



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

Michael O. Leavitt
 Governor
 Kathleen Clarke
 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)

September 11, 2000

TO: Internal File

THRU: Pete H. Hess, Team Lead *SM Hess*

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

RE: Review of Reclamation Cost Estimates for the West Ridge Mine Pump House, West Ridge Resource, Inc., West Ridge Mine, ACT/007/041-AM00G

SUMMARY:

On September 8, 2000, Pete Hess asked me to review the reclamation cost estimate for the pump house at the West Ridge Mine. I found one deficiency with the reclamation cost estimate.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The Division reviewed the reclamation cost estimate for the West Ridge Mine pump house. The Division found the information the demolition and vegetation costs were adequate. Information for the earthwork costs was not adequate. Earthwork costs must include productivity data and material volume data as outline in the OSM Reclamation Handbook.

The permittee stated the following:

TECHNICAL MEMO

The reclamation cost estimate for the pump house area is \$6193.52, which is less than 0.31% of the existing bond, and well within the contingency; therefore, no increase in the bond should be necessary to cover reclamation cost for the pump house area.

The contingency fund is for items that will occur during reclamation but have not yet been identified. Since reclamation of the pump house is an identifiable expense, the reclamation for the site must be a line item cost.

The Division has an unofficial policy that the bond will not be increased if the cumulative reclamation costs increases are less than 5% of the bond amount. Since the cumulative increase is less than 5% of the bond, the Division will not increase the bond at this time.

Findings:

Information provided in the proposed amendment is not considered adequate to meet the requirements of this section. Prior to approval, the permittee must provide the following in accordance with:

R645-301-830.140, The permittee must give the Division detailed earthwork calculations for all earthwork costs associated with the reclamation of the pump house. See the OSM Reclamation Handbook for details or contact the Division for help.

RECOMMENDATIONS:

The Division should require the permittee to submit detailed reclamation cost estimates for the earthwork associated with the reclamation of the pump house.