



GARY R. HERBERT
Governor
GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Technical Analysis and Findings Utah Coal Regulatory Program

PID: C0070038
TaskID: 4454
Mine Name: WILLOW CREEK MINE
Title: MIDTERM REVIEW RESPONSE

Reclamation Plan

Bonding Determination of Amount

Analysis:

As a response to a deficiency identified during a mid-term permit review, an amendment was submitted to the MRP for the Willow Creek Mine. The amendment provided updated information for the reclamation bond.

The amendment included updated unit costs (detailed within the bond cost calculation spreadsheet), and updated escalation factors. Updates were provided using the 2013 data from R.S. Means Heavy Construction Cost data manual.

Bond amounts were calculated for direct costs and an additional 26.8% was added to accommodate indirect cost requirements. The bonding calculations were updated and appropriately escalated to 2018 dollars using Division's approved 1.5% and 5 year escalation.

Bond costs were then adjusted to costs per acre and applied to the remainder of the acres that have yet to final bond release. This resulted in a total bond cost of \$503,105. The Division agrees with the calculation method and final estimate.

The amount of bond currently posted is \$489,166 in the form of a surety bond with Fidelity & Deposit Company of MD as the Principal Holder. This results in a difference of -\$13,939 or -2.77%.

According to the "Five Percent Rule" as detailed in Division Tech Directive 007, after reviewing the bond, the Division may choose not to change the bond amount if the cumulative difference between the revised reclamation cost and the approved bond amount is less than 5%. The Division believes those increases in the reclamation costs of us to 5% can be made without compromising reclamation. Based on the implementation of this rule, no additional bond will need to be posted at this time.

If there are any additions to the bond amount in excess of \$11,216, additional bond will need to be posted at that time. The application as submitted is recommended for approval.

jowen