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Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 7, 2017

John Byars, General Manager
Canyon Fuel Company, LLC
597 South SR24
Salina, Utah 84654

Subject: Bonding of Phase 4 Construction at WRS, Canyon Fuel Company, LLC, Sufco Mine, C/041/0002, Task #5506

Dear Mr. Byars:

The Division has reviewed your application. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application.

If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen
Permit Supervisor

SKC/sqs

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0410002
TaskID: 5506
Mine Name: SUFCO MINE
Title: BONDING OF PHASE 4 CONSTRUCTION AT WRS

Reclamation Plan

Revegetation General Requirements

Analysis:

The amendment meets the State of Utah R645 requirements for Revegetation General Requirements at R645-301-353, 354, 355 and 356;

The changes to the bond estimate for the waste rock site (backfill and grading) will not affect the revegetation of the area.

jhelfric

Bonding Determination of Amount

Analysis:

The application does not meet the State of Utah R645-301-830 requirements for Determination of Bond Amount.

R645-301-830 The analysis of the application shows a deficiency in the bond posted. An additional bond amount will need to be posted when the amount is determined. To determine the correct bond amount all of the detailed bond sheets will need to be updated and include all overhead and profit costs.

R645-301-830, Tech 007 (effective July 17, 2017) requires all direct cost include overhead and profit. It is noted that the detailed cost in the bonding sheets do not include the overhead and profit. The Permittee must revise the bonding information to conform to the Tech Directive 007- Calculation Guidelines for Determining Coal Mining Reclamation Bond Amounts that was mailed out to all operators on July 17, 2017. The permittee will need to update all cost in the Demo, Revegetations, Earthwork, and Total detail cost sheets to the year, 2014 and use the RS Means O&P costs (instead of bare unit costs). Total the direct costs, the indirect costs, and apply the escalation factor for 5 years from 2014 to 2019. The 2014 escalation factor was .019 or 1.9%. The escalated reclamation cost will then be rounded up to the nearest 1000 dollars.

Deficiencies Details:

The application does not meet the State of Utah R645-301-830 requirements for Determination of Bond Amount.

R645-301-830 The is deficiency in the bond posted. An additional bond amount will need to be posted when the bond amount is determined.

R645-301-830, Tech 007 (effective July 17, 2017) requires all direct cost include overhead and profit. The permittee will submit all bonding sheets with updated overhead and profit included in the bonding details. The midterm year was 2014

so cost should reflect that year and be escalated to 2019.