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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

July 15, 1998

TO: File

THRU: Daron Haddock, Permit Supervisor *DH*

FROM: Wayne H. Western, Senior Reclamation Specialist *WHW*

RE: TA for the Permit Area Descriptions and the Reclamation Cost Estimate, West Ridge Resources, Inc., West Ridge Mine, ACT/007/041-98-1, File #2, Carbon County, Utah

ENVIRONMENTAL RESOURCE INFORMATION

PERMIT AREA

Analysis:

The Applicant must give the Division a legal description of the permit boundaries and acres in the permit boundaries. The Permittee must identify how many acres in the permit boundaries are owned by the federal government, state government, local governments and private parties. The Division needs that information for several reasons including to verify the permit boundary maps and number of acres in the permit boundaries. The Division often receives request for legal descriptions of permit areas from other government agencies and private individuals. Under the requirements of R645-301-521.190 the Division is authorized to require the Applicant to provide other relevant information.

Findings:

The Applicant did not meet the requirements of R645-301-521.190. The Applicant must give the Division a legal description of the permit boundaries, the total number of acres in the permit boundaries, and the amount of acres in the permit boundaries owned by the federal, state, and local governments, and private individuals.

BONDING AND INSURANCE REQUIREMENTS

Analysis:

Determination of bond amount.

The Division will wait until the reclamation plan has been approved for completing the bond amount. The Division has reviewed the demolition section of the reclamation cost estimate. Comments on the demolition cost estimates are:

- The Applicant used a regional adjustment factor for costs in the Price area. The Division does not use a regional adjustment factor. The regional factor is based on labor and equipment costs. Since demolition work requires little material costs, the regional factor does not accurately represent the type of work being done. The labor factor assumes that the bid would go to a Price-based company. Since many reclamation contracts are awarded to Wasatch front companies, the wage rates should be based on Wasatch Front wage rates that are similar to national wage rates. The regional factor varies over time. The Division does not have an accurate way of estimating the regional factor during reclamation.
- The Applicant uses a disposal fee but not state what the disposal fee covers or how it was determined. The Applicant must provide that information as required by R645-301-121.200.
- The Applicant must provide documentation for the dump fee at the City Sanitation facility as required under R645-301-121.200.

Findings:

The Applicant did not meet the requirements of R645-301-121.200. The Applicant must give the Division information on:

- What costs the disposal fee covers and how that cost was determined.
- Give the Division documentation on the dump fee at the City Sanitation facility.