

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

February 18, 2005

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor

THRU: Peter Hess, Team Lead

FROM: Wayne H. Western, Environmental Scientist III, Bonding

RE: Pace Canyon Fan Portal, Canyon Fuel Company, Dugout Canyon Mine, C/007/0039 , Task #2104

SUMMARY:

The Permittee submitted an application to construct a remote portal and shaft complex in Pace Canyon on January 5, 2005; additional information was received on February 8, 2005. The complex will consist of two breakout entries in Pace Canyon from the Gilson coal seam. One entry will serve as an intake air portal, also providing machinery access from the Mine to the surface disturbance. The other opening will be a vertical airshaft, which will connect the underground workings with a ventilation fan located on the surface. This disturbance is necessary to compliment the ventilation requirements of the mine. It will also serve as an emergency escape route for the underground workers.

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TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The Division reviewed the reclamation cost estimate for the Pace Canyon portal facility. The Division found that some of the reclamation items were missing. Those items include the following:

- Shaft closure costs.
- Fan removal, in addition to removing the fan building.
- Removal of the emergency generators / electrical transformers, (salvage value cannot be assumed).
- Removal of the fuel storage tank.
- Productivity calculations for earthwork.

Terms and Conditions for Liability Insurance

Findings:

The information in the amendment is not considered adequate to meet the requirements of this section. Before approval, the Permittee must provide the following in accordance with:

R645-301-830.140, The Permittee must give the Division a complete reclamation costs for the Pace Canyon facilities. Items that were missing include:

- Shaft closure costs.
- Fan removal, in addition to removing the fan building.
- Transformer and powerline removal.
- Removal of the emergency generators, salvage value cannot be assumed.
- Removal of the fuel storage tank.
- Productivity calculations for earthwork.

RECOMMENDATIONS:

The Division should deny the amendment until the above mentioned deficiency has been addressed.

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