

0032

From: Wayne Western
To: Pam Grubaugh-Littig
Date: 12/12/2007 4:08 PM
Subject: Task 2627
Attachments: whw2627.doc

Internal
ef/015/0032 *JK*

Pam,

I wrote a memo in April about the reclamation cost estimate for the Crandall Canyon Mine. In the memo I recommend that the bonding issues be resolved during the midterm. See attachment.

Since then, the Division is looking at the Crandall Canyon Mine bond as part of the emergency drill hole.

My recommendation is that we say that Task 2627 has been completed so that it does not show up as pending on the CTS.

The Permittee will submit an amendment that covers the emergency drill hole and any bond adjustments will be covered then.

Wayne

*Task # 2627 will be
handled during the
Emergency drill hole
bond review - Task 2892*

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

April 12, 2007

TO: Internal File

THRU: Pamela Grubaugh-Littig, Permit Supervisor

FROM: Wayne H. Western, Team Lead

RE: Reclamation Cost Estimate Review, Genwal Resources Inc., Crandall Canyon Mine, C/015/0032, Task ID #2627

SUMMARY:

The Division reviewed the reclamation cost estimate and bond for the Crandall Canyon Mine as part of the change in ownership and control. In addition, the Division also review the reclamation cost estimate and bond for the midterm review. During the midterm review, the Division found that bond is not adequate to insure reclamation in the event of bond forfeiture. Therefore, the Division must take action to have the Permittee increase the bond.

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 Permittee did not meet the requirements for determining the bond amount. The Permittee must include revised bond calculations that they escalate to 2010. The Division will provide the Permittee with a copy of the revised bond calculations in either paper or electronic format. **Note: the revised bond calculations incorporated in February 3, 2006 did not escalate the bond to 2010.**

Findings:

The information in the MRP is not adequate to meet the minimum requirements of this section. Before the Division can approve the midterm review, the Permittee must provide the following in accordance with:

R645-301-830.110 and R645-301-830.300, The Permittee must include an updated reclamation cost estimate based on 2007-year unit costs and escalated 2011 costs. The Division will give the Permittee a copy of the revised reclamation cost estimate in either hard copy or electronic format.

RECOMMENDATIONS:

The Division should require the Permittee to increase the bond to \$1,698,000 and include updated bond calculations in the MRP. In addition, the Permittee must also include the missing information as mentioned above. The Division should combine this task with the midterm review Task #2744.