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OUTGOING CORRESPONDENCE

State of Utah

DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

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Executive Director

LOWELL P. BRAXTON
Division Director

DIVISION OF OIL, GAS AND MINING
FACSIMILE COVER SHEET

DATE: September 13, 2004

FAX#: 435-687-4201

ATTN: Dave Sharp

COMPANY: PacifiCorp Huntington Plant

DEPARTMENT:

NUMBER OF PAGES (INCLUDING THIS ONE): 2

FROM: A. Nance

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September 13, 2004

Dave Sharp, Managing Director
PacifiCorp Huntington Plant
P.O. Box 680
Huntington, Utah 84528

Re: Appendix to June 26, 2003 Data and Finding Summary, PacifiCorp Huntington Plant, Investigation of Technical Issues Related to the Electric Lake and Huntington Creek Drainage Controversy, July 6, 2004, Skyline Mine, C/007/0005, Outgoing File

Dear Mr. Sharp:

On July 7, 2004, the Division received the updated information – appending the June 26, 2003 Data and Finding Summary for Electric Lake. We have reviewed the information and plan to incorporate much of the information into an upcoming revision of the Cumulative Hydrologic Impact Assessment (CHIA) of the Upper Huntington – Mud Creek area. Gregg Galecki has been assigned as the Lead on this project.

The 'Lake Performance' spreadsheet information makes a reasonable demonstration that Electric Lake is apparently not retaining water with the same efficiency that it has historically. However, the significance of the calculated inflows compared to the measured inflows differing by an average of 22.4 cfs (~ 10,000 gpm) is still being analyzed. Since the mine has been allowed to fill (from early 2004), and the mine-inflows have been decreasing, the Division would expect a corresponding decrease in the 'Electric Lake missing water, if there is a direct connection between the two. We will continue to evaluate future information as it is supplied to the Division.

The information provided to indicate that the Electric Lake water is reporting to the Skyline Mine however, still lacks verification. The significance of the increasing tritium values are being closely monitored by the Division; a statistical analysis of the increase relative to Electric Lake values is ongoing. To fully utilize PacifiCorp information, we would require lab sheets and preferably a report or independent analysis of the data. The comments provided by PacifiCorp on the 2003 dye tracer study are also compelling. However, without the specific lab sheets, dates and a supporting independent analysis outlining the interpretation of both the tritium and dye tracer data, we cannot fully utilize the information and reach the same conclusions and assertions that PacifiCorp has made.

Lastly, evolving isotopic data is mentioned in the PacifiCorp report, but no specific data was provided. The Division looks forward to the receipt of any additional information PacifiCorp can provide.

In response to PacifiCorp's request that the Division 'prevent any further loss' and require 'replacement' of lost water, we must determine what percentage of the water encountered by the mine, if any, is indeed coming from Electric Lake. This needs to be established using qualitative and quantitative analysis of the water from both the mine and the lake. With the extent of information currently available from PacifiCorp and Canyon Fuel Company, a conclusive determination of water loss has not been made.

In July 2004, Canyon Fuel Company submitted additional hydrologic modeling information to the Division. This information will also be considered for inclusion into the next CHIA update. At this time, continued updating of Electric Lake inflow, outflow, stage, and 'missing water' data is critical, given the flooding of the mine, and changing mine inflows. The information that you have provided is helpful in our ongoing evaluation of the complexity of this hydrogeologic system.

If you have any questions in this regard, please call Gregg Galecki at (801) 538-5260, or me at (801) 538-5286.

Sincerely,

D. Wayne Hedberg

D. Wayne Hedberg
Permit Supervisor

an
cc: Chris Hansen, Canyon Fuel Company
Cody Allred, Pacificorp
Price Field Office
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