



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 10, 2019

Ken Fleck, Manager of Geology and Environmental Affairs
Interwest Mining Company
P.O. Box 310
Huntington, Utah 84528

Subject: Conditional Approval to Update Reclamation Bond Estimate, PacifiCorp, Deer Creek Mine, C/015/0018, Task #5924

Dear Mr. Fleck:

The above-referenced amendment is approved conditioned upon receipt of 2 clean copies prepared for incorporation. Please submit these copies by June 10, 2019.

This amendment is also conditioned upon a bond increase of \$227,000, from a posted bond of \$3,374,000 to \$3,601,000. Please submit the bond rider to increase your bond along with the required exhibits to revise the Deer Creek Reclamation Agreement to the Division. If you have any questions, please contact Suzanne Steab, Bond Coordinator at (801) 538-5265.

Once these conditions have been met, final approval will be granted.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan.

If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen
Coal Program Manager

SKC/sqs

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0150018
TaskID: 5924
Mine Name: DEER CREEK MINE
Title: UPDATE RECLAMATION BOND ESTIMATE

Reclamation Plan

Bonding Determination of Amount

Analysis:

The amendment meets the State of Utah R645 requirements for Determination of Bonding Amount.

The amendment satisfies the requirements for R645-301-830 because the attached bond summary provides revised figures that detail all direct and indirect costs associated with the reclamation of all disturbed areas of the permit. This amendment escalates the 2018 bond liability by 1.78% for 5 years out to 2023, increasing the total cost by \$306,124 to \$ 3,600,790. A previous iteration of this bond contained a minor escalation error in the calculations for Rilda Canyon that has been corrected in this current amendment. The last bond analysis escalated all reclamation costs to 2018 but this amendment proposes to escalate to 2023 even though the mine is idle and rigorous reclamation efforts are underway.

Division records indicate that the current bond liability amounts to \$3,294,665. This amendment proposes to increase that figure by applying a 5-year escalation factor of 1.78%, which will increase the total liability by \$306,124 to \$3,601,000 (Rounded to the nearest \$1,000). Since the total reclamation bond posted with the Division amounts to \$3,374,000, the Permittee will obtain a rider bond for \$3,601,000, a net increase of \$227,000.

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