																			
	Altiplex Grass Seed	Altiplex Grass	SunnySide 153501	407.5 Acre					17.5						AC		18 MSF		7335	
	2332 Fertilizer	Tractor Spreader (equip. & labor) B-66 Fertilizer Hydro Spread	Reveg004 M0293351000180	10.5 /MSF 3.8 /MSF					17.5						AC		762 MSF		8001	
															AC		762 MSF		2896	
	PJSage Seed	PJSage	SunnySide 153502	635.05 Acre					183.8						AC		184 MSF		118949	
	2332 Fertilizer	Tractor Spreader (equip. & labor) B-66 Fertilizer Hydro Spread	Reveg004 M0293351000180	10.5 /MSF 3.8 /MSF					183.8						AC		8006 MSF		84083	
															AC		8006 MSF		30423	
	Hydrophytic Seed	Hydrophytic	SunnySide 153503	287.5 Acre					0.6						AC		1 MSF		268	
	2332 Fertilizer	Tractor Spreader (equip. & labor) B-66 Fertilizer Hydro Spread	Reveg004 M0293351000180	10.5 /MSF 3.8 /MSF					0.6						AC		26 MSF		273	
									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	



















