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orig mine file
cc DRN

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Vice President and
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Subsidiary of
Coastal States
Energy Company

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#7 & #9

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DIV. OIL, GAS, MINING

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

Dear Dr. Nielson,

During the past year an inordinate amount of time has been spent responding to questions discussing concerns and providing information to the Division regarding Skyline's mine water discharge. In December of 1984 NOV N84-2-24-3 was issued to Utah Fuel Company. Parts 1 of 3 and 3 of 3 have been vacated, while part 2 of 3 went to assessment conference where the penalty was reduced to $0 and 0 points.

We at Utah Fuel felt the direction was clear and the issues surrounding the handling of mine water were settled with the completion of certain obligations by Utah Fuel Company. I now have reason to believe the issues are not dead and would like to review the significant history and restate our position.

In June of 1985 a meeting was held in the Division's office to reevaluate the Division letter of May 31, 1985. On July 8, 1985 I received a letter from Joseph Helfrich documenting this meeting. In his letter he stated, "The Division of Oil, Gas & Mining will . . . provide Utah Fuel Company with water monitoring equipment to monitor mine water discharge.... Utah Fuel will commit to installation and maintenance of water monitoring equipment provided by the Division of Oil, Gas & Mining for a minimum of 120 days. At that time, continued monitoring and responsibility will be evaluated by the Division...."

On July 9, 1985 I responded to Mr. Helfrich's letter and stated, "Utah Fuel Company did <u>not</u> commit to all the items listed in his letter. ....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

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NOV. ....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...."

On July 12, 1985 we received a letter from Mr. Lowell Braxton which states, "....2. Utah Fuel will install and maintain water discharge recording equipment provided by the Division of Oil, Gas & Mining for a minimum of 120 days. Responsibility for monitoring will be evaluated by the Division at that time...."

On July 19, 1985 I responded to Mr. Braxton's letter and stated in Item #4, "....(2) As previously stated in our July 9, 1985 letter, we cannot agree with this as a 'carte blanche' statement. We cannot agree to install 'whatever' the Division decides to install. If we knew exactly what you are proposing, we could be more precise in our agreement. ....Since this is a 30-day recorder, we will change the recording paper for you and mail it to you during the 120-day period. If this arrangement is satisfactory with you, we will need at least 10 working days' notice so we can schedule our electrician to help with the work. We do not understand the meaning of the last sentence, "Responsibility for monitoring will be evaluated by the Division at that time." We do not know what is intended by this statement and don't know what we are agreeing with. Could you please be more specific about what you intend...."

On August 13, 1985 I received a letter from you which stated in item #3, "Utah Fuel Company will install and maintain water discharge recording equipment provided by the Division of Oil, Gas & Mining for a minimum of 120 days, at which time the data will be evaluated...."

Finally, on September 13, 1985 we received a letter from Lowell Braxton which stated, "...In order to determine that the equipment is operating properly, the Division has provided a list of procedures for checking data on the strip chart recorder as well as a form for the collection of data. ...Operation of the strip chart recorder shall commence on September 16, 1985 and shall continue for a period of 120 calendar days. The ending date for operation required for NOV abatement shall be January 14, 1986. Failure of the strip chart recorder to record or function properly, regardless of the cause or reason, shall extend the ending date for operation...."

We have met the requirements and stipulations for the operation and recording of the mine water discharge. There were no malfunctions with the recording equipment and we have exceeded the required 120 calendar days of data. We informed the Division on January 27, 1986 (phone conversation between Keith Zobell and Lowell Braxton) that we have completed the abatement stipulations and were preparing to send the recorder back to DOGM. Even though the agreed 120 days had expired, no communication had been received from the Division indicating the need for any further information. On January 28, the following day, the Division requested the meter remain installed; however, we had already removed the device and will return it to the Division.

On January 30, 1986 Tom Wright, a Division inspector, visited the site. He requested to take pictures of our totalizer meter and the recording meter. He further indicated Division personnel, Joe Helfrich and Rick Summers, were upset that we had removed the recording meter.

Currently we continue to monitor mine water discharge in accordance with our approved plan with a totalizing meter on our mine water discharge. We record and report that discharge on a monthly basis. The discharge from the mine is all pumped. The drive for the discharge pump is controlled with a frequency controller, which is set only by authorized personnel. Such settings are made to insure compliance with our permit, just as we have operating procedures to comply with many other rules and regulations. Utah Fuel has never had an effluent violation from our sediment ponds. Frankly, I am dismayed at the insistence of DOGM personnel for a continuous discharge record of the mine pumping activity. We control our activities and govern our actions in a manner to deliberately comply with all our operating procedures, approved mine plans, regulations and laws by which we are governed.

It is our position that the stipulation to abate the NOV has been met and the Division has not shown or reached an agreement with Utah Fuel prior to the end of the 120-day period to continue to operate the recording device. We question the propriety of the required stipulations in view of the findings of the assessment officer, who ruled that the violation was inconsequential to the extent that no fine or penalty points were assessed.

Furthermore, we see no benefit to us or the Division to further monitor or record mine water discharge in this manner. We will continue to monitor and report discharge monthly as required by our M&RP.

I believe my position is proper. Please let me know if further discussion can be of help.

Sincerely,

Glen A. Zumwalt

Glen A. Zumwalt
Vice President/
General Manager

GAZ:KZ:lm

cc: Ken May
Lowell Braxton