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Glen A. Zumwalt
Vice President and
General Manager



**Utah Fuel
Company**

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Subsidiary of
Coastal States
Energy Company

*ACT/007/005
#7*

July 9, 1985

RECEIVED

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DIVISION OF OIL
GAS & MINING

Dr. Dianne Nielson, Director
DIVISION OF OIL, GAS & MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Abatement of NOV N84-2-24-3 (2 of 3)

Dear Dr. Nielson:

I have received a letter from your Mr. Joe Helfrich dated July 8, 1985 regarding the above abatement. Utah Fuel Company did not commit to all the items listed in his letter. However, in an attempt to resolve this violation in the spirit of our conversation on June 18, Utah Fuel Company is proceeding to honor our understanding of the agreement.

Utah Fuel Company has submitted all the information agreed to in our joint meeting in Salt Lake on April 3. It was our understanding at that time that the above action would be all that would be required for abatement of the NOV. That information was complete, and has been confirmed as complete, by your Department. The Department has since requested additional information to abate this NOV, and, to accomplish this, we have agreed to help the Department install and maintain a recording device supplied by DOGM to monitor mine water discharge. We have further agreed to help accomplish this as expeditiously as possible upon receipt of detailed information regarding the installation and availability of the device. We understand that this additional agreement to help install a meter and record mine water discharge for a 120-day period would be satisfactory to abate the NOV. (Note: As of this writing, we have no knowledge of which unit the Division wishes to install nor of any installation requirements).

Utah Fuel Company has consistently maintained that our sediment pond is of sufficient capacity to retain our mine water discharge and properly treat its inflows. Based on calculations supplied to the Division, Utah Fuel Company has shown a surplus volume available for treating mine water discharge of up to 243,474 gallons per day. However, in discussing possible options available to Utah Fuel Company to handle future increases in mine water discharge, if they ever occur, Utah Fuel Company reviewed plans to raise the pond's overflow structure with your personnel. In

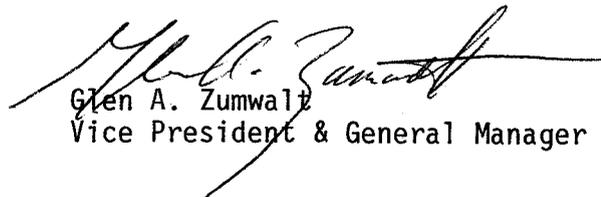
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order to provide additional excess pond capacity and to enhance DOGM's comfort level on our pond's capability, we are prepared to proceed with a minor modification to raise our overflow structure by 0.9 feet. The increase in pond capacity is a result of prudent planning and Utah Fuel Company's choice of one of several options to improve our management of on-site waters. This proposed modification is not being made as the result of any non-compliance actions on the part of Utah Fuel Company. We are committing to the submittal of this minor modification this month but do not view this action as part of the NOV abatement.

Mr. Helfrich stated that we had agreed to install and maintain the Division's monitoring device. We did not agree to this action but only to help in the installation and maintenance of the device. My reasoning is solely self-protection for we have no control over the type, the complexity, the installation requirements and/or problems associated with operating or maintaining your unit. We further did not commit to the submittal of a minor modification by July 15 but feel we can have a proper submittal prior to the end of the month.

We trust these commitments will meet the needs of complying with your July 15, 1985 extension.

Sincerely,


Glen A. Zumwalt
Vice President & General Manager

GAZ:KZ:jsg

cc: Lowell P. Braxton, DOGM
Joe Helfrich, DOGM
Doug Johnson
Keith Zobell