

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

August 4, 2009

TO: Internal File

THRU: Daron Haddock, Coal Program Manager, Task Manager
Steve Christensen, Environmental Scientist II / Team Lead

FROM: Peter Hess, Environmental Scientist III, Engineering

RE: Wellington Dry Coal Cleaning Facility / Permit Application Package,
COVOL Engineered Fuels, LC, C/007/045, Task ID # 3349

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SUMMARY:

The Division received a response to the deficiencies aired with the technical response to Task ID # 3256 on July 13, 2009. This latest response to deficiencies has been identified by the Division as Task ID # 3349 for tracking purposes.

This memo will address the adequacy of the Permit Applicants response to the deficiency aired relative to R645-301-800, Bonding.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

R645-301-830. DETERMINATION of BOND AMOUNT

Analysis:

The Division generated the following deficiency as part of the Task ID # 3075 technical analysis:

R645-301-830.110. The Division is responsible for determining the amount of bond necessary to reclaim the site.

R645-301-830.140. The bond amount is to be based on, but not limited to, the detailed estimated cost, with supporting calculations for the estimates, submitted by the permit applicant. In accordance with the requirements of in accordance with the requirements of :

R645-301-830.140, the Permittee must provide supporting calculations for reclaiming the COVOL site to a pre-industrial site condition.

The Division's February 17, 2009 from Mr. John Baza, Director to Mr. Keith Thompson (COVOL) states the following, (See Page 2, subsection 3); "the bond will be calculated based on the fact that all 30 acres were considered disturbed prior to our requiring a permit. It will reflect only the costs associated with meeting objectives 1-2."

The Division understands that the Permit Applicant has agreed to submit a revised reclamation cost estimate that discusses the cost of removing the carbonaceous material used as road surfacing material. The Permit Applicant is supposed to identify a likely amount of material that would not be readily saleable.

The Permit Applicant submitted a revised APPENDIX 8-1, Reclamation Cost Estimate on July 13, 2009 as part of the response to Task ID # 3256.

The cost estimate includes costs for concrete demolition, steel demolition and disposal, cleanup and removal of 10,000 tons of residual coal, re-grading, re-soiling, and revegetating of the permit area to a pre-mining / industrial classification.

Total cost estimated to reclaim this site \$ 144,000.00. This is based on 2009 Costs provided by R.S. Means.

Amount of bond posted by the Permit Applicant on July 17, 2009 in the form of a cash bond is \$ 165,000, which is \$21,000 more than the Permittee's estimate (+12.7 %).

Findings:

The Permit Applicants Task ID # 3349 application meets the minimum regulatory requirements of the R645 Coal Mining Rules.

RECOMMENDATION

The Permit Applicant's Task ID # 3349 meets the requirements of the R645 Coal Mining Rules. This Permit Application Package should be approved.