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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

May 16, 2012

TO: Internal File

THRU: Steve Christensen, Permit Supervisor SC

FROM: April A. Abate, Environmental Scientist III and Team Lead (AAA) 6/21/2012

RE: Midterm Permit Review, Castle Gate Holding Company, Castle Gate Mine, C/007/0004, Task ID#4044

SUMMARY:

In accordance with R645-303-211, the Division of Oil, Gas, and Mining (the Division) is required to review each active permit during its term. The Division commenced the Midterm Review for the Castlegate Mine on March 13, 2012. This technical memorandum will review any and all commitments and permit conditions relating to administrative completeness and hydrology requirements of the R645-301-100 & 700 sections of the Utah Coal Rules found within the Castlegate Mining and Reclamation Plan.

The Master List of Commitments was reviewed for any commitments pertaining to hydrology. No commitments are listed for the Castlegate Mine.

The latest 5-year permit renewal for the Castlegate Mine was effective December 14, 2009. The Permittee has one special condition outlined in their permit (Section 18 - Attachment A) which is to submit water quality data into the electronic database maintained by the Division. The Permittee has demonstrated compliance with this request.

A review of the Applicant Violator System found violations under settlement associated with company officers.

RECOMMENDATIONS:

Midterm approval is recommended.

TECHNICAL MEMO

GENERAL CONTENTS

The Ownership and Control section R645-301-100 was reviewed in the MRP to determine if all the information presented was complete and up-to-date.

Section 113.300 Violation Notices

A check of the AVS database and the Division's E Citation databases found two bond forfeiture violations associated with the Glory Coal Company (Eddie Neely, an officer/director associated with Plateau Mining Company). The violations were amended with a comment on March 13, 2012 that they were under settlement.

The MRP lists the most recent update of the violations database in Appendix 2-7 during the 1994 - 1999 permit term. This information should be updated.

Section 114.100 Right of Entry

Right of Entry information was found in Section 2.1-4 beginning on page 2-8. Castle Gate Holding Company currently holds the permit and right-of-entry agreements and is responsible for all reclamation obligations associated with the permit. The Castle Gate permit area is described by Township, Range and Section in this part of the permit.

Section 116.100 Permit Term Information

The information regarding the permit term lists the permit expiration date as December 24, 2004. If any information about the long-term operational plan for the site has changed, than that information should be updated in this section also. The Permittee should update the language to say something to the effect that "the permit will renew in 5-year cycles until such time that Phase III bond release is achieved".

Findings:

[R645-301-113.300]: Violation Notices The MRP lists the most recent update of the violations database in Appendix 2-7 during the 1994 - 1999 permit term. This information should be updated.

The right of entry information meets the Utah Coal Rules.

The maps section of the MRP currently meets the Utah Coal Rules.

[R645-301-116.100]: Permit Term Information The information regarding the permit term was last updated in 2004. The Permittee should update the language to say something to the effect that “the permit will renew in 5-year cycles until such time that Phase III bond release is achieved” in order to avoid continuing to update dates in this section.

MAPS, PLANS, AND CROSS SECTIONS OF RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.24, 783.25; R645-301-323, -301-411, -301-521, -301-622, -301-722, -301-731.

Analysis:

Cross sections, maps and plans are referenced in Exhibits 2-1 and 2-2 of the MRP and show the areas of historical underground mining operations of the No. 3 and No. 5 mines in the Castlegate permit area.

Findings:

The maps section of the MRP currently meets the Coal Rules.

RECOMMENDATIONS:

Midterm approval is recommended.