

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

October 27, 2003

TO: Internal File

THRU: Dave Darby, Team Lead

FROM: Wayne H. Western, Environmental Scientist III, Bonding

RE: 2003 Midterm Review, Consolidation Coal Company, Emery Deep Mine, C/015/0015, Task ID #1693

SUMMARY:

As part of the midterm review, the Division evaluates the reclamation cost estimate and bond amount. The Division found that the bond amount and reclamation cost estimate are adequate.

The Division is now escalations the reclamation costs from midterm to midterm. Therefore, there will be an increase in the reclamation cost as the estimate is escalated for 5 years. The Division also requires the Permittee include a copy of the Division's bond calculations in the mining and reclamation plan. The Division will give the Permittee a copy of those calculations. The Permittee will need to submit the calculations as an amendment.

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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 evaluates the reclamation cost estimate and bond amount. The Division now escalates the reclamation cost estimate from midterm of permit issuance to midterm of consecutive permit issuance. Therefore, the reclamation cost estimate likely will be increased as part of this midterm review.

The current bond amount is \$3,454,443. The reclamation cost estimate escalated for five years is \$2,208,000. The reasons why the bond amount is higher than the reclamation cost estimate are: 1) the bond amount was based on several expansion projects that have since been cancelled, and 2) the Permittee had a one time payment bond, so decreasing the bond was not in the Permittee's best interest.

The bond amount is adequate to insure reclamation of the site should the Permittee forfeit the bond. No change to the bond amount is required at this time.

The Permittee needs to place copy of the updated bond calculations in the mining and reclamation plan. The Division will provide the Permittee with a copy of the bond amount. It must be submit as an amendment.

Findings:

The Bond information in the MRP is not adequate to meet the minimum requirements of the regulations. Before the Division can complete the midterm review, the Permittee must the following in accordance with:

R645-301-830.110, R645-301-542.800 and R645-301-521.190, The Permittee must include a copy of the Division's bond calculation in the MRP. The Division will give the Permittee a copy of the reclamation cost estimates. One way to incorporate the reclamation cost estimate into the MRP is for the Permittee to submit the calculations as an amendment.

Recommendations:

The Division should inform the Permittee that they must incorporate the Division's bond calculations into the MRP. The Division will give the Permittee the bond calculations upon request.

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