State of Utah

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Department of Natural Resources
Division of Oil, Gas and Mining

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January 12, 2026

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RE: Reclamation Cost Escalation Factor for 2026: 5.09%

The following table contains published estimated and actual Historical Cost Index (HCI) data (R.S. Means[1]) and the Division's Calculated Escalation values for determining large mine reclamation surety amounts. Current reclamation costs are forecast five years. These Calculated Escalation Factors are also used for determining small mine and exploration reclamation surety amounts for two-, three-, and five-year periods.

Year	Estimated January Historical Cost Index	Calculated Escalation	Actual July Historical Cost Index	Calculated Escalation
2013	197.6	2.69%	201.2	
2014	202.7	1.84%	204.9	
2015	206.7	2.49%	206.2	
2016	207.2	2.29%	207.3	
2017	208.5	1.58%	213.6	
2018	215.8	1.78%	222.9	
2019	227.3	2.32%	232.2	
2020	239.1	2.95%	234.6	
2021	236.7	2.69%	257.5	
2022	261.6	4.64%	297.1	
2023	318.8	8.12%	293.7	
2024	294.8	4.85%	294.8	
2025	294.0	4.22%	300.7	**5.09%**

The Division determines Calculated Escalation values using this slightly reformatted equation from Gordian's *Construction Cost Indexes with RS Means Data*:

$$\text{Average Annual Change} = \left[\left(\frac{\text{Present Index}}{\text{Former Index}}\right)^{(1/n)} - 1\right] \times 100$$

where:

Average Annual Change = the average historical annual rate of change, or the Calculated Escalation value.

Present Index = the HCI of the previous year's HCI.

Former Index = the HCI from five years in the past.

n = the number of years between the Present and Former Index values.

This equation is essentially a re-arranged net present value equation, and the Division assumes that the calculated Average Annual Change (Calculated Escalation) approximates the average annual change in Utah reclamation costs. In its calculation, the Division assigns *n* to be equal to five years, assuming that the estimated Average Annual Change during the past five years will approximate the Average Annual Change over the next five years.

Effective 2026, the Division has transitioned from using January estimates of the HCI to using July actuals of the HCI.

Prior to 2020, January estimates of the HCI remained within an average of 0.5% of the January actual HCI. However, in recent years due to economic volatility, the margin of error in the January estimate of the HCI has increased to between 2% - 6.1%. To ensure the Calculated Escalation is as accurate and representative of the market as possible, the Division will use the July actual HCI moving forward.

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