

June 16, 2003

Gary Gray, Resident Agent
Genwal Resources, Inc.
P.O. Box 1077
Price, Utah 84501

Re: Approval of Bond Adjustment, Genwal Resources, Inc., Crandall Canyon Mine,
C/015/032-AM03A, Outgoing File

Dear Mr. Gray:

The above-referenced amendment is approved effective June 16, 2003. A stamped incorporated copy is enclosed for your copy of the Mining and Reclamation Plan.

If you have any questions, please feel free to call me at (801) 538-5268.

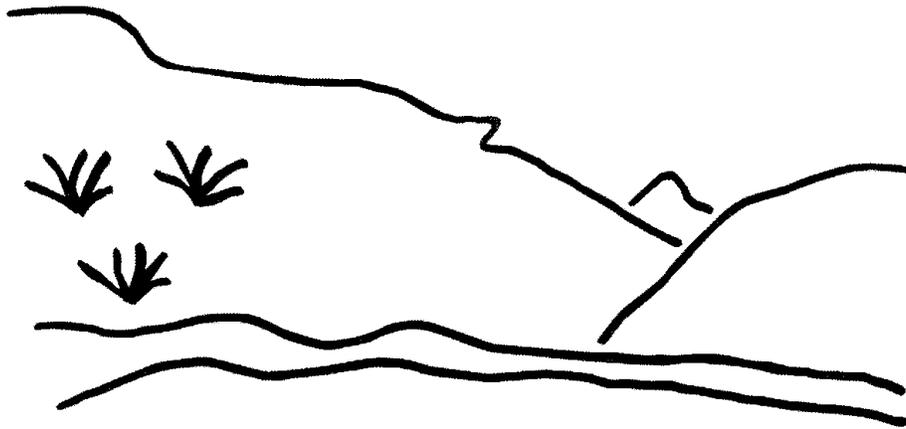
Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

an
Enclosure

cc: Ranvir Singh, OSM
Jim Kohler, BLM
Melissa Blackwell, USFS (2)
Mark Page, Water Rights w/o
Dave Ariotti, DEQ w/o
Derris Jones, DWR w/o
Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Crandall Canyon Mine
Bond Adjustment
C/015/032-AM03A
Technical Analysis
June 16, 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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The Division and the Permittee have been working on a bond adjustment for approximately 3 months. Both parties have agreed on the reclamation cost estimate. In order to keep the numbers consistent the Division gave the Permittee their bond calculations. The Permittee copied the bond calculations and submitted them as part of amendment AM03A

The current bond amount is \$1,654,000 and the reclamation cost estimate is \$1,598,000. Therefore, the Permittee has sufficient bond. The Permittee has been informed that they could reduce the bond amount to \$1,598,000. However, they prefer to keep the bond amount at the current amount of \$1,654,000.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Determination of Bond Amount

The Division determined the reclamation cost to be \$1,598,000 in 2007 dollars. The Division determined the bond amount by using the methods outline in Technical Directive 007, Calculation Guidelines for Determining Reclamation Bond Amounts.

The Division and the Permittee evaluated the reclamation cost estimate and agreed that the bond amount should be \$1,598,000. Since the Permittee's calculations were slightly different than the Division's, both parties agreed to use the Division's numbers. The Division gave the Permittee worksheets, which they then submitted as part of amendment AM03A.

The main changes to the bond were disposal costs for excess fill material. The Permittee should that they could dispose of the excess fill for \$1.00 per cubic yard instead of the \$4.00 per cubic yard in the approved bond.

Findings:

The Permittee has met the minimum requirements of the bonding and insurance section of the regulations.