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State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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November 23, 1999

Dan Meadors, General Manager  
Canyon Fuel Company, LLC  
HC 35 Box 380  
Helper, Utah 84526

Re: Conclusions of Midterm Review, Canyon Fuel Company, LLC, Skyline Mine,  
ACT/007/005-MT99, File #3, Carbon County, Utah

Dear Mr. Meadors:

As indicated in our October 6, 1999 letter to you, the Division has been conducting a Midterm permit review, in accordance with R645-303-211. This letter is written to present the results of that review and establish any follow-up that you are required to do.

One of the main parts of the review was an evaluation of the bond to ensure that coverage is adequate. You should recall that the Division evaluated the bond in September of 1997 and at that time the bond was escalated to 2001 dollars. Since that time no real changes to the direct costs have been incurred. It is felt that the current bond of \$5,076,000 is adequate and no adjustment is necessary at this time. However, you should keep in mind that during the next renewal period it may be necessary to use indirect costs from a newer publication and to escalate the bond to the extended permit year dollars. Please contact Wayne Western if you have other information that we should consider or if you have questions regarding the Skyline bond cost estimate.

Another area that was reviewed which also identified problems was that of application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area. It appears that a number of emulsion spills and NPDES exceedances has occurred at the Skyline Mine in the recent past. While most have been contained to the minesite it is clear that additional efforts should be expended to achieve BTCA. In accordance with R645-301-730, Canyon Fuel Company, LLC must provide a plan to change the main minesite sediment pond to eliminate NPDES discharge violations and stop discharges of longwall emulsion fluid to the pond and/or Eccles Creek. The enclosed Technical Memo by Mike Sufliita discusses this situation in more detail. You should review it carefully and make sure that the required plans are submitted.

Another outstanding permitting issue is the requirement to provide information relative to highwall elimination. It was agreed previously that this would be done as part of the Midterm requirements and that the information would be submitted by October 30, 1999. As of this date no information has been submitted and Canyon Fuel appears to be delinquent in completing this requirement. In light of this being an oversight topic it is even more critical that this requirement get completed. A copy of our March 5, 1998 letter which discusses this requirement is also enclosed.

On a positive note, a check on the Applicant Violator System (AVS) was done. The system recommendation came back as "issue" and there are no outstanding civil penalties or violations that would prevent Canyon Fuel Company, LLC from holding a permit.

This essentially completes our review, however there is a fair amount of follow up that will need to be done. You are required to supply the information that addresses the above noted issues. All of the information and data will need to be submitted by no later than January 10, 2000.

If you have any questions regarding these requirements or the Midterm Review please don't hesitate to call.

Sincerely,



Daron R. Haddock  
Permit Supervisor

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Enclosures  
cc: Chris Hansen, Canyon Fuel Company, LLC  
Price Field Office  
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