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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 18, 2010

Larry Jorgensen
Deseret Generation and Transmission
12500 East 25500 South
Vernal, Utah 84078-8525

Subject: Surety Review, Deseret Generation and Transmission, Diamond Mountain Quarry, M/047/0066, Uintah County, Utah

Dear Mr. Jorgensen:

The Division of Oil, Gas and Mining has reviewed the reclamation surety for the Diamond Mountain Quarry and determined that no adjustment to the surety is needed. The surety amount was originally calculated in 2002 with a base amount in 2002 dollars of $236,575.00. This amount was then escalated to 2007 at the rate of 2.82 percent per year for a total of $271,900.00. Deseret Generation and Transmission submitted a surety of $275,000.00.

As shown on the attached spreadsheet, the Division has used actual escalation costs to bring the reclamation cost estimate to 2010. A three-year average value of 0.5 percent was used to project the figure to 2015, which comes to $276,900.00. This is close enough to the amount you currently have that we have decided not to require additional surety.

We will next review the surety in 2015 or when a change in operations necessitates an adjustment. Please let me know if you have any questions about this letter or the spreadsheet. I can be reached at 801-538-5261 or by e mail at paulbaker@utah.gov.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB:pb
Enclosure: Bond adjustment spreadsheet
cc: daherron@fs.fed.us
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UTAH DNR OIL, GAS & MINING

Diamond Mountain Quarry M/047/0066

Surety Escalation March 11, 2010

Year	Escalation Rate	$236,575.00	Surety amount in 2002 dollars
2003	1.0171	$240,620.43	
2004	1.0084	$242,641.64	
2005	1.0399	$252,323.05	
2006	1.0544	$266,049.42	
2007	1.0212	$271,689.67	
2008	0.966	$262,452.22	
2009	1.029	$270,063.33	
2010-2015	1.005/year	$276,882.77	
Rounded to nearest $100		$276,900.00	