

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

May 10, 2005

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor

THRU: Peter H. Hess, Environmental Scientist III/Engineering, Team Lead

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

RE: Degasification Wells G1, G2, G3, G4, G5, G6, and G7, Canyon Fuel Company, Dugout Canyon, C/007/0039, Task #2178

SUMMARY:

The Division received an amendment for the G7 degasification well (1.25 acre) at the Dugout Canyon Mine on March 11, 2005. The purpose of the degasification well is to remove methane gas which is a hindrance to coal mining in the GIL #3 longwall panel that is located in Section 24 of Township 13 South Range 12 East. This memo deals only with bonding.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

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Determination of Bond Amount

The Permittee did not supply reclamation cost estimates for drill hole #7. However, the reclamation of drill hole #7 is similar to that of other drill holes within the permit area. The Division is confident that the information on the existing drill hole reclamation is adequate to determine the reclamation cost of drill hole #7.

The reclamation costs for drill hole #7 are:

- Demolition, Backfilling and Grading\$9897.00
- Revegetation\$6355.00
- Indirect cost of 26.5%

The current reclamation cost estimate for the Dugout Mine is \$2,400,000 in 2007 dollars. The current bond of the Dugout Mine is \$2,700,000. Therefore, the bond amount is adequate.

Findings:

The Permittee met the minimum regulatory requirements for this section of the regulations.

RECOMMENDATIONS:

The Division should approve the amendment.