

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

JK

December 17, 2007

TO: Internal File

THRU: Pamela Grubugh-Littig, Permit Supervisor *pal*
Wayne Western, Environmental Scientist III *W+W*

FROM: Priscilla Burton, CPSSc, Environmental Scientist III *PWB by an*

RE: 680 Acre IBC, Canyon Fuel Company, Skyline Mine, C/007/0005, Task ID #2874

SUMMARY:

On June 20, 2007, the Division received an application for the Skyline Mine to expand the permit area by 680 acres eastward in T 13 S, R 6 E, Sec 1 and Sec 12 for development mining only. Surface ownership is the Allred Family Trust and Koula Marakis Trust. No surface disturbance is expected as a result of development mining. The coal leases originated from Carbon County and C & B Coal. The information was first reviewed as Task 3813.

The application should be approved with a condition that Section 4.22 of the MRP be updated.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

General Chapter 1 volume contains information on corporate ownership for Canyon Fuel Company's affiliated Utah mines: SUFCO Mine, Skyline Mine, Soldier Canyon Mine, Banning Loadout, and Dugout Canyon Mines. (Section 111 of the MRP).

Section 112.400 of the MRP and Table 1-1 and Figure 1-1 (A – D) of General Chapter 1 provide a listing of affiliated coal mining operations under the control of Canyon Fuel Co., LLC. The listing includes the affiliated Utah mines itemized in Sec 111 and the successfully reclaimed bond release sites: Gordon Creek No. 2, 7, and 8, Gordon Creek No. 3 and 6, and Huntington Canyon No. 4 mine.

Figure 1-1 (A-D) also provides an organizational chart showing corporate ownership and control of Canyon Fuel Co., LLC by Arch Coal, Inc. The list of officers and directors for Canyon Fuel Co., LLC and its four corporate owners Arch Western Bituminous Group, LLC; Arch Western Resources, LLC; Arch Western Acquisitions Corp; and Arch Coal, Inc.) is found in Appendix 1-1. App. 1-1 was last updated in February 2007. Changes in officers are clearly noted with beginning and ending dates and are attested to by notarized statements from each corporate entity.

Findings:

The information provided meets the requirements of the Regulations.

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

Section 113 of the MRP indicates that a current listing of violation information is provided in the General Chapter 1 volume for Utah affiliated mines. The most current list dated December 2004 – 2006 is found in Table 1-2.

Findings:

The information provided meets the requirements of the Regulations.

RIGHT OF ENTRY

Regulatory Reference: 30 CFR 778.15; R645-301-114

Analysis:

The 1982 Waste Rock lease agreement between the Thelonis Trust and Canyon Fuel Company is included in the MRP Section 3.2, Exhibit A. An amendment to this agreement, dated August 2006 and March 2007 allows the Permittee right of entry to 37.48 acres.

The coal lease information is found in Section 114 and Appendix 118A of the application. With regrade to this IBC, the coal leases found in Appendix 118A provide the rights to mine the coal in T 13 S, R 6 E, as follows:

Section 1

C & B Energy, LLC leased W1/2SE1/4
Carbon County leased W1/2

Section 12

C & B Energy, LLC leased NW1/4SW1/4, SW1/4NW1/4, NE1/4NW1/4
Carbon County leased NW1/4NW1/4; SW1/4SW1/4

For this IBC, the Permittee has notified the Price River Water Improvement District and surface owners: Allred Trust in care of Phil Allred and the Marakis Trust in care of George Liodakis. These letters are included in Appendix 118A.

Findings:

Information provided meets the requirements for right of entry.

TECHNICAL MEMO

LEGAL DESCRIPTION AND STATUS OF UNSUITABILITY CLAIMS

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

Analysis:

The application does not change the status of unsuitability claims for the coal mining and reclamation operation.

Findings:

The available information meets the requirements of the Regulations.

PERMIT TERM

Regulatory References: 30 CFR 778.17; R645-301-116.

Analysis:

This amendment does not change the permit renewal dates. The total disturbed acreage is 84.25 acres.

Findings:

The information available meets the requirements of the Regulations.

PUBLIC NOTICE AND COMMENT

Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200.

Analysis:

Certificates of Insurance are located in the General Chapter 1 Volume, App. 1-2.

This amendment is not considered a significant revision and therefore, no public notice is required.

Findings:

The information presented meets the requirements of the Regulations.

ENVIRONMENTAL RESOURCE INFORMATION

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

SOILS RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.21; 30 CFR 817.22; 30 CFR 817.200(c); 30 CFR 823; R645-301-220; R645-301-411.

Analysis:

There will be no surface disturbance associated with this incidental boundary change. The monitoring of riparian areas was conducted, as a requirement of the North Lease development and extraction approvals. This information is found in the Annual Reports.

Findings:

The Permittee has complied with the Environmental Soil Resource requirements of the Regulations.

ALLUVIAL VALLEY FLOORS

Regulatory Reference: 30 CFR 785.19; 30 CFR 822; R645-302-320.

Analysis:

Alluvial Valley Floor Determination

Pleasant Valley was determined to be an Alluvial Valley Floor in 1984. Section 2-12 of the MRP describes an alluvial valley floor in Winter Quarters and Woods Canyon outside the permit area, demarcated by alluvial sediments at the same elevation as Mud Creek.

Dwg 2.3.4-2 shows the potentiometric surface of the Star Point Sandstone between 8,000 and 8,100 ft. in the location of Winter Quarters. The Connelville and Pleasant Valley faults separate the hydrologic regime of the Star Point Sandstone from that of Pleasant Valley which holds the alluvial valley floor. The Blackhawk formation is the source of seeps and springs contributing to the alluvial valley flow along Route 96 at approximately 7,760 ft elevation east of Woods, Winter Quarters and Green Canyons (Dwg 2.3.4-2). Mud Creek in Pleasant Valley is at an elevation of 7,600 ft in this location.

Drawing 2.3.4-2 shows stock ponds between Winter quarters and Green canyons and at a draw leading to Woods Canyon.

TECHNICAL MEMO

Findings:

The information provided meets the requirements of the Regulations for Alluvial Valley Floor.

OPERATION PLAN

AIR POLLUTION CONTROL PLAN

Regulatory Reference: 30 CFR 784.26, 817.95; R645-301-244, -301-420.

Analysis:

No change is required in the existing air quality order. The most recent information on file is the 1992 Air Quality Approval Order DAQE0773-92 (MRP, Sec. 4.22). The Permittee is in compliance with the Division of Air Quality and has two updates to the AO (1995 and 2003). In accordance with R645-301-121.100, that information should be added to Section 4.22 of the MRP, but may be a condition of approval.

Findings:

Updates to the AO occurred in 1995 and 2003 should be added to Section 4.22 of the MRP, but may be a condition of approval, since this application does not require any change to the existing air quality order.

RECOMMENDATIONS:

The Division should approve this application. Updates to the AO occurred in 1995 and 2003 should be added to Section 4.22 of the MRP, but may be a condition of approval.