

MARY ANN PRITCHARD  
DIRECTOR



MARY FALLIN  
GOVERNOR

STATE OF OKLAHOMA  
DEPARTMENT OF MINES

October 16, 2013

Oklahoma Coal Permittees, Operators, and Consultants

Re: 2014 Bonding Cost Updates

Please see the attached memorandum, dated October 14, 2013, from Goran Radinovic to Tekleab Tsegay of ODM.

Effective January 1, 2014, the bonding costs for new coal permit applications, permit revisions, and mid-term updates will need to be based on the numbers detailed in Mr. Radinovic's memorandum.

At my direction fuel costs have been adjusted at 90% of the regional estimated costs. I've based this reduction on Oklahoma's gas cost history as documented by the Oklahoma Department of Transportation and current forecasts of steady to lower gas costs in the next five years. This 90% number will be reevaluated at the end of 2014. The other numbers will remain in effect through 2015.

Thank you.

Rhonda Dossett  
Coal Program Director

cc: Mary Ann Pritchard, Director – ODM  
Doug Schooley, Deputy Director – ODM  
Tekleab Tsegay, Chief of Reclamation and Technical Services – ODM  
Goran Radinovic, Bonding Analyst – ODM  
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## Memorandum

### Oklahoma Department of Mines

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**To:** Tekleab Tsegay  
**From:** Goran Radinovic GR  
**Subject:** Year 2013 Cost Update  
**Date:** 10-14-2013

Following bonding costs are requested by the Coal Program Director.  
Next costs recalculation and, if so needed, a cost update are anticipated by the end of year 2014.

Shown in the table below are the ownership and operating hourly costs for several different types of equipment. As requested by the Coal Program Director, they assume 0.90 fuel cost reduction factor for Oklahoma.

Equipment Type	Ownership and Operating Costs (\$/hour)*
D5 Dozer	49.83
D8 Dozer	140.06
D9 Dozer	178.18
D10 Dozer	227.32
637 Scraper	284.49
Grader 14	88.81
5,000 gal Water Truck	59.09
Compactor 826	193.07
3" diesel pump w/ capacity equal to 6000 gph)	2.96

\* The fuel price used is  $0.90 \times \$3.98/\text{gallon} = \$3.582/\text{gallon}$ .  
\$3.98/gallon price is based on the information given by the Cost Reference Guide and Short-Term Energy Outlook of the Energy Information Administration.  
0.90 is the assumed fuel cost reduction factor for Oklahoma.

Equipment operating cost is \$19.14/hour.

Direct revegetation costs and direct maintenance costs remain unchanged, that is, they remain as follows:

- ✓ Direct revegetation cost is \$340/acre, while the direct maintenance cost is \$225/acre;
- ✓ Direct cost of revegetating 3H:1V slopes is \$800/acre;
- ✓ Direct cost of maintaining 3H:1V slopes is \$340/acre;
- ✓ Cost for maintaining ponds/impoundments is \$2,000 per pond/impoundment.

Total cost of drilling and blasting is \$1.10/bcy.

Indirect cost percentages are to be applied to all costs of rip-rap, and to the costs or purchase prices of other materials used in the reclamation.

cc: Rhonda Dossett