

May 7, 2004

Rick Olsen, General Manager  
Canyon Fuel Company, LLC  
P.O. Box 1029  
Wellington, Utah 84542

Re: Conditional Approval of the Revision to Bond – Chapter 5, Canyon Fuel Company, LLC, Dugout Canyon Mine, C/007/0039, Task ID # 1900, Outgoing File

Dear Mr. Olsen:

The above-referenced amendment is conditionally approved upon receipt of five clean copies prepared for incorporation. Please submit these copies by May 21, 2004. Once we receive these copies, final approval will be granted, at which time you may proceed with your plans.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan. A copy of our Technical Analysis is enclosed.

If you have any questions, please call me at (801) 538-5268 or Wayne Western at (801) 538-5263.

Sincerely,

Pamela Grubaugh-Littig  
Permit Supervisor

an  
Enclosure  
cc: Price Field Office  
O:\007039.DUG\FINAL\COND\_APP1900.DOC

# State of Utah



## Utah Oil Gas and Mining

### Coal Regulatory Program

Dugout Canyon Mine  
Revision to Bond – Chapter 5  
C/007/0039, Application # 1900  
Technical Analysis  
May 6, 2004



**TABLE OF CONTENTS**

---

---

<b>INTRODUCTION.....</b>	<b>3</b>
<b>RECLAMATION PLAN.....</b>	<b>5</b>
<b>BONDING AND INSURANCE REQUIREMENTS.....</b>	<b>5</b>
Determination of Bond Amount .....	5

## TABLE OF CONTENTS

---

---

---

## TECHNICAL ANALYSIS

---

# TECHNICAL ANALYSIS

The Division ensures compliance with the Surface Mining Control and Reclamation Act of 1977(SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

Page 2  
C/007/0039  
Task ID #1900  
May 6, 2004

**TECHNICAL ANALYSIS**

---

---

## INTRODUCTION

---

## INTRODUCTION

On March 31, 2004, the Division received an amendment for the Dugout Canyon Mine. Canyon Fuel Company, LLC (CFC) wanted the Division to revise the bond amount based on new calculations submitted by CFC. The Division reviewed the bond calculations, incorporated them into their bond database, and gave CFC a copy. On April 30, 2004, CFC submitted the Division's calculations for incorporation into the mining and reclamation plan. The Division reviewed the calculations and found they were in order.

Page 4  
C/007/0039  
Task ID #1900  
May 6, 2004

## **INTRODUCTION**

---

---

## RECLAMATION PLAN

---

# RECLAMATION PLAN

## BONDING AND INSURANCE REQUIREMENTS

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

### **Analysis:**

#### **Determination of Bond Amount**

The Division and CFC desired that the bond amount determined by the Division should be the same as the amount listed in the mining and reclamation plan, and in the bond itself. For a variety of reasons, the calculation done by the permittees and the Division are usually off by a small amount.

R645-301-830.110 states that the bond amount will be determined by the Division. R645-301-830.140 states that the bond calculations will be based on but not limited to the detailed estimate submitted by the permittee. The Division used the information provided by CFC to determine a bond amount of \$2,400,000 in 2005 dollars. A copy of the Division's bond calculations will be incorporated into the mining and reclamation plan.

### **Findings:**

The information in the amendment is adequate to meet the minimum requirements of this section of the regulations.