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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

March 3, 1998

TO: File

THRU: Daron Haddock, Permit Supervisor

FROM: Wayne H. Western, Senior Reclamation Specialist

RE: Determination of the Reclamation Bond, Canyon Fuel Company, LLC, Dugout Mine, PRO/007/039, File #2, Carbon County, Utah

SUMMARY:

The reclamation bond for the Dugout Mine was calculated on March 3, 1998 to be $1,260,000.

ANALYSIS:

The Division determined the reclamation bond amount for the Dugout Mine to be $1,260,000. The Division calculated the bond amount using the methods outline in the OSM Reclamation Cost Handbook, with the exception of the earthwork.

The Division was unable to completely review the earthwork cost by the date that the Applicant wants the permit issued. The Division reviewed the earthwork costs submitted by the Applicant. The Applicant did not follow the standard methods for earthwork calculations. They based the earthwork cost on assumed haul distances and grades. The Division reviewed the calculations and found that the unit costs were similar for other mines. The Division then doubled the earthwork cost estimate because of the uncertainty. The Division then calculated the reclamation bond to be $1,260,000.

The Division is confident that we will be able to reclaim the site for $1,260,000. After the Division completes the technical analysis we will determine the earthwork costs based on the methods outlined in the OSM Reclamation Cost Handbook.

FINDINGS:

In accordance with R645-301-830 the Division determines the reclamation bond for the Dugout Mine must be no less than $1,260,000.

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ANALYSIS:

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P.01

MAR-05-98 THU 11:54 AM

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