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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

September 19, 2012

TO: Internal File

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

FROM: James Owen, Engineer *JEO*

RE: Construction of Generator Building, Canyon Fuel Company, Sufco Mine, C/041/0002, Task #4192

SUMMARY:

On September 11, 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 a generator building at the lower substation. All associated construction activities 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:

Table 5-4, Description of Existing Structures, was updated to include the Fall 2012 construction of the building. Construction of the building will occur with the current disturbed area boundary.

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 building construction details, pad details, and location relative to substation were included with the application. Sufco will submit updated and certified as-built versions of Plates 5-2A, 5-2B and 7-6 once construction of the building 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 building

The newly adjusted demolition subtotal is \$1,230,444. No changes were required for backfilling, grading, and revegetation. The new direct cost total is \$1,950,416 with an associated total indirect cost of \$522,711. The sum cost of \$2,473,127 is properly escalated to 5 years with an escalation factor of 1.7. The total reclamation cost is estimated to be \$2,691,000

Sufco has a positive difference between bond required and bond posted of \$183,000 or 6.37%. 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