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

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March 6, 2001

TO: **Internal File**

THRU: William J. Melencik, Team Lead *WJM*

FROM: Wayne H. Western, Senior Reclamation Specialist *WHW*

RE: Midterm Review, Genwal Resources, Inc., Crandall Canyon Mine, C/015/032-MT00-1

SUMMARY:

As part of the midterm review the Division evaluated the reclamation bond for the Crandall Canyon mine. The review consisted of updating the indirect costs to standards developed in June 2000, updating concrete demolition costs and converting the spreadsheets from Quattro Pro to Excel. The Division used the existing reclamation costs in MRP.

TECHNICAL ANALYSIS:

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 for the Crandall Canyon Mine. The Division revised the bond amount based on several factors included the updated indirect costs and revised concrete demolition costs. The Division also converted the spreadsheets from Quattro Pro to Excel.

TECHNICAL MEMO

The current bond is \$1,654,000 in 2004 dollars. The Division's revised reclamation cost estimate is \$1,678,000 in 2004 dollars. The revised reclamation cost estimate is \$24,000 higher than the existing bond.

The percent difference between the posted bond and the revised reclamation cost estimate is 1.4%. The Division sometimes does not increase bonds if the difference between the bond amount and the reclamation cost estimate is less than 5%. After reviewing the reclamation bond the Division determined that an increase at this time is not needed. The Division based this finding on the quality of the reclamation cost estimate. The bond amount was based on methods that are outlined in the *OSM Reclamation Handbook*. Inclosed is a copy of the Division's reclamation cost estimate.

Findings:

The permittee has met the minimum requirements of this section.

RECOMMENDATIONS:

The Division should not make any changes to the bond amount for the Crandall Canyon mine at this time.

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