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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

September 13, 2010

TO: Internal File

THRU: Ingrid Campbell, Lead

FROM: Peter Hess, Environmental Scientist III, Bond Review PH#hm 805

RE: Phase II & III bond release Miller Canyon Portals, Energy West Mining Company, Cottonwood/Wilberg Mine, Permit # C/015/0019 and Project #3594

SUMMARY:

On July 19, 2010, Energy West Mining Company submitted an application to the Division to receive joint Phase II and Phase III bond releases for the three ventilation breakouts developed in Miller Canyon in 1981. The breakouts were developed to enhance the Cottonwood Wilberg Mine ventilation system, allowing intake air to enter the Mine through all three entries. The disturbed area associated with these surface breakouts amounts to 0.02 acres.

Energy West completed the reclamation of the three portals on June 25, 1999. The Division granted a Phase I bond release on June 21, 2002.

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TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

General

The reclamation of the Miller Canyon portals was completed by the Permittee on June 25, 1999.

The Permittee received a Phase I bond release approval from the Division for the Miller Canyon portals on June 21, 2002.

The Permittee applied for a joint Phase II and Phase III release on July 19, 2010.

Attachment 7 of the Task ID # 3594 application states the following; "there is no incremental bond amount calculated for the Miller Canyon Portal area. PacifiCorp is not requesting any surety for the Cottonwood Mine to be reduced or released as part of this action."

The amount of bond currently held by the Division to ensure the reclamation of the Cottonwood / Wilberg Mine is \$ 3,242,000.00. The surety providing the coverage is the Travelers Casualty and Insurance Company of America, which has an A.M. Best rating of "A+".

Form of Bond

The bond held by the Division to ensure the reclamation of the Cottonwood / Wilberg Mine is a surety bond.

Determination of Bond Amount

The amount of bond currently held by the Division to ensure the reclamation of the Cottonwood / Wilberg Mine is \$ 3,242,000. An approval for a Phase II and a Phase III bond reduction amount has not been asked for this area. The Permittee has not applied for an incremental bond reduction for this area.

Terms and Conditions for Liability Insurance

The Permittee renews the R645 required general liability insurance coverage on an annual basis. The current coverage term expires on August 28, 2010. Coverage for general liability and each occurrence is adequate to meet the requirements of the R645 Coal Mining Rules. Coverage for damage incurred from the use of explosives is provided.

Findings:

The Permittee has not applied for a reduction in the bond for the Miller Canyon Portal area. The \$ 3,242,000.00 bond which is currently in place will remain in place. The Task ID # 3594 application meets the requirements of the R645 Coal Mining Rules relative to bonding and insurance.

RECOMMENDATION:

The Division should approve the Task ID # 3594 application for the Phase II and Phase III releases of the Miller Canyon portal area.