

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

March 10, 2009

TO: Internal File

THRU: Jim Smith, Permit Supervisor / Task Manager / Project Lead *DS 03/17/09*

FROM: Peter Hess, Environmental Scientist III *PHH my 805*

RE: 2008 Midterm Review, PacifiCorp, Deer Creek Mine, C/015/018, Task ID # 3026

SUMMARY:

The Division initiated a midterm permit review of the Deer Creek Mine mining and reclamation plan on August 11, 2008.

At my request, Mr. Wayne Western updated the unit costs for the existing bond amount to 2009 dollars, and the total costs to 2011 dollars on February 25, 2009, as part of the Task ID # 3026 Midterm Permit Review for Deer Creek Mine.

The most recent bond estimate used to update these costs was relative to Task ID # 3064, Mine Structure to the Rilda Portal Facilities, which received final approval from the Division on November 3, 2008.

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

General

PacifiCorp / Energy West Mining Company currently has a surety bond in place which is issued by the Travelers Casualty and Surety Company of America in the amount

of \$ 4,113,000 dollars. The Travelers has an A. M. Best rating of A+, as of December 31, 2008.

Form of Bond

The bond held by the Division for the Deer Creek Mine is a surety bond.

Determination of Bond Amount

The Division updated the unit costs for the Deer Creek Mine reclamation bond to 2009 dollars. The amount of money calculated to reclaim the main mine site (which includes the waste rock disposal site) as well as the facilities located in Rilda Canyon is \$ 4,003,000.00 (escalated by 3 years at a factor of 0.0444).

PacifiCorp posted a bond amount of \$ 4,113,000.00 on July 26, 2005.

The amount of bond posted exceeds the amount of bond required to reclaim all disturbed areas by \$ 110,000.

Findings:

The Permittee has an adequate amount of bond in place to reclaim the disturbed areas associated with the Deer Creek Mine, in accordance with the requirements of R645-301-812.700.

RECOMMENDATION:

The Division should conclude the 2008 midterm permit review of the Deer Creek Mine mining and reclamation plan.

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