



0010

STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & MiningScott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Dianne R. Nielson, Ph.D., Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

March 29, 1984

Mr. Richard Holbrook
Consolidation Coal Company
2 Inverness Drive East
Englewood, Colorado 80112RE: Subsidence Bonding
Emery Deep Mine
ACT/015/015, Folder #2
Emery County, Utah

#15 + #10

Dear Mr. Holbrook:

In order to clarify the Divisions's position regarding operators providing a performance bond for subsidence mitigation, the following is set forth.

Pursuant to UMC 805.11(a), "...the performance bond shall be the estimated cost to the Division if it had to perform the reclamation, restoration and abatement work required... under the Act, this Chapter, the regulatory program and the permit..." subsidence mitigation costs are to be included in the performance bond.

Although the Division's policy for determining these costs, the areas which are to be bonded and the duration for which the bond must be posted is still in draft stages, the following points can be made.

1. Any man-made structure or feature (including irrigated lands) must be covered by the bond;
2. The area of coverage is to include all areas where subsidence is planned or expected to occur;
3. The amount of bond coverage will be calculated for a "worst case" situation but may not exceed the appraised fair market value of the structure, feature etc.;
4. Areas where subsidence would occur due to pre-SMCRA (August 3, 1977) mining will not require a performance bond.

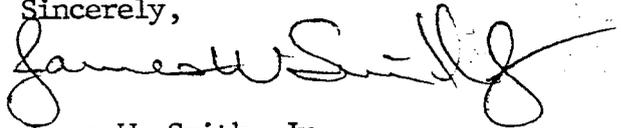
With respect to the Emery Deep Mine, all agricultural lands (see plate 9-1) over post-SMCRA workings and the projected mined area for the permit term (including an average 250 foot buffer zone for the angle of draw) were digitized and determined to be 472 acres. The Emery County appraiser was

Mr. Richard Holbrook
ACT/015/015
March 29, 1984
Page 2

contacted regarding the fair market value (FMV) of these lands. The FMV ranged from a low of \$1000.00 per acre to a high of \$1800.00 per acre for agricultural lands. A "worst case" regrading effort was determined to be in excess of \$10,000.00 per acre. Therefore, the Division will accept the FMV mid-point of \$1400.00 per acre in determining the bond amount.

Should you have any questions regarding this policy, please don't hesitate to call me, Pam Grubaugh-Littig or Sue Linner.

Sincerely,



James W. Smith, Jr.
Coordinator Mined
Land Development

JWS:LK:re

cc: Allen Klein, OSM
R. Daniels, DOGM
S. Limer, DOGM
P. Grubaugh-Littig, DOGM
L. Kunzler, DOGM
S. Storrud, DOGM
B. Roberts, Asst. Attorney General
80820