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DIVISION OF  
OIL GAS & MINING

August 1, 1991

Mr. Daron Haddock  
State of Utah  
Department of Natural Resources  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Re: Certificates of Insurance / R614-301-890.100 / Skyline Mine and SUFCo Mine

Dear Mr. Haddock:

Enclosed for your review are documents to satisfy the Division of Oil, Gas & Mining's new requirements regarding certificates of insurance for Utah coal mines.

As I discussed this morning with Lowell Braxton, obtaining revised certificates has been time consuming and more difficult than originally thought. Compounding our problems in securing new certificates was the fact the revised certificates sent to me by overnight delivery on Monday, July 26, 1991, were lost in route. The certificates being filed today are photocopies of the lost certificates faxed to me by our insurance agent. Also please note Exhibit "C" has not been signed, as yet, by Coastal's insurance agent.

I would like to propose that before I request new original copies of the certificates and obtain Exhibit "C"'s signed by our insurance agent, you review the certificates and determine if the Division's new requirements are satisfied. If any other changes to the forms are necessary, I can seek any such revisions when requesting the new certificates and Exhibit "C"'s.

Please direct any comments, etc., with respect to this matter to my attention. I can be reached by telephone at 534-3204.

Very truly yours,

Kevin L. Yocum  
Assistant Secretary

KLY/ak/1527

xc: Glen A. Zumwalt  
Ken M. Payne

AGREEMENT  
BY AND BETWEEN  
COASTAL STATES ENERGY COMPANY  
AND  
UTAH DIVISION OF OIL, GAS & MINING

This Agreement is made and entered into by and between the Utah Division of Oil Gas and Mining (the "Division") and Coastal States Energy Company ("Coastal") and is to become effective as of November 8, 1991. The intent of this Agreement is to facilitate right of access by the Division's Abandoned Mine Reclamation Program ("AMRP") across lands leased by Coastal for the purpose of reclamation of abandoned mine hazards in the Union Pacific Project.

Recitals

- A. Coastal leases land from the surface owners, the Telonis Family, a portion (the "access/haul road") of which is used for purposes of rock waste haulage from Coastal's Skyline Mine.
- B. The AMRP requires access over the access/haul road to perform reclamation activities on the Union Pacific Project. These activities involve controlling two mine fires at the abandoned Union Pacific Mine.
- C. The access/haul road is permitted under the Division's Coal Regulatory Program ("CRP"). Under said permit, Coastal has responsibilities regarding the access/haul road.
- D. The AMRP requires passage over approximately 1/2 mile of CRP permitted access/haul road for reclamation activities.

Agreement

NOW THEREFORE, in consideration of the mutual obligations and undertakings contained in this Agreement, Coastal and the Division agree to the following:

1. Coastal agrees to execute a Non-exclusive Right of Ingress/Egress, Exhibit A, for AMRP's use of the access/haul road located in Carbon County, Utah, as outlined on the attached map, Exhibit B, for the purposes of performing reclamation activities on the Union Pacific Project.
2. The Division acknowledges the access/haul road is in good and operable condition.
3. The AMRP agrees to maintain the access/haul road in accordance with the performance standards in Coastal's Mining and Reclamation Plan during reclamation activities, and upon suspension or completion of these activities, return it to the same condition prior to use by AMRP. During AMRP's use of the access/haul road, AMRP will comply with all applicable state, federal and local laws and Coastal's permit requirements with respect to the access/haul road.
4. The AMRP agrees to notify Coastal in writing of the date of onset, resumption, suspension, or completion of reclamation activities. At the completion or suspension of reclamation activities, Coastal agrees to accept responsibility for maintenance and disposition of the access/haul road as of the notification date under terms of the permit.
5. The AMRP will make a good faith effort to complete the reclamation activities by December 15, 1991.

6. Except as set forth in this Agreement, neither party shall undertake any activity, expressed or implied, nor make any representation which purports to bind the other.
7. Modification of this Agreement shall be in writing and approved by all parties hereto.
8. The AMRP acknowledges that it will obtain the consent of the surface owners prior to entering the property to perform reclamation activities.
9. The Division agrees to assume liability for any and all injuries sustained by or caused to third parties by its employees, agents, and contractors as a result of reclamation activities on the Union Pacific Project.
10. This Agreement shall remain in effect for the term of the reclamation activities, but no longer than October 1, 1992.
11. During the term of this Agreement, Coastal State's Skyline Mining and Reclamation Plan is amended to incorporate this Agreement.

COASTAL STATES ENERGY COMPANY

UTAH DIVISION OF OIL GAS & MINING



Vernal J. Mortensen  
Senior Vice President



Dianne R. Nielson  
Director

Date: 11-6-91

Date: 11-5-91

EXHIBIT A

CONSENT FOR RIGHT OF ENTRY - INGRESS AND EGRESS

PROJECT: AMR/007/917/R  
Mine Site: Union Pacific Mine

I/We, Coastal States Energy Company, the owner(s) or leasee of record of the following described property:

SW4 NW4 of Section 4 and E2 NE4 of Section 5, Township 13 South, Range 7 East, SLBM.

HEREBY Grant to the Utah Division of Oil, Gas & Mining, its agents, employees and contractors, a non-exclusive Right to Ingress and Egress along a route designated as access/haul road on exhibit B within the above described land to gain access to the Union Pacific Mine area.

1. The Division expressly assumes liability for any and all injuries sustained by or caused to third parties by its employees, agents, and contractors.

2. The Division agrees to use the existing or designated roadway to enter and exit the Union Pacific Mine area and assumes liability for damages beyond ordinary wear of normal use caused by its employees to the roadway.

Dated this 6<sup>th</sup> day of November, 1991.

DIVISION OF OIL, GAS & MINING

COASTAL STATES ENERGY COMPANY

By: Dianne R. Nielson

By: Vernal J. Mortensen

Name: Dianne R. Nielson

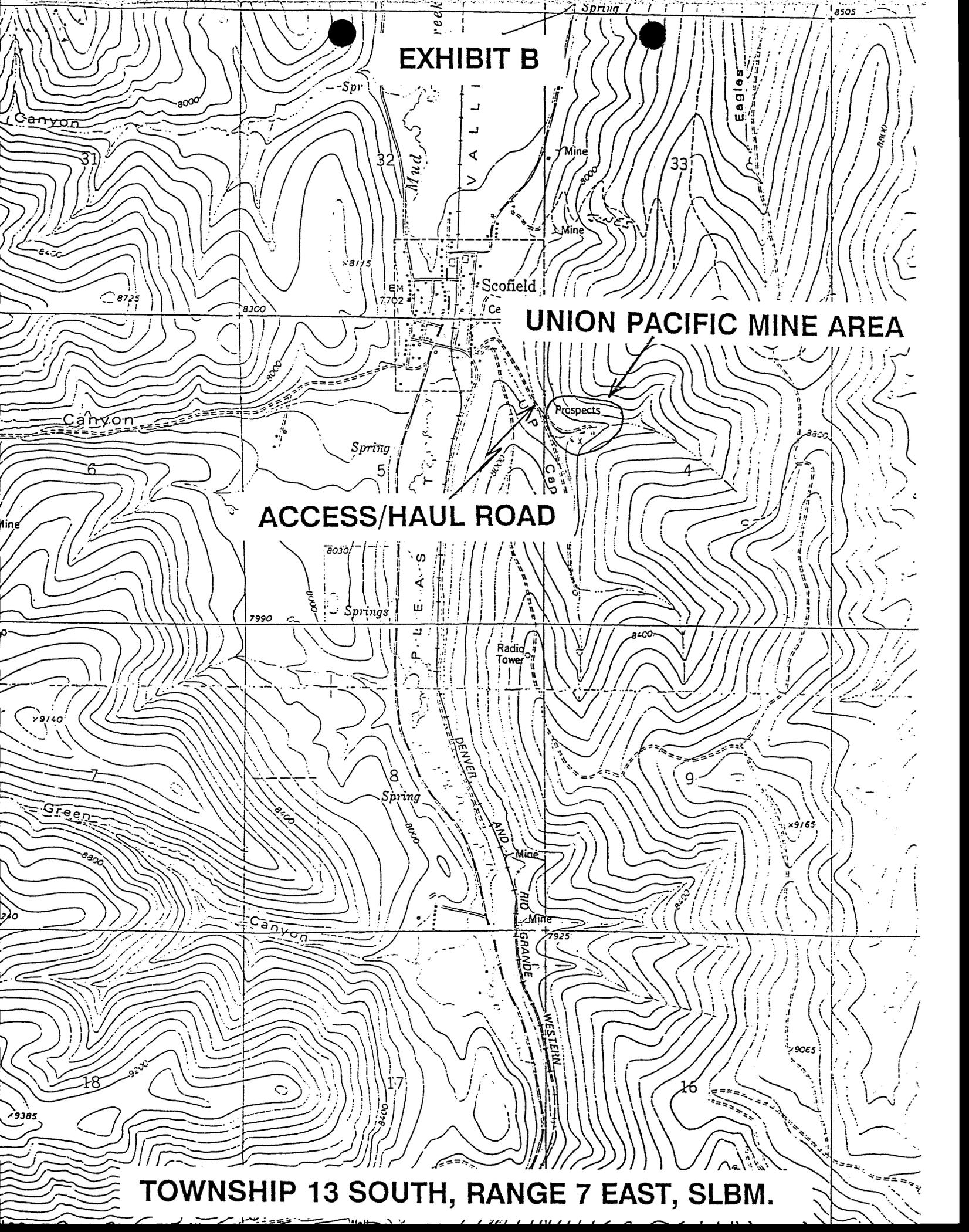
Name: Vernal J. Mortensen

Title: Director

Title: Senior Vice President

Mary Ann Wright  
Mary Ann Wright, Administrator  
Abandoned Mine Reclamation Program

**EXHIBIT B**



**UNION PACIFIC MINE AREA**

**ACCESS/HAUL ROAD**

**TOWNSHIP 13 SOUTH, RANGE 7 EAST, SLBM.**

Permit No.: UT-0023540

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION VIII  
DENVER PLACE  
999 18TH STREET, SUITE 500  
DENVER, COLORADO 80202-2405

AUTHORIZATION TO DISCHARGE UNDER THE  
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

In compliance with the provisions of the Clean Water Act, as amended, (33 U.S.C. Section 1251 et seq; the "Act"),

The Coastal States Energy Company - Utah Fuel Company, Skyline Mine,

is authorized to discharge from a facility located in Section 13, Township 13 South, Range 6 East, and Section 17, Township 13 South, Range 7 East, Carbon County, Utah,

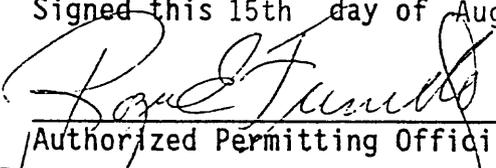
to receiving water named Eccles Creek, a tributary of the Price River,

in accordance with discharge point(s), effluent limitations, monitoring requirements and other conditions set forth herein. Authorization for discharge is limited to those outfalls specifically listed in the permit.

This permit shall become effective September 1, 1990.

This permit and the authorization to discharge shall expire at midnight, September 30, 1994.

Signed this 15th day of August, 1990.

  
\_\_\_\_\_  
Authorized Permitting Official

  
Max H. Dodson  
Director  
Water Management Division  
\_\_\_\_\_  
Title

C. Specific Limitations and Self-Monitoring Requirements (Continued)

2. Any overflow, increase in volume of a discharge or discharge from a bypass system caused by precipitation within any 24-hour period less than or equal to the 10-year, 24-hour precipitation event (or snowmelt of equivalent volume) at Outfalls 001 or 002 may comply with the following limitation instead of the otherwise applicable limitations contained in Part I.

<u>Effluent Characteristic</u>	<u>Daily Maximum</u>
<u>Settleable Solids</u> :	<u>0.5 ml/L</u>

The pH shall not be less than 6.5 standard units nor greater than 9.0 standard units. In addition to the monitoring requirements specified under Part I, C.1, all effluent samples collected during storm water discharge events shall also be analyzed for settleable solids. Such analyses shall be conducted on grab samples.

3. Any overflow, increase in volume of a discharge or discharge from a bypass system caused by precipitation within any 24-hour period greater than the 10-year, 24-hour precipitation event (or snowmelt of equivalent volume) at Outfalls 001 and 002 may comply with the following limitations instead of the otherwise applicable limitations:

The pH shall not be less than 6.5 standard units nor greater than 9.0 standard units. However, as stated under Part I., C.2., all effluent samples collected at Outfalls 001 and 002 during storm water discharge events shall be analyzed for settleable solids and the parameters identified under Part I, C.1.

4. The operator shall have the burden of proof that the discharge or increase in discharge was caused by the applicable precipitation event described in Parts I, C.2. and C.3. The alternate limitations in Parts I, C.2. and C.3. shall not apply to treatment systems that treat underground mine water only.

5. Best Management Practices.

The company shall implement and maintain best management practices for the control of road salt storage and dust suppressent runoff, and for the prevention of the discharge of process water from coal preparation by using the largest practical amount of saline water for process dust control.

C. Specific Limitations and Monitoring Requirements

1. During the period beginning immediately and lasting through the life of this permit, the permittee is authorized to discharge from Outfalls 001 and 002. Such discharges shall be limited and monitored at each outfall by the permittee as specified below:

<u>Effluent Characteristics</u>	<u>Monthly Average</u>	<u>7-Day Average</u>	<u>Daily Maximum</u>	<u>Sample Type</u> a/	<u>Frequency</u>
Flow, MGD	N/A	N/A	N/A	Measured c/	Twice per month
Total Suspended Solids, mg/L	25	35	70	Grab	Twice per month
Iron (Total), mg/L b/	N/A	N/A	2.0	Grab	Twice per month
Iron (acid soluble) mg/L b/	N/A	N/A	1.0	Grab	Twice per month
Total Dissolved Solids, mg/L	N/A	N/A	1,000 <sup>1/</sup>	Grab	Twice per month
Sulfates (Total), mg/L	N/A	N/A	500	Grab	Once per quarter
Nitrate (Total), mg/L	N/A	N/A	N/A	Grab	Once per quarter
Nitrite (Total), mg/L	N/A	N/A	N/A	Grab	Once per quarter

1/ Yearly average of TDS shall not exceed 723 mg/L.

Oil and Grease shall not exceed 10 mg/L and shall be monitored once per week by a grab sample.

The pH shall not be less than 6.5 standard units nor greater than 9.0 standard units and shall be monitored once per week by grab sample.

There shall be no discharge of floating solids or visible foam in other than trace amounts.

There shall be no discharge of sanitary wastes.

a/ See Definitions, Part I.A. for definition of terms.

b/ If any Iron analysis exceeds this limitation, the State of Utah and the permittee shall review the actions necessary to achieve compliance with the limitation and the continued appropriateness of the limitation.

c/ For the intermittent discharges, the duration of the discharge shall be reported.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT  
RANDOM SAMPLE MEIR SUPPLEMENT

1. Permittee Utah Fuels 5. Days since Last State Complete Inspection (LSCI) 52 9/25/91  
 2. Permit Number ACT 007 005 6. Block 25 Categories in NON-COMPLIANCE this RSI 2

3. Joint Inspection Y / VN 4. Date 11-15-91 7. Total Violations this RSI 2  
 8. List (only once) all violations:  
 1) where State enforcement was required and taken during the LSCI;  
 2) recorded in the LSCI report but the State failed to take enforcement;  
 3) observed during this RSI which clearly existed during the LSCI but the State failed to take enforcement; and  
 4) existing during this RSI which are not already listed under one of the categories above.

SPECIFIC STATE LAW/REGULATION VIOLATED	BLOCK CATEGORY	ABATED (Y/N)	STATE ACTION	REASON IF UNCTED	CAUSE	SERIOUSNESS PBD	IMPACT	OSMRE ACTION	OPTIONAL	K
1. <u>6/4/301, 7/4/212</u>	<u>Q</u>	<u>N</u>	<u>2</u>		<u>14</u>	<u>2</u>	<u>2</u>	<u>2</u>		
Description: <u>diversion of water around waste rock piles</u>										
2. <u>6/4/301, 1/2/223</u>	<u>E</u>	<u>N</u>	<u>5</u>	<u>1</u>	<u>3</u>	<u>5</u>	<u>5</u>	<u>6</u>		
Description: <u>Combination spills on road PWD</u>										
3. _____										
4. _____										
5. _____										
6. _____										
7. _____										
8. _____										
9. _____										
10. _____										

- STATE ACTION**
- 1) Existed on LSCI, cited
  - 2) Existed on LSCI, not cited
  - 3) Cited prior to LSCI, Abatement Pending
  - 4) Occurred since LSCI
  - 5) Permit defect
- STATE'S REASON FOR NOT CITING VIOLATION**
- 1) Not a Violation
  - 2) Not Included by State Policy
  - 3) Warning given in lieu of a citation
  - 4) Violation was recognized (released)
  - 5) Practices allowed under approved Permit
  - 6) Too minor to cite
  - 7) Working with Operator to Correct
  - 8) Other \_\_\_\_\_
- CAUSE**
- 1) Permit Defect
  - 2) Unusual Natural Conditions
  - 3) Unofficial Notice
  - 4) Operator Negligence
  - 5) Other \_\_\_\_\_
- RESPONSIBILITY OF EMPLOYEE**
- 1) None or Unlikely
  - 2) Likely
  - 3) Occurred
- DAMAGE SUSTAINED WITHIN THE PERMIT AREA**
- 1) None or Minor
  - 2) Moderate
  - 3) Considerable
  - 4) None or Minor
  - 5) Moderate
  - 6) Considerable
  - 7) None or Minor
  - 8) Moderate
  - 9) Considerable
- DAMAGE EXTENDING BEYOND THE PERMIT AREA**
- 1) Deferred to State Action
  - 2) TMD Issued
  - 3) TMD Issued
  - 4) Previously Cited, Abatement Pending
  - 5) Abated during or before OSMRE Inspection
  - 6) TMD Issued for Permit Defect
  - 7) TMD Issued for Permit Defect
  - 8) Moderate
  - 9) Considerable