

Outgoing, C0070004

#4044

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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

June 21, 2012

Dennis Ware, Controller  
Castle Gate Holding Company  
P.O. Box 30  
Helper, Utah 84526-0030

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

Dear Mr. Ware:

On March 13, 2012, Castle Gate Holding Company was informed that the Division of Oil, Gas and Mining (the Division) had commenced a midterm permit review for the Castle Gate Mine. The following items were reviewed:

- A. Review of the Plan to ensure that the requirements of all permit conditions, division orders, notice of violation (NOV), abatement plans, and permittee-initiated Plan changes approved subsequent to permit approval or renewal (whichever is the most recent) are appropriately incorporated into the Plan document.
- B. Ensure that the Plan has been updated to reflect changes in the Utah Coal Regulatory Program which have occurred subsequent to permit approval or renewal.
- C. Review applicable portions of the permit to ensure that the Plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
- D. Evaluate the compliance status of the permit to ensure that all unabated enforcement actions comport with current regulations for abatement; verify the status of all finalized penalties levied subsequent to permit issuance or permit renewal, and verify that there are no demonstrated patterns of violation (POV). This will include an AVS check to ensure that Ownership and Control information is current and correct.
- E. Evaluate the reclamation bond to ensure that coverage adequately addresses permit changes approved subsequent to permit approval or renewal, and to ensure that the bond amount is appropriately escalated in current-year dollars.
- F. Evaluate the permit for compliance with variances or special permit conditions.



G. Optional for active mines, mandatory for reclamation only sites: conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness for operational, reclamation, and contemporaneous reclamation practices undertaken on predetermined portions of the disturbed area to minimize, to the extent practicable, the contribution of acid or toxic materials to surface or groundwater, and to otherwise prevent water pollution.

The review team consisted of the following staff members:

April Abate (AA)  
Ingrid Campbell (IC)  
Angela Nance (AN)  
James Owen (JO)

The Permittee currently has a bond posted totaling an amount of \$490,100. The Division finds that the Permittee is adequately bonded. Changes and updates to the MRP are not needed at this time. Phase III bond release applications are expected to be submitted to the Division in the near future. The ownership information was updated in the current MRP in August of 2011 and matches the information found in the OSM/AVS database. A review of the Applicant Violator System found violations under settlement associated with company officers. The latest 5-year permit renewal for the Castegate 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 site visit was conducted on June 11, 2012. Priscilla Burton and Ingrid Campbell inspected the reclaimed adit #1, Hardscrabble Canyon and Sowbelly Canyon on June 11, 2012. All of these sites were in good condition with good vegetative cover that was controlling erosion. The vegetation consisted of desirable grasses, forbs and shrubs. The vegetation has exceeded the reference area in the most recent monitoring reports.

The midterm review has now been completed and will now be closed. If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5350 or April Abate at 801-538-5214.

Sincerely,



Steve Christensen  
Permit Supervisor