



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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015/025 #4

file

August 15, 1994

TO: Daron Haddock, Pamela Grubaugh-Littig

FROM: Jess Kelley, Reclamation Specialist JK

RE: Required Bond Increase to Cover Reclamation Costs
Associated with Tank Seam, Bear Canyon Mine, Co-Op
Mining Company, ACT/015/025-93B, Folder #2, Emery
County, Utah

SYNOPSIS

The Tank Seam proposal, which the Division recently approved, increased the estimated reclamation cost for this site. The reclamation bond must, therefore, be increased to cover the additional reclamation liability.

ANALYSIS

Rule Citation

R645-301-812.300
R645-301-820.100

Discussion

The additional reclamation costs associated with the Tank Seam increase the total estimated reclamation cost from \$340,415 to \$487,911, in 1999 dollars. As the present bond, amount is only \$340,282, the bond needs to be increased. The Division requires that the Means[®] escalation factor, which is now 2.01% per year, be used in computing escalation. The reclamation cost summary found on page 3-86 of the plan, together with the escalation breakdown through 1999, should be revised to read as follows:

Total Projected Reclamation Costs	\$354,439
+5.1% Reclamation Management Cost	\$18,076
+10% Contingency	<u>\$35,444</u>
Total (1990 Dollars)	\$407,959



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<u>Year</u>	<u>Escalation Factor</u>	<u>Escalated Total</u>
1990	--	\$407,959
1991	1.27%	\$413,140
1992	2.21%	\$422,271
1993	2.54%	\$432,996
1994	2.01%	\$441,700
1995	2.01%	\$450,578
1996	2.01%	\$459,634
1997	2.01%	\$468,873
1998	2.01%	\$478,297
1999	2.01%	\$487,911
TOTAL RECLAMATION COSTS (1999 Dollars)		<u>\$487,911</u>

FINDING/RECOMMENDATION

It is recommended that the reclamation bond for this site be increased to at least the 1999 reclamation cost estimate of \$487,911.