



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

September 27, 1985

John Davis, Esq.
Hugh C. Garner & Associates
Suite 1400
310 South Main Street
Salt Lake City, Utah 84101

Dear Mr. *John* Davis:

RE: Reclamation Bond Amount, Utah Coal & Energy Company,
Blackhawk Mine, INA/043/001, Summit County, Utah

A reclamation bond amount was estimated for the present disturbance at the Blackhawk Mine on March 21, 1985 to be \$99,900.00 (1985 dollars). (The detail of this estimate was included in a letter to Mr. Jack Higgins dated March 26, 1985 from Dianne R. Nielson, attached.)

Current mining regulations (UMC 800.14[c]) describe how the Division will add an "additional inflation factor for the permit term." The Blackhawk Mine situation does not refer to issuance of a permit and there is no present permit term. It is Division policy, however, to bond at least in the following year dollars or \$103,686.00 (1986 dollars), if the bond is not inflated for the permit term.

"The Division may adjust the bond amount required from time to time as the area requiring bond coverage is increased or decreased or where the cost of future reclamation changes" (UMC 800.15). In these cases, the Division shall notify the permittee and provide the opportunity for an informal conference on the adjustment.

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John Davis, Esq
INA/043/001
September 27, 1985

I hope that this clarifies the present bonding situation at the Blackhawk Mine. If you have any other questions or require further assistance, please let me know.

Best regards,



Dianne R. Nielson
Director

PGL/btb
cc: Mark Moench
Ken May
Lowell Braxton
Joe Helfrich
Pam Grubaugh-Littig
8808R-54 & 55



STATE OF UTAH
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~~John E....~~
Black Hawk
Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

March 26, 1985

Mr. Jack Higgins
2783 Holiday Ranch Loop
Park City, Utah 84060

Dear Mr. Higgins:

Re: Cessation Order, Black Hawk Mine, INA/043/001,
Summit County, Utah

On March 1, 1985 a Cessation Order was issued to Jack Higgins for conducting activities attendant to underground coal mining without Division approval.

Operations to be ceased immediately:

Any activity associated with the site development of the Black Hawk Mine.

Affirmative obligations and time for abatement:

Cease all operations immediately. Submit a mining and reclamation plan to the Division or reclaim the area known as the Black Hawk mine in accordance with the reclamation requirements of Utah's permanent coal regulatory program within 60 days, no later than April 30, 1985.

On March 19, 1985 the site was visited by Division representatives Joe Helfrich and Randy Harden. Men and equipment were in use at the site in direct violation of the Cessation Order.

On March 22, 1985, Mr. Jack Higgins and Mr. Leon Nason, representing Black Hawk Mine, met with the Division to discuss bonding and reclamation requirements for the mine.

Interest in pursuing the mining of sand and gravel conflicts with the regulatory responsibilities of the Division by encroaching on and operating within the coal mine area. To continue sand and gravel operations within the coal mine area, the operator must submit maps and plans depicting such operations within the area previously disturbed and operated as an underground coal mine.

In order for the sand and gravel operations to continue, the applicant must satisfy the requirements of the Cessation Order and incorporate any impacts of the sand and gravel operations on the

Page 2
Mr. Jack Higgins
March 26, 1985

coal mine impacted areas into the reclamation plan. These sand and gravel operations may be considered as a post mining land use if the applicant can prove that such operations are viable.

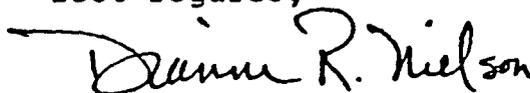
In summary, the following information and requirements will have to be provided to the Division in order to abate the Cessation Order:

1. A reclamation plan or MRP will have to be developed and presented to the Division for approval. The reclamation plan shall be presented under the general requirements for permits and permit applications, Part UMC 771.
 - a. Maps and plans must be provided which clearly identify the location and extent of the area disturbed as defined under UMC 771.23(e).
 - b. Under the provisions of UMC 784.13, the applicant shall provide all the information required for the Reclamation Plan: General Requirements.
2. A performance bond or deposit shall be submitted to the Division upon approval of the reclamation plan.
 - a. Amount and duration of the bond will be determined by the Division under UMC Part 805.
 - b. Form conditions and terms of the bond shall be in accordance with Part UMC 806.

Until such information is provided to the Division and the applicant has been shown to be in compliance with regulations pertaining to surface effects of underground coal mining activities, any operation or activity on the site other than that required to perform the work necessary to come into compliance will be in violation of the cessation order.

Staff at the Division are available to answer any technical questions with regard to the requirements contained within the regulations.

Best regards,



Dianne R. Nielson
Director

re
cc: B. W. Roberts
J. Christensen, Atty
0012Q-23-24

ESTIMATED RECLAMATION BOND
Utah Coal and Energy
Black Hawk Mine
INA/043/001, Summit County, Utah
March 21, 1985

Current Situation:

Presently, the Black Hawk Mine has no approved mine or reclamation plan and has not posted bond for the area. The Division must require that Utah Coal and Energy submit a mining and or reclamation plan for approval and post a performance bond for reclamation of the disturbed area under Part UMC 700 and Part Umc 800 of the Coal Mining and Reclamation Program, Chapter I.

Reclamation plans and maps currently on file with the Division are not adequate for approval and they do not include a detailed cost breakdown for reclamation activities on the site.

Initial Review and Cost Estimate:

Based on initial review of the maps and plans on file with the Division and on a site visit on March 19, 1985, the following assumptions have been made in determining a tentative bond amount for the Black Hawk Mine.

On the RECLAMATION AND MINE MAP FOR THE BLACK HAWK COAL MINE, a perimeter was delineated to include the disturbed area for the site. Total area included in the disturbed area was calculated using a planimeter and is approximately 19 acres. Within the disturbed area, two metal fabricated buildings are included which according to the operator, are to remain for post mining land use. Consequently, the access road leading to these structures and the immediate area around the buildings would not have to be reclaimed. The estimated area for the roads and buildings is estimated at approximately 3 acres. Thus the area to be reclaimed would be approximately 16 acres. Without a detailed survey of the site and more detailed maps of the area, a more accurate determination of the disturbed area cannot be determined.

Due to the lack of detailed information concerning reclamation of the site, it is difficult to determine an accurate bond amount for the Mine. Initially, it was thought that using the average per acre cost for surface disturbance of underground coal mines in the State would be applicable for use as an interim bond amount. This average is estimated at \$24,000 per acre, which would make the bond for the Black Hawk Mine approximately \$384,000. However, due to site specific conditions, this estimate is could be considered excessive.

A rough breakdown of the costs for the site were made in order to determine a more realistic amount for the interim bond amount. Procedures and unit costs used to determine the bond amount are similar to those used by the Division on other coal reclamation cost estimates.

Demolition and earthwork costs were determined from the Means Site Work Cost Data 1985. Revegetation costs are estimated from similar work on other coal operations. The inflation rate is based on Means Cost Data Index averaged over the past three years.

Demolition and Cleanup

Includes the cost of demolition and removal of the existing facilities on the site, excluding the two fabricated metal shops. Costs include the tipple, binwall, conveyors, mining equipment, utilities, scrap and other debris.

Slope and Highwall Reduction

Reduction of slopes along the bench cut to the west and along the highwall. Volume estimate based on backfill grading using dozers. Earthwork quantity based on rough estimate from existing contour map.

General Earthwork and Site Grading

Includes earthwork remaining for the rest of the site, finish grading for reclamation and topsoil distribution. Quantities based on rough estimate from existing contour maps.

Revegetation

Includes the cost of seeding, mulching and fertilization of the estimated 16 acres to be reclaimed.

Maintenance

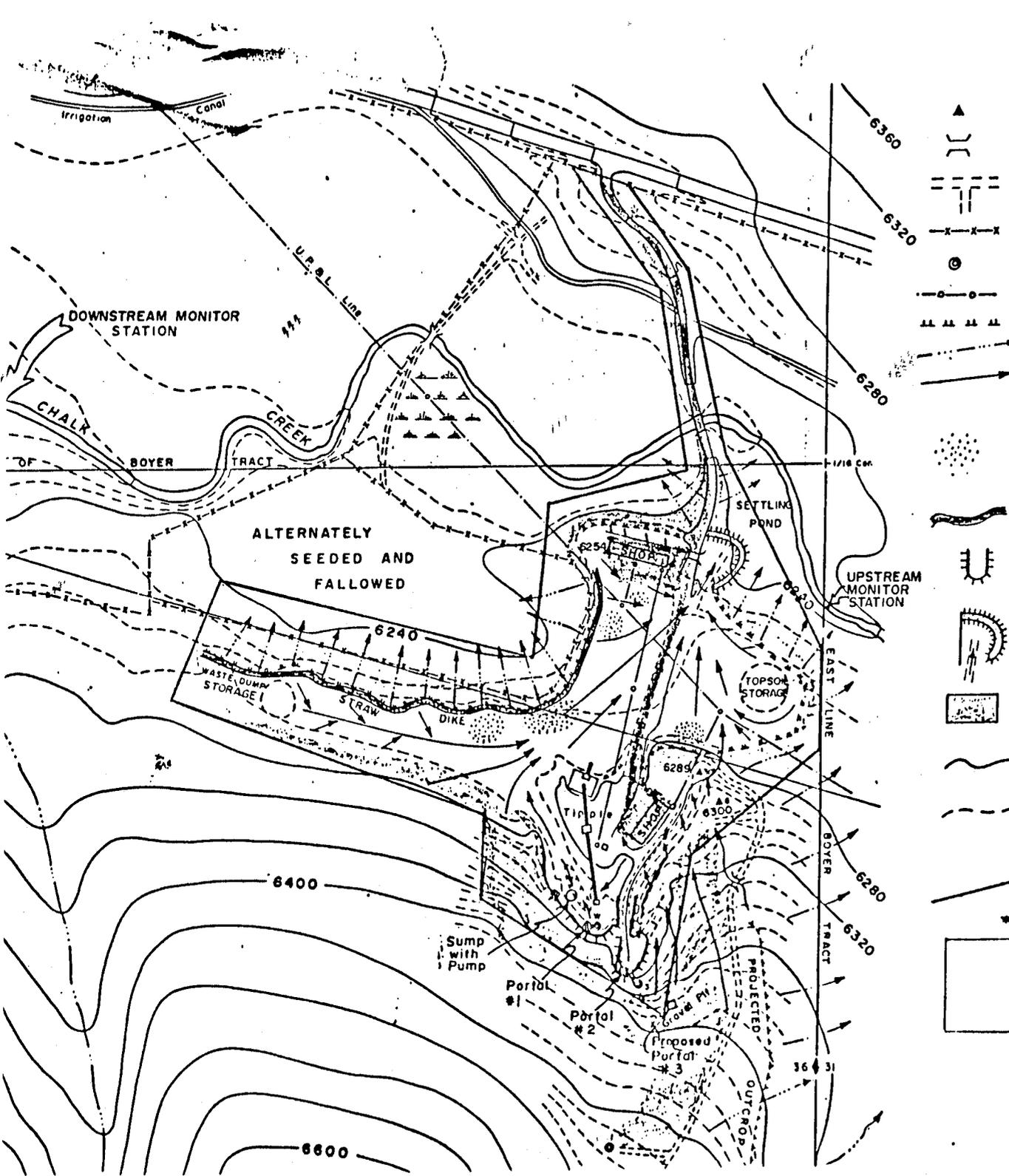
Maintenance requirements for the site are for a period of 10 years after reclamation construction and include repair and maintenance for rills and gullies and for replanting local areas of incomplete or inadequate vegetation density.

SUMMARY

The disturbed area outlined on the map is a rough approximation and should be surveyed for a final determination of the disturbed area. Cost estimate is only a preliminary estimate for the bond amount and the approved reclamation plan would have to be prepared in order to provide a complete and comprehensive cost breakdown.

Based on the 16 acres of disturbed area, the adjusted cost per acre is \$7519 per acres, considerably less than the average of \$24,000 per acre as previously cited. However, this preliminary estimate is considered adequate based on current site specific information for the Black Hawk Mine.

The Preliminary cost estimate for the Black Hawk Mine should only be used until the applicant provides suitable information to complete the surety requirements of the Division. In consideration of the current interest and activity on the site, it will be to the advantage of both the State and Utah Coal and Energy to submit plans and details at the earliest possible date.



-  Elevation Point
-  Culvert
-  Graded Roads
-  Fence
-  Location of Drill Hole
-  Powerline Showing Location of Poles
-  Natural Edge of Bluff
-  Natural Drainage Pattern (Generalized)
-  Runoff Drainage Pattern in Area of Influence After Filling of Low Areas and Grading.
-  Areas to be Filled to Obtain Proper Drainage
-  Straw Dike
-  Retaining Wall
-  Settling Pond (See Plate 3 for Details of Construction)
-  Large Areas to be Seeded
-  40 Foot Contour
-  10 Foot Contour
- ESTIMATED DISTURBED AREA - 19 ACRES**
J.R.H. 3-20-85
-  **FACILITIES TO REMAIN FOR**
POST MINING LAND USE
AREA - 3 ACRES

N

Blackhawk Mine
Summit Co. Dickson



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March 15, 1985

Mr. Jack Higgins
Utah Coal and Energy
2783 Holiday Ranch Loop
Park City, Utah 84060

Dear Mr. Higgins:

As a follow up to our meeting of March 15, 1985 at the office of the Division of Oil, Gas and Mining, I would like to outline the conclusions that were reached regarding your sand and gravel operation, which overlaps the Blackhawk Coal Mine area.

First, you have agreed to collect any maps which indicate the area disturbed by previous coal mining operations and provide them to the Division. The Division will then use these maps, and any maps from their files, to determine the area which is subject to its regulatory responsibility. Representatives from the Division's bonding and inspection staff will meet with you on-site this next week to delineate the area of disturbance related to coal operations.

Once the disturbed area of the coal mine has been determined, the Division will require a bond in the amount which would be necessary for the state to reclaim the area. Subsequent to the posting of that bond, or contemporaneously, a plan for the maintenance of the previously disturbed area as an inactive coal mine must be submitted to the Division. The coal mine area must be maintained, and will be inspected, in accordance with Coal Program Permanent Program Performance Standards.

As required by the cessation order issued by the Division on March 1, 1985, there must be no further disturbance of the coal mine area (as will be determined by the maps indicated above) including dirt work or the removal or construction of buildings. If coal or non-coal related operations are to be conducted in the coal mine area, you must file a plan of operations, and receive approval of the plan, prior to conducting the work.

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Mr. Jack Higgins
March 15, 1985

I am confident that we can work out the details of the bond and the inactive status (maintenance) plan so as to allow you to begin on your sand and gravel operation as soon as possible.

Best regards,

RW Daniel
for Dianne R. Nielson
Director

vb
cc: J. Blake
J. Christensen
R. Hagen
0229V-2

ESTIMATED RECLAMATION BOND
 Utah Coal and Energy
 Black Hawk Mine
 INA/043/001, Summit County, Utah
 March 21, 1985

1.	Demolition and Cleanup	Lump Sum	\$5,000
2.	Slope & Highwall Reduction	\$0.83/cy 25000 cy	\$20,800
3.	General Earthwork and Site Grading	\$1.56/cy 22,500 cy	\$35,100
4.	Revegetation	\$1500/ac 16 ac	\$24,000
5.	Maintenance		
	Reveg. @ 10% of Item 4.		\$2,400
	Rills & Gullies @ 10% of Item 3.		\$3,500
			\$5,900
	SUBTOTAL		\$90,800
	10% CONTINGENCY		\$9,100
	SUBTOTAL		99,900
	INFLATION @ 3.76%/YR FOR 5 YRS		\$20,400
	<u>TOTAL BOND ESTIMATE IN 1990 DOLLARS</u>		<u>\$120,300</u>

See Drawing 3-22