



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 15, 1997

TO: Pamela Grubaugh-Littig, Permit Coordinator *pgl*

THRU: Joe Helfrich, Permit Supervisor *JH*

FROM: Jess Kelley, Reclamation Specialist *JK*

RE: 1997 Midterm Review, PacifiCorp, Trail Mountain Mine, ACT/015/009-MT97, Folder #2, Emery County, Utah

SUMMARY:

The permittee submitted the material for this midterm review to the Division in October, 1997. One of the requirements made of the permittee by the Division was that the permittee reassess the reclamation cost estimate to make sure 1) that total costs had been calculated correctly, i.e., using the ©Caterpillar *Performance Handbook* to calculate earthwork costs and ©Means *Heavy Construction Cost Data* to calculate demolition costs, and 2) that the total cost estimate had been escalated correctly through the end of the current permit term. This memorandum addresses these 2 issues.

TECHNICAL ANALYSIS:

The Division and the permittee reassessed the reclamation cost estimate in a cooperative effort. The cost estimates for earthwork, riprap, revegetation, management and maintenance remained unchanged. The cost estimate for demolition, however, went from \$123,321 to \$198,169. This brought the unadjusted total cost from \$379,965 to \$454,813. To this total cost were added a 10% contingency and a 5.1% reclamation management cost, which brought the unescalated total cost, in 1984 dollars, to \$525,809. This sum was then escalated, using ©Means escalation factors (actual historical factors for years 1985 through 1996; a predicted factor for years 1997 through 2000) to obtain a total of \$739,991, in year 2000 dollars. To this total was added the reclamation cost estimate of \$144,266 for the 1993 exploratory drilling program to obtain a final total reclamation cost estimate of \$884,257.

The original reclamation surety bond for this site is held by the American Casualty

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Company in the amount of \$463,711. In August of 1977, the bond was raised by rider, through the CNA company, to \$1 million. Thus, the present bond is still more than adequate for this site and it is not necessary to adjust it for the latest reassessment.

RECOMMENDATION:

It is recommended that the reassessed reclamation cost estimate be approved by the Division as fulfilling the requirements of the 1997 midterm review and included as part of the approved permit.