

May 9, 2003

TO: Internal File

THRU: Joe Helfrich, Team Lead

FROM: Wayne H. Western, Environmental Scientist III

RE: Midterm Review, Co-Op Mining Company, Bear Canyon Mine, C/015/025 and MT03

SUMMARY:

As part of the midterm review, the Division evaluated the bond amount. The Division found that the Permittee must increase the bond amount and include the Division's update bond calculations into the MRP.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The Division reviewed the reclamation cost estimates for the Bear Canyon Mine and found that there is sufficient information to determine the bond amount. The current bond amount for the Bear Canyon Mine is \$1,825,000 and the reclamation amount determined by the Division is \$1,913,000.

One reason why the reclamation cost estimate is more than the bond amount is that the Division is now escalating bonds at the midterm instead of the permit renewal. Because the difference between the reclamation cost estimate and the bond amount is approximately 5%, the Division needs the Permittee to increase the bond amount.

The Division now requires the Permittee to incorporate the Division bond amount into the MRP. The Division will give the Permittee a copy of the bond calculations and the Permittee must incorporate them into the MRP. The bond information in the MRP must match the bond amount and the information in the MRP must be adequate to show how the bond was determined.

If the Permittee has any questions about the bond, they may discuss them with the Division.

Findings:

The Division found the Permittee does not have adequate bond.

R645-301-840.100, The Permittee will post of bond of at least \$1,913,000.

R645-301-830, The Permittee will incorporate a copy of the Division's bond calculations into the MRP. The Division will give the Permittee a copy of the bond calculations.

RECOMMENDATIONS:

Before the Division concludes the midterm review, the Permittee increase the bond amount to \$1,913,000 and incorporate a copy of the Division's bond calculations in the MRP.