

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

November 10, 2003

TO: Internal File

THRU: James Smith, Team Lead

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

RE: 2003 Midterm Review, PacifiCorp, Deer Creek Mine, C/015/0018,
Task ID #1694

SUMMARY:

This memo deals with the reclamation bond for the Deer Creek Mine. The current bond is for \$3,000,000 and the current reclamation cost estimate is for \$2,703,000. Since the bond amount exceeds the reclamation cost amount no adjustment to the bond is needed.

The two changes to the bond are 1) the Division now escalates bonds from midterm to midterm and 2) the Division requires that the Permittee include a copy of the reclamation cost estimate in the mining and reclamation plan. Since the bond amount exceeds the reclamation cost escalated to 2007, no change in the bond is needed. The Division will give the Permittee a copy of the Division's reclamation cost estimate so that the Permittee can include it in the MRP.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The Division reviewed the reclamation cost estimate for the Deer Creek Mine and found that the bond amount is less than the bond amount. The current bond is for \$3,000,000 and the current reclamation cost estimate is for \$2,703,000 in 2007 dollars.

The Division now escalates bonds from midterm to midterm. That is the reason for the change in the number of years the bond is escalated.

The Division now requires that a copy of the Division's reclamation cost estimate be included in the MRP. The reason for that is for consistency and so that anyone reviewing the MRP can see, how the bond was calculated.

The Division will give a copy of the reclamation cost estimate to the Permittee.

Findings:

The information in the MRP is not considered adequate to meet the minimum requirements of this section of the regulations. The Permittee must give the Division the following in accordance with:

R645-301-830.110 and R645-301-541.400, The Permittee will include a copy of the Division's reclamation cost estimate in the MRP. The Division will give the Permittee a copy of the reclamation cost estimate. If the Permittee has any questions about the reclamation cost estimate the Division will review the reclamation cost estimate with the Permittee before the information is included in the MRP.

RECOMMENDATIONS:

The Division should require the Permittee to include the Division's reclamation cost estimate in the MRP. The Division will give the Permittee a copy of the reclamation cost estimate and review that information before it is inserted into the MRP.