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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

September 18, 2012

TO: Internal File

THRU: April Abate, Lead *AAW 9/20/2012*

FROM: James Owen, Engineer *JO*

RE: Construction of Fan Pad, Canyon Fuel Company, Sufco Mine, C/041/0002, Task #4161

SUMMARY:

On August 31, 2012, the Utah Division of Oil Gas & Mining received an application for an amendment to the Mining & Reclamation Plan (MRP) of the Sufco Mine. The application seeks approval to construct the Mine #1 fan pad. All activities associated with construction will occur within the current disturbed area boundary.

This memo addresses the application's compliance with the engineering (R645-301-500) and bonding (R645-301-800) sections of the Utah Coal Mining Rules. Contents and information provided are sufficient enough to meet the minimum requirements of these sections of the Utah Coal Mining Rules. No deficiencies were identified.

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TECHNICAL ANALYSIS:

OPERATION PLAN

SUPPORT FACILITIES AND UTILITY INSTALLATIONS

Regulatory Reference: 30 CFR Sec. 784.30, 817.180, 817.181; R645-301-526.

Analysis:

Construction of the Mine #1 fan pad will occur with the current disturbed area boundary. The pad will consist of reinforced concrete flooring, footings, and portal lining walls.

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

Analysis:

Drawings and cross-sections of the portal walls, footings and flooring pads were submitted with the application. Sufco will submit updated and certified as-built versions of Plates 5-2A, 5-2B and 7-6 once construction has been completed.

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

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

Analysis:

Sufco currently has a \$2,874,000 surety bond posted with Argonaut Insurance Company as the principal holder. Updated bonding calculation spreadsheets are included with detailed estimates including demolition and disposal requirements for the associated concrete and steel structures.

The newly adjusted demolition subtotal is \$1,226,638. No changes were required for backfilling, grading, and revegetation. The new direct cost total is \$1,946,640 with an associated total indirect cost of \$521,691. The sum cost of \$2,468,301 is properly escalated to 5 years with an escalation factor of 1.7. The total reclamation cost is estimated to be \$2,685,000.

Sufco has a positive difference between bond required and bond posted of \$189,000 or 6.58%. Bonding is therefore adequate.

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

RECOMMENDATIONS:

Approval is recommended at this time.