

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

July 8, 2009

TO: Internal File

THRU: Ingrid Wieser, Team Lead *IWW*

FROM: Pete Hess, Environmental Scientist III *PHH by SAS*

RE: Catchment Structures, West Ridge Resources, West Ridge Mine, C/007/0041,
Task ID #3309

SUMMARY:

West Ridge Resources, Inc., became aware of excessive coal fines in the discharge water from the Mine when subsequent accumulations were observed adjacent to the normal flow pattern in the "C" Canyon drainage below the permit / disturbed area boundary in late January 2009. DOGM issued State of Utah violation number 10033 for sediment leaving the disturbed area / additional contributions of suspended solids to stream flow or to flow outside the permit area on January 29.

As part of the remedial action required, the Permittee was required to submit a mitigation / clean-up plan and a time schedule for implementation to the DOGM. That plan is currently being reviewed by the technical staff.

This technical memo will address the adequacy of the bond amount necessary to reclaim the catchment structures which are being permitted as part of the clean-up plan. The submitted calculations do not reflect any costs necessary to clean the sludge from the edges of the stream channel up gradient of the catchment structures.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

General

West Ridge Resources, Inc., has two bonds posted to ensure the reclamation of the Mine and its associated disturbed areas (\$ 2,117,000 and \$ 67,000 = \$ 2,184,000, as of June 30, 2009). The second bond amount is associated with the gob vent holes permitted for this Mine which are outside of the Mine site disturbed area (Task ID # 3077, Installation of GVH Facility, approved 12/08/2008)

Form of Bond

Both bonds posted are surety bonds.

Determination of Bond Amount

The Division determined during the review of Task ID # 2692 (2006 Midterm Permit Review) that the amount needed to ensure reclamation of the West Ridge Mine site was \$ 1,897,000.00 (Task ID # 2960, Midterm Permit Approval / July 7, 2008).

The total value of the two bonds posted for the reclamation of the West Ridge Mine and its associated disturbed areas is \$ 2,184,000.00 (current as of June 30, 2009).

The reclamation cost associated with the Mine site and the gob vent hole disturbance has been calculated at \$ 1,966,000.00.

A difference of monies exists between the posted bond and the reclamation cost of \$ 218,000.00. Therefore the existing bond is adequate.

Terms and Conditions for Liability Insurance

The Division evaluates the Permittee's general liability insurance coverage during each quarterly complete inspection. Coverage was renewed for West Ridge Resources, Inc., on June 1, 2009 for a period of one year.

Findings:

The Permittee's reclamation cost estimate for the catchment structures below the West Ridge Mine is acceptable. The Permittee has a sufficient amount of bond coverage in place to reclaim the main Mine site, the degasification holes, and the catchment structures.

The minimum regulatory requirements for this section of the R645 Coal Mining Rules have been met.

RECOMMENDATIONS:

Task ID # 3309 **CATCHMENT STRUCTURES** should be approved.