



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 25, 2000

TO: [REDACTED]
THRU: Susan M. White, Acting Permit Supervisor *SMW*
FROM: Wayne H. Western, Senior Reclamation Specialist *WHW*
RE: Permit Renewal, Co-Op Mining Company Bear Canyon Mine, ACT/ [REDACTED]
RN00

SUMMARY

On October 18, 2000, the Division received reclamation bond information for the Bear Canyon Mine permit renewal. The Division reviewed the information and it to be adequate.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of bond amount

On October 18, 2000, the Division received reclamation bond information for Bear Canyon Mine permit renewal. In 1999, The Division required the permittee to make changes in the bond calculations and amount. They also updated the unit costs in 2000 and found the bond to be adequate. Since then, the permittee has not made any significant changes to the facilities. The increase in unit costs from 1998 to 2000 has been the same as the estimated inflation amount. Therefore, the Division has not required a bond adjustment until the permit renewal.

The current bond amount is \$899,000. The Division and the permittee agreed to escalate the bond to 2005 dollars (end of permit) at an annual escalation factor of 2.24%. The Division determines the escalation factor by taking the average annual inflation for the past 3 years. **The bond amount must be increased to \$1,007,000 to cover cost increases do to inflation.**

Findings:

The requirements of this section of the regulations are considered adequate in regard to the proposed change to the bond amount.

RECOMMENDATIONS:

The Division should set the bond amount for the Bear Canyon Mine at \$1,007,000.