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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

#3453

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January 14, 2010

TO: Internal File

THRU: April Abate, Team Lead *CCC 1-17-10*
James D. Smith, Permit Supervisor

FROM: Peter Hess, Environmental Scientist III, Bonding *PH# hjs 805*

RE: Phase I Bond Release, Plateau Mining Corporation, Willow Creek Mine, Crandall Canyon Surface Facilities, C/007/0038, Task ID #3453

SUMMARY:

The Permittee submitted an application for a Phase I bond release for the Crandall Canyon area of the Willow Creek Mine on November 13, 2009. The proposed release area encompasses 32.96 acres; a bond amount of \$ 1,251,000 has been determined as the amount necessary to reclaim this area, and as such is the amount currently being held by the Division (for this area). This application is for Phase I only of the 32.96 acres associated with the Crandall Canyon surface facilities disturbance. A total amount of \$ 2,175,000 currently remains for the pending Phased bond releases for the various areas associated with the Willow Creek Mine disturbed area.

This memo is relative to bonding and insurance requirements only.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

General

In order to transfer the disturbance associated with the Crandall Canyon surface facilities from the Castle Gate Mine, C/007/004 to the Willow Creek Mine, C/007/038, the Division determined that an amount of \$ 1,251,000 was necessary to complete the demolition, backfilling and grading and revegetation of the area. This is the amount currently set aside of the remaining bond (\$ 2,175,114) to ensure the three phases of bond release ensuring adequate reclamation of the 32.76 acres.

Form of Bond

The \$ 2,175,114.00 bond currently held by the Division to ensure the complete reclamation of the areas remaining to receive Phase III bond release is a **surety bond**, issued by Travelers Casualty and Surety Insurance Company. This Company has an A.M. Best rating of A+ as of June 30, 2009.

Determination of Bond Amount

The Permittee is applying for a bond release amount of \$ 750,000, which is 60 % (the maximum amount allowable by law) of the \$ 1,251,000.00 bond being held to cover the three phases of reclamation for Crandall Canyon.

If all requirements for Phase I are determined as having been met, and the \$750,000.00 amount is released, the total bond amount remaining for the Willow Creek Mine will be \$ 1,425,114.00.

Terms and Conditions for Liability Insurance

The Permittee maintains general liability insurance coverage, which meets the requirements of the R645 Coal Mining Rules. The current coverage term is from December 13, 2009 through December 13, 2010.

Findings:

A recommendation to release the Phase I amount being applied for (\$ 750,000.00) can not be made until the Division has made the determination that all requirements relative to Phase I have been addressed.

This determination is based upon the review and approval of all Division technical memos, as well as concurrence from the U. S. Department of the Interior, Office of Surface Mining that the site meets Phase I release requirements.

A site inspection is planned for the Spring of 2010.

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