

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

December 18, 2003

Wendell Owen, Mine Manager
Co-Op Mining Company
P.O. Box 1245
Huntington, Utah 84528

Re: Completion of the Midterm Permit Review, Co-Op Mining Company, Bear Canyon Mine, C/015/0025-MT03, Task ID #1242, Outgoing File

Dear Mr. Owen:

The Division has completed a midterm review of the Bear Canyon Mine facility as required by R645-303-211. You should recall that our May 13, 2003 letter to you provided the results of the review. At that time we indicated that there was one remaining deficiency in your plan; that being the requirement to provide additional bond cost information. We have since been in communication with your office and have revisited the bond cost information in your plan. A copy of our technical analysis (TA) is enclosed for your records. We have determined that your current cost estimate is within 5% of the posted bond and therefore no adjustment is needed at this time. However, we understand that you have future plans for other projects, both expansion and reclamation. As these other projects proceed we will need to evaluate your bond situation and may require adjustments at that time.

This concludes the midterm review for the Bear Canyon Mine. Thank you for your help in addressing the issues and completing this project.

If you have any questions regarding the Midterm Review please don't hesitate to call.

Sincerely,

Daron R. Haddock
Permit Supervisor

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cc: Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Bear Canyon Mine
Midterm Review
C/015/0025, Task ID #1242
Technical Analysis
December 18, 2003

TECHNICAL ANALYSIS

The Division ensures compliance with the Surface Mining Control and Reclamation Act of 1977(SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings, which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference, which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

INTRODUCTION

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As part of the midterm review, the Division evaluated the bond amount. The Division's reclamation cost estimate was \$1,913,000 and the bond amount is \$1,825,000. The Division has a policy that gives the Division discretion to not increase the bond amount if the difference between the bond and the cost estimate is less than 5%. The Division determined that an increase is not needed at this time.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

As part of the midterm review, the Division examined the reclamation bond and cost estimate. The reclamation bond is \$1,825,000 and the reclamation cost estimate is \$1,913,000.

Under the Division informal bonding guidelines a bond increase is only needed when the reclamation cost estimate exceeds the bond amount by more than 5%. The reason for this is to prevent bond adjustments for minor project.

The Permittee indicated that they will be adding new facilities in the next few months and will be doing demolition work. Those activities will affect the bond amount. The Permittee ask that the bond amount not be increased at this time.

The Division determined that a bond increase was not needed at this time but reserves the right to increase the bond to the reclamation cost estimate at anytime. When the Permittee submits new bond calculations the Division will change the escalation date to midterm to midterm and require that a copy of the Division's reclamation cost estimate in included in the MRP.

Findings:

The information in the MRP and bond amount is adequate to meet the requirements of this section of the regulations pertaining to the midterm review.