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

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June 1, 2001

Dan Meadors, General Manager
Canyon Fuel Company, LLC
HC 32 Box 380
Helper, Utah 84526

Re: Conditional Approval of Skyline Fan Installation, Canyon Fuel Company, LLC, Skyline Mine, C/007/005-AM01B, Outgoing File

Dear Mr. Meadors:

The above-referenced amendment is conditionally approved upon receipt of five copies of Drawing No. 3.2.1-1. Once we receive these copies a stamped incorporated copy will be returned for your copy of the Mining and Reclamation Plan. Enclosed is a copy of our Technical Analysis for your information.

If you have any questions, please feel free to call me at (801) 538-5268 or Steve Demczak at (435) 613-5242.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pamela Grubaugh-Littig".

Pamela Grubaugh-Littig
Permit Supervisor

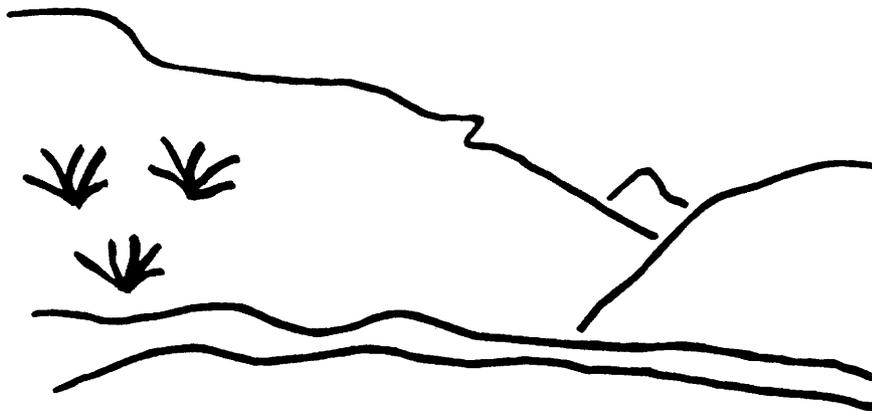
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Enclosure:

cc: Price Field Office

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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Skyline Mine
Canyon Fuel Company
C/007/005-AM01B
Technical Analysis
May 10, 2001



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INTRODUCTION

TECHNICAL ANALYSIS

INTRODUCTION

The purpose of the amendment is to allow for a new fan installation. This will be used for increasing the air supply underground. The fan will be installed into an existing mine opening located at the lower Skyline pad area. This area is disturbed and is presently within the disturbed area. All topsoil has been previously removed from this area.

The work involves removing a portion of the sewer treatment plant and the removal of an existing fan installation at the upper Skyline pad area. The old fan will be removed within three months after the new fan is running. This will ensure time to eliminate all bugs of the system without shutting down the mine if bugs develop.

Blasting may be needed, but the permittee will not have permission to use five pounds or more of the explosive's limit without an approval from the Division and MSHA prior to the shot.

Bonding cost for the new fan installation will increase \$2,016.81 or .04%. This is after the removal of the old fan and the partial removal of the sewer treatment plant.

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INTRODUCTION

ENVIRONMENTAL RESOURCE INFORMATION

ENVIRONMENTAL RESOURCE INFORMATION

MAPS, PLANS, AND CROSS SECTIONS OF RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.24, 783.25; R645-301-323, -301-411, -301-521, -301-622, -301-722, -301-731.

Analysis:

Existing Structures and Facilities Maps

The permittee has submitted a surfaces facility map (2.3-1), which indicates the new fan location. This map was professional certified by Carl Winter on April 27, 2001.

Findings:

The requirements of this section of the R645 Coal Rules are considered adequate.

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ENVIRONMENTAL RESOURCE INFORMATION

OPERATION PLAN

OPERATION PLAN

USE OF EXPLOSIVES

Regulatory Reference: 30 CFR Sec. 817.61, 817.62, 817.64, 817.66, 817.67, 817.68; R645-301-524.

Analysis:

The permittee has published a notice in the Price Sun Advocate and notified the Utah Department of Transportation about the potential for blasting. Blasting will occur depending on the geological ground formation. If sandstone is encountered, then it is most likely that explosives will be used. The footers and pad must be three feet in depth below the ground level. This depth is required for structural stability of the fan installation.

A single shot with or without delays having five pounds or greater of explosives cannot be used without approval from the Division and MSHA. The current Mining and Reclamation Plan does not adequately address the requirements of single shot being five pounds or more of explosives.

Findings:

The information provided in the proposed amendment is considered adequate to meet the requirements of using explosives of less than five pounds in a single shot with or without delays.

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OPERATION PLAN

RECLAMATION PLAN

RECLAMATION PLAN

APPROXIMATE ORIGINAL CONTOUR RESTORATION

Regulatory Reference: 30 CFR Sec. 784.15, 785.16, 817.102, 817.107, 817.133; R645-301-234, -301-270, -301-271, -301-412, -301-413, -301-512, -301-531, -301-533, -301-553, -301-536, -301-542, -301-731, -301-732, -301-733, -301-764.

Analysis:

The new fan installation will not change the highwall in this area. The fan installation will be attached to the existing concrete used in the portal opening. Therefore, the current reclamation plan for this area is valid.

Findings:

The requirements of this section of the regulations are considered adequate in regard to the proposed permit change for the installation of an underground fan.

BACKFILLING AND GRADING

Regulatory Reference: 30 CFR Sec. 785.15, 817.102, 817.107; R645-301-234, -301-537, -301-552, -301-553, -302-230, -302-231, -302-232, -302-233.

Analysis:

The fan installation will require concrete footers and pad. This will mean some removal of the existing ground (floor) will be needed. It is projected that three to five feet of material will be removed from the ground (floor). The removal of this material is insufficient to the final reclamation of this area and the mine site. The concrete from the footers and pad will be needed as backfill.

Findings:

The requirements of this section of the regulations are considered adequate in regards to backfilling and grading.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

The permittee will be installing a new fan facility and within three months will be removing the active fan facility. The bond cost of the new installation is \$5,300 and removal of the old installation and the sewer treatment building is \$3,300. The bond would increase by \$2,000 or 0.04% of the present bonding amount. Division policy does not require an increase to the bond if the project is 5% less than the existing bond.

A running tab is kept of all projects, which will increase the bond. Once, the projects increase to 5% of the total bond then the permittee must increase the bond by 5%.

Findings:

The requirements of this section of the regulations are considered adequate in regards to bonding.