

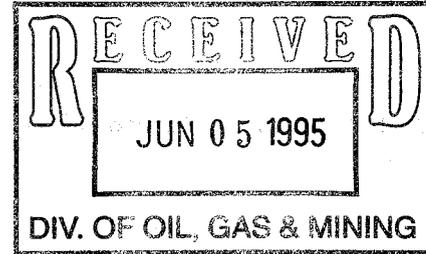
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Coastal
The Energy People

ACT/007/005 #2
cc: Steve J.
Wayne W.
Paul B.

June 1, 1995



Mr. Daron R. Haddock
Permit Supervisor
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Mid-Term Review, Coastal States Energy Company, Skyline Mine, ACT/007/005, Folder #3,
Carbon County, Utah

Dear Mr. Haddock:

Utah Fuel Company has reviewed your letter of March 6, 1995, regarding requirements found by the Division during the mid-term review of the above referenced permit. The requirements regarding REVEGETATION, POSTMINING LAND USES, APPROXIMATE ORIGINAL CONTOUR RESTORATION, and BONDING AND INSURANCE are not in line with the Utah Coal Regulatory Program, DOGM Coal Regulatory Directive regarding Mid-term Permit Reviews, effective January 12, 1994. We have responded to the requirement regarding HYDROLOGIC RESOURCE INFORMATION and will make brief responses relating to the other issues as follows:

HYDROLOGIC RESOURCE INFORMATION

Requirement: Utah Fuel must submit information that clarifies the measures taken that will prevent the encroachments to the stream buffer zones from causing degradation of water quality. After this information has been submitted, the Division can decide if these activities comply with R645-301-731.611. Currently, the MRP gives information about the surface and ground water monitoring plans, but this information is not specific to the activities in the stream buffer zones.

Response: The Utah Fuel Company response in the permit to R645-301-731.611 is based on the assumption that the emphasis of this regulation is that *water quality standards will not be violated*, as opposed to an emphasis on the activities which will take place within 100 feet of a perennial stream. Given this assumption it seemed reasonable that the best criteria for determining whether water quality standards were being violated were the data obtained by sampling the water. What better way is there to determine that water quality standards are not being violated than by actually testing the water? This is why the permit cross-references R645-301-731.611 to the water monitoring sections of the permit. We believe that the specific information needed to determine if water quality standards are being violated is contained in the permit and in the seasonal and annual water quality reports which are referred to in the permit and submitted to the Division.

Utah Fuel Company

A SUBSIDIARY OF THE COASTAL CORPORATION
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However, to further address this requirement it should be noted that each of the locations of concern described in this requirement reports to a sedimentation pond or is classified as either an alternate sediment control area or a small area exemption. As such the measures employed to prevent violation of water quality standards or the demonstrations used to show that water quality standards will not be violated are contained in the permit beginning on page 3-64 of Volume 2 and continuing to the end that Section 3.2 of the permit. To clarify the permit, page 16 of Part 5 of the permit has been revised to include a cross reference from R645-301-731.611 to page 3-64 of Volume 2. Revised page 16 is attached hereto for replacement in the permit.

REVEGETATION

Response: While this requirement is not a requirement within the Division Directive for mid-term permit reviews and should be addressed during permit renewal, if needed, the issue of steep-slope revegetation is already addressed in the permit by the Skyline Mine steep-slope revegetation plan which was developed by the Soil Conservation Service, dated August 19, 1988.

POSTMINING LAND USES

Response: Postmining land use is already addressed in the permit and is not required as part of a midterm permit review according to the above referenced Directive. However, there have been no changes to our proposed postmining land use since permit approval in 1992.

APPROXIMATE ORIGINAL CONTOUR RESTORATION

Response: Approximate original contour restoration issues are not required as part of a mid-term review according to the Division's Directive. During permit renewal we plan to either remove from the permit any references to "not returning" an area to approximate original contour or obtain a variance. However, before we can do either we must first obtain permission from the U.S. Forest Service since, during the last renewal, they indicated a preference for, and approved, our current reclamation plan as opposed to returning the area to approximate original contour. We suggest that the Division, Forest Service, and Operator work together to resolve this issue in preparation for permit renewal.

BONDING AND INSURANCE

Response: The Division has already accepted the estimated cost of reclamation as contained in the permit along with all of the assumptions on which it is based. Since permit renewal there have been no changes in the permit which would require an adjustment to the cost of

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reclamation and the amount of the bond has been escalated by an accepted inflation factor. Therefore, according to the Division's Directive, bonding is not an issue during mid-term review.

We feel that the above responses satisfy the Divisions concerns for the mid-term review. We also feel that the Division should abide by its own Directives. We do not believe that the Division's permit "requirements" should change unless the regulations change or there is a change in the operation. How can a part of a permit be approved at one time and then judged to be inadequate later without a change in the regulations? Such a situation becomes confusing, frustrating, and time consuming for both the Division and the Operators.

We recognize that the Division has concerns associated with the Skyline operation. We believe that these concerns can only be resolved through open and meaningful communication between the Operator and the Division.

It is proposed that meetings be arranged on site between the Division and Skyline Personnel. We believe this will result in more progress than continuing an exchange of letters, requirements, responses, orders, or other enforcement actions.

To arrange such meetings should we contact the individual members of you staff directly or would you prefer that we make arrangements through you?

Daron, Utah Fuel Company fully intends to comply with the current approved rules and regulations of the Division of Oil, Gas & Mining. However, we do have concerns regarding requests that go beyond the approved rules and regulations.

Very truly yours,



Ken Payne
General Manager, Utah Fuel Company

cc: Lowell Braxton, DOGM

MRP Location:	Rule:	Description:
V1 2.3.7; V3 4.11.2	R614-301-731.214.	Duration.
V1 2.3.7; V3 4.11.2	R614-301-731.214.1.	Suitability.
V1 2.3.7; V3 4.11.2	R614-301-731.214.2.	Compliance.
V1 2.3.7; V3 4.11.2	R614-301-731.215.	Equipment, Structures and Other Devices Used in Conjunction with Monitoring.
V1 2.4.4; V3 4.11.2	R614-301-731.220.	Surface-Water Monitoring.
V1 2.4.4; V3 4.11.2	R614-301-731.221.	Surface-Water Monitoring Plan.
V1 2.4.4; V3 4.11.2	R614-301-731.222.	Description.
V1 2.4.4; V3 4.11.2	R614-301-731.222.1.	Parameters.
V1 2.4.4; V3 4.11.2	R614-301-731.222.2.	Point-Source Discharges.
V1 2.4.4; V3 4.11.2	R614-301-731.223.	Sampling and Reporting Data.
V1 2.4.4; V3 4.11.2	R614-301-731.224.	Duration.
V1 2.4.4; V3 4.11.2	R614-301-731.224.1	Suitability.
V1 2.4.4; V3 4.11.2	R614-301-731.224.2	Compliance.
V1 2.4.4; V3 4.11.2	R614-301-731.225.	Equipment, Structures and Other Devices Used in Conjunction with Monitoring.
V3 4.4.5; V2 3.2.8	R614-301-731.300.	Acid- and toxic-Forming Materials.
V3 4.4.5; V2 3.2.8	R614-301-731.310.	Drainage Into Surface and Ground Water.
V3 4.4.5; V2 3.2.8	R614-301-731.311.	Materials Adversely Affecting Water Quality.
V3 4.4.5; V2 3.2.8	R614-301-731.312.	Storing Materials.
V3 4.4.5; V2 3.2.8	R614-301-731.320.	Disposal Provisions.
V3 4.9	R614-301-731.400.	Transfer of Wells.
V3 4.9 N/A	R614-301-731.500.	Discharges.
V3 4.9 N/A	R614-301-731.510.	Discharges Into an Underground Mine.
V3 4.9 N/A	R614-301-731.511.	Demonstration.
V3 4.9 N/A	R614-301-731.511.1.	Prevention of Damage.
V3 4.9 N/A	R614-301-731.511.2.	Violation of Water Quality Standards or Effluent Limitations.
V3 4.9 N/A	R614-301-731.511.3.	Compliance Requirements.
V3 4.9 N/A	R614-301-731.511.4.	Meet with the approval of MSHA.
V3 4.9 N/A	R614-301-731.512.	Discharge Limitations.
V3 4.9 N/A	R614-301-731.512.1.	Water.
V3 4.9 N/A	R614-301-731.512.2.	Coal Processing Waste.
V3 4.9 N/A	R614-301-731.512.3.	Fly Ash.
V3 4.9 N/A	R614-301-731.512.4.	Sludge from Acid-Mine-Drainage Treatment.
V3 4.9 N/A	R614-301.731.512.5.	Flue-Gas Desulfurization Sludge;
V3 4.9 N/A	R614-301.731.512.6.	Inert materials used for stabilizing underground mines; and
V3 4.16	R614-301.731.512.7.	Underground Mine Development Waste.
V3 4.9 N/A	R614-301.731.513.	Diverting Mine Water into Underground Workings.
V3 4.11.7-4.11.8	R614-301-731-520.	Gravity Discharges from Mine Workings.
V3 4.11.7-4.11.8	R614-301-731.521.	Discharge Control.
V3 4.11.7-4.11.8	R614-301-731.522.	Prevention of Discharge.
V3 4.19; V2 3.2.7	R614-301-731.600.	Stream Buffer Zones.
V3 4.19; V2 3.2.7	R614-301-731.610.	Buffer Zone Locations.
V1 2.3.7, V3 4.11.2	R614-301-731.611.	Violation of Water Quality Standards or Effluent Limitations.
V3 4.19	R614-301-731.612.	Stream Diversions.
V2 3.2.7	R614-301-731.620.	Buffer Zone Signs and Markers.
V2 3.1.8	R614-301-731.700.	Cross Sections and Maps.
V2 3.1.8	R614-301-731.710.	Water Supply Intakes.
V2 3.1.8	R614-301-731.720.	Water Handling and Storage Facilities.
V2 3.1.8	R614-301-731.730.	Monitoring Locations.
V2 3.1.8	R614-301-731.740.	Maps.
V2 3.1.8	R614-301-731.750.	Cross Sections.
V2 3.1.8	R614-301-731.760.	Other Relevant Drawings.
V3 4.11.1	R614-301-731.800	Water Rights and Replacement.
V2 3.2.1; V3 4.13.1	R614-301-732.	Sediment Control Measures.
V2 3.2.1; V3 4.13.1	R614-301-732.100.	Siltation Structures.
V2 3.2.1; V3 4.13.1	R614-301-732.200.	Sedimentation Ponds.
V2 3.2	R614-301-732.210.	Compliance Requirements.
V2 3.2	R614-301-732.220.	MSHA Requirements.
V2 3.2.4; V3 4.19	R614-301-732.300.	Diversions.
V2 3.2.4	R614-301-732.400.	Road Drainage.
V2 3.2.4	R614-301-732.410.	Alteration or Relocation of a Natural Drainageway.
V2 3.2.4	R614-301-732.420.	Inlet Protection.
V2 3.2.1	R614-301-733.	Impoundments.
V2 3.2.1	R614-301-733.100.	General Plans.
V2 3.2.1	R614-301-733.110.	Certification.
V2 3.1.8	R614-301-733.120.	Maps and Cross Sections.
V2 3.2.1	R614-301-733.130.	Narrative.
N/A	R614-301-733.140.	Survey Results.
V1 2.2, 2.4	R614-301-733.150.	Hydrologic Impact.
N/A	R614-301-733.160.	Design Plans and Construction Schedule.
V2 3.2.1	R614-301-733.200.	Permanent and Temporary Impoundments.
V2 3.2.1	R614-301-733.210.	Requirements.
N/A	R614-301-733.220.	Demonstration for Permanent Impoundments.
N/A	R614-301-733.221.	Adequacy for Intended Use.