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

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November 23, 1999

TO: File

THRU: Daron Haddock, Permit Supervisor *DH*

THRU: Pam Grubaugh-Littig, Permit Supervisor *pgl*

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

RE: Midterm Review, Canyon Fuel Company, LLC, SUFCO Mine, ACT/041/002-MT99, File #2, Sevier County, Utah

Summary:

The bond for the SUFCO Mine is \$3,988,000 and considered adequate.

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Form of bond. (Reclamation Agreement)

The Division did not check the form of the bond as part of the bond reevaluation.

Determination of bond amount.

The Division reviewed the bond amount as part of the midterm review. The current bond is for \$3,988,000. The Division updated the unit costs and escalation factor and calculated a bond of \$4,027,000. The Division usually does not require a bond adjustment if current bond and the calculated bond amount are within 5%. Since the difference is less than 1%, the Division will not require a bond adjustment as part of the midterm.

Terms and conditions for liability insurance.

The Division did not check the insurance as part of the bond reevaluation. The insurance is checked as part of the complete inspection.

Findings:

The Permittee met the minimum requirements of this section.

DIRECT COSTS

| ACTIVITY | COST |
|--------------------|-------------|
| DEMOLITION | \$2,051,099 |
| REMOVE BIN WALLS | \$363,287 |
| REVEGETATION | \$202,116 |
| WASTE ROCK SITE | \$40,658 |
| TOTAL DIRECT COSTS | \$2,657,160 |

INDIRECT COSTS

| | |
|----------------------------------|-------------|
| MAINTENANCE AND MONITORING (10%) | \$265,716 |
| CONTINGENCY (10%) | \$265,716 |
| ENGINEERING REDESIGN (10%) | \$265,716 |
| MOB/DEMOB (5%) | \$132,858 |
| CONTRACT MANAGEMENT FEE (5%) | \$132,858 |
| TOTAL INDIRECT COSTS | \$1,062,864 |

| | |
|--|-------------|
| TOTAL RECLAMATION COSTS | \$3,720,024 |
| ESCALATION @ 3.27% FOR 3 YEARS | \$307,177 |
| BOND AMOUNT | \$4,027,201 |
| BOND AMOUNT ROUNDED TO NEAREST \$1,000 | \$4,027,000 |