



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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TO: Internal File

THRU: James Smith, Senior Reclamation Specialist/Team Lead *JDS*

FROM: Wayne H. Western, Senior Reclamation Specialist/Engineering *WNW*

RE: Midterm Review, PacifiCorp, Trail Mountain Mine, C/015/009-MT02

SUMMARY:

As part of the midterm review of the Trail Mountain Mine, the Division reviewed the reclamation cost estimate. The current bond amount is \$1,000,000 and the current reclamation cost estimate is \$1,154,000 in 2004 dollars. Because the reclamation cost estimate exceeds the bond amount by 15.4% the Permittee should increase the bond amount by \$154,000.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of bond amount

As part of the midterm review, the Division examines the reclamation cost estimate. The main purpose is to determine if there is adequate bond to ensure reclamation in the event of bond forfeiture. The Division usually looks at the site to determine if any activities have occurred that require additional bond and if any bond adjustment is needed do to escalation or current costs.

TECHNICAL MEMO

The current bond amount is \$1,000,000 and the current reclamation cost estimate is \$1,254,000 in 2007 dollars. Because the reclamation cost estimate exceeds the bond amount by 25.4% the Permittee should increase the bond amount by \$254,000.

The Division decided to escalate the bond for 5 years at the midterm instead of 2.5 to minimize the frequency of changing the bond amount.

The Division's reclamation cost estimate is in the "O" directory in the Trail Mountain subdirectory under bonds in the Bond02 file.

Findings:

The bond amount is not sufficient to ensure reclamation in the event of bond forfeiture. The Permittee must provide additional bond in accordance with:

R645-301-830.200, The Permittee will post a bond for \$1,254,00 for the reclamation of the Trail Mountain Mine. Since the Permittee has a bond of \$1,000,000, they must post an additional \$254,000 in bond.

RECOMENDATIONS:

The Permittee must post an additional \$154,000 in bond for the Trail Mountain Mine.