



State of Utah

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Environmental Quality

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RECEIVED

OCT 14 2004

DIV. OF OIL, GAS & MINING

October 12, 2004

Mr. Chris Hansen, Environmental Coordinator  
Canyon Fuel Co., LLC-Skyline Mines  
HC 35 Box 380  
Helper, Utah 84526

Subject: UPDES Permit No. UT0023540, Skyline Mines, Increased Flows

Dear Mr. Hansen:

We appreciate Canyon Fuel staff coming to our office and discussing Skyline Mines' present scenario as reflected in your letter dated October 4, 2004. We understand that the Skyline Mines facility needs to temporarily (110 days as calculated) discharge at higher flow rates and higher total dissolved solids (TDS) tonnage to both ensure miner safety and enable production in new areas. We further understand that the approximate TDS discharge loading tonnage may increase from 20 tons per day to 33 tons per day, without exceeding the daily maximum concentration limit of 1310 mg/L as specified in your UPDES permit, and that the approximate flows could increase from 3500 gpm to 4700 gpm.

We have discussed the water quality impacts to Eccles Creek, Mud Creek and Scofield Reservoir and feel they will not be significantly adversely impacted. We have also discussed the Colorado River Salinity Control Forum guidelines pertaining to the increased salt load. As discussed during the meeting we feel that this increased salt load can be accounted for in the offset program Canyon Fuel is proposing in their renewal permit.

As you are aware, this proposed discharge would not be in conformance with your current permit, nor do we believe the discharge can be accommodated by either the "upset" or "bypass" provisions, even though you have not formally made any claim for these. A permit modification is not appropriate since the permit is in the process of being renewed. You claim that unless the water is drawn off immediately, it is likely the Skyline Mine will close. Therefore, if you choose to proceed, you will need to do so at your own risk. We do have the ability to take the above facts and circumstances into account

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Copy Mary Ann,  
Wayne H. Gregg, FFO,  
Susan (1/1/04)*

regarding any potential enforcement liability related to this matter. Furthermore, we remind you that Canyon Fuel will remain liable for any harm that might result from the increased discharge that is unforeseen at this time based on the information provided.

If you have any questions please contact either Mike Herkimer at (801) 538-6058 or Jeff Studenka at (801) 538-6779.

Sincerely,

Utah Water Quality Board



Walter L. Baker, P.E.  
Acting Executive Secretary

WLB/jas

cc: Qian Zhang, EPA Region VIII  
Claron Bjork, Southeastern Utah Dist. Health Dept.  
David Ariotti, DEQ District Engineer  
Pam Grubaugh-Litting, DOGM