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**State of Utah**  
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
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**Division of Oil, Gas and Mining**

JOHN R. BAZA  
Division Director

JK

September 15, 2008

Wess Sorensen, General Manager  
Canyon Fuel Company, LLC  
HC 35 Box 380  
Helper, Utah 84526

Subject: Minor Coal Exploration-Winter Quarters, Canyon Fuel Company, LLC, Skyline Mine, C/007/0005, Task ID #3024, Outgoing File

Dear Mr. Sorensen:

The above-referenced Letter of Intent is approved effective September 15, 2008. A stamped approved copy is enclosed for your copy of the Mining and Reclamation Plan.

If you have any questions, please feel free to call me at (801) 538-5262 or Stephen J. Demczak at (435) 613-3732.

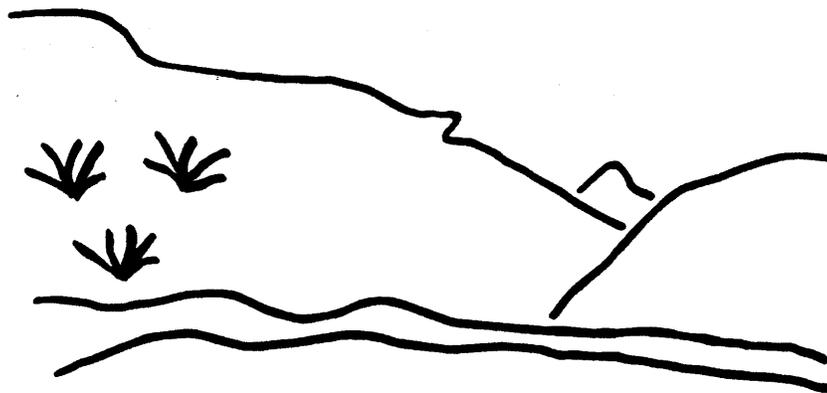
Sincerely,

James D. Smith  
Permit Supervisor

an  
Enclosure  
cc: Price Field Office  
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# State of Utah



## Utah Oil Gas and Mining

### Coal Regulatory Program

Skyline Mine  
Ark Land Company  
C/007/0005  
Task ID #3024  
Minor Exploration Analysis and Findings  
September 15, 2008

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## **EXPLORATION TECHNICAL ANALYSIS**

### **INTRODUCTION**

Ark Land Company (a subsidiary of Arch Coal Inc.) has submitted a Notice of Intent to Conduct Minor Coal Exploration on behalf of Skyline Mine. Five drilling sites will be located on Fee land. Two holes will be drilled on the (Allred Family Trust) fee land and three holes will be drilled on the Liodakis family land. The coal lease belongs to Canyon Fuel Company. A helicopter will be used for transportation of drilling equipment. The staging area will be on fee ground. Personnel may access the site by helicopter, horseback, or on foot. The drilling is scheduled for September 15, 2008. The reclamation will take place once the exploration is finished approximately four weeks from the beginning of the drill program.

**INTRODUCTION**

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## **SUMMARY OF OUTSTANDING DEFICIENCIES**

The Technical Analysis regarding the proposed permit changes is not complete at this time, pending submittal of additional information by the Permittee and further review by the Division, to address outstanding deficiencies in the proposal. A summary of those outstanding deficiencies is provided below. Additional comments, concerns, and deficiencies may also be found within the analysis and finding made in the Draft Technical Analysis which have not been presented in this summary. Upon finalization of this review, any outstanding deficiencies will be evaluated for compliance with the regulatory requirements. Such deficiencies may be conditioned to the requirements of the permit issued by the Division, result in denial of the proposed permit changes, or may result in other executive or enforcement actions as deemed necessary by the Division at that time to achieve compliance with the Utah Coal Regulatory Program.

Accordingly, the permittee must address those deficiencies as found within this Draft Technical Analysis and provide the following, prior to approval, in accordance with the requirements of:

## **SUMMARY OF PERMIT CONDITIONS**

As determined in the analysis and findings of this Technical Analysis, approval of the plan is subject to the following Permit Conditions. The applicant is subject to compliance with the following Permit Conditions and has committed to comply with the requirements of these conditions as referenced in the approved Permit.

Accordingly, the permittee has committed to comply with the requirements of the following Permit Conditions, as specified, and in accordance with the requirements of:

**SUMMARY OF OUTSTANDING DEFICIENCIES**

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COAL EXPLORATION

## COAL EXPLORATION

Regulatory Reference: R645-200.

### SCOPE AND RESPONSIBILITIES

Regulatory Reference: 30 CFR 772.1; 30 CFR 772.10; 30 CFR 772.11; R645-100-400; R645-200-100; R645-200-200; R645-201-100.

#### Analysis:

Ark Land Company (a subsidiary of Arch Coal Inc.) has submitted a Notice of Intent to Conduct Minor Coal Exploration on behalf of Skyline Mine. The permittee will remove approximately 60 lb of coal from the total of the five drill holes. This drill hole will be located on Fee Land. This exploration action is under the jurisdiction of the Division of Oil, Gas and Mining.

#### Findings:

The applicant has submitted the necessary information to meet the minimum requirements of this section.

### REQUIREMENTS FOR NOTICE OF INTENTION TO CONDUCT MINOR COAL EXPLORATION

Regulatory Reference: 30 CFR 772.10; 30 CFR 772.11; R645-100-412; R645-201-200.

#### Analysis:

The applicant has submitted the appropriate information such as name, address, phone number and contact person.

The applicant has submitted the location of the one drill hole and the Right of Entry (access agreement) information from the landowner.

A timeline was given with the start-up of September 15, 2008 and the site will be reclaimed four weeks afterwards.

**Findings:**

The applicant has met the minimum requirements of this section.

**COMPLIANCE DUTIES**

Regulatory Reference: 30 CFR 772.13; R645-202.

**OPERATIONAL STANDARDS**

Regulatory Reference: 30 CFR 772.13; R645-202-100.

**Analysis:**

**Biology**

Page 3 of the application refers to the vegetation in the exploration area as mountain brush and white fir spruce vegetative communities. Although that description may have been accurate for some of the previous exploration sites the site visit on August 7, 2007 with Mark Bunnell and Gregg Galecki representatives from the Skyline Mine indicated that exploration site C-07 was located on a south facing slope, with the dominant vegetative community being sage brush/snowberry with interspersed pockets of aspen and choke cherry. These proposed sites, A08 through E08, are located near the bottom of the canyon in both vegetative communities.

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**COAL EXPLORATION**

The application also includes the following wildlife information in Appendix A:

- A 2005 Forest Service Biological Evaluation Biological Assessment report, (BEBA). The report provides a detailed explanation regarding the presence or absence of Threatened and Endangered and Sensitive species, (plant, fish and animal), that may be located within the proposed drill site locations,
- A 2005 Forest Service Wildlife Resources report. The report provides detailed analyses on TES, MIS, and Priority Migratory Bird Species potentially affected by the exploratory drilling and,
- A 2007 Northern Goshawk / Elk survey. The survey is primarily a Goshawk survey with some observations on the presence of elk and mule deer. There were no nests located within ½ mile of the proposed drill site locations.

According to the BEBA the Bald Eagle would not occupy the area during winter periods of migration. Eagles do not typically nest in Utah, although there are eight known nesting pairs in the state, one of which is located approximately 20 miles from the proposed exploration site locations. The exploration activities would not affect the birds. There are no threatened or endangered or sensitive plant species located in the proposed drill hole locations. Sensitive wildlife species include the Spotted Bat, Townsend's Big Eared Bat, the Northern Goshawk, Flamulated Owl and Three Toed Woodpecker. There is suitable habitat for the Goshawk, and three toed Woodpecker, and marginal habitat for the Flamulated Owl in the mixed conifer forests on the north facing slopes of Winter Quarters and Woods canyons. Since the exploration sites are located in open areas near the bottom of the canyon these species' habitats would not be affected by the drilling activities. Management Indicator Species are addressed in the Wildlife Resources Report; they include Elk, MuleDeer, the Northern Goshawk, Golden Eagle and Macroinvertebrates. According to the report they would not be affected by the helicopter-drilling project.

The drilling activities are scheduled for the 15<sup>th</sup> of September, which is not during any wildlife exclusionary periods.

### **Historic and Archeological**

The application includes a site-specific cultural resource evaluation for the proposed drill hole locations. (Earth Touch Cultural Resource report No. 08-17, Appendix B). A class three pedestrian survey was completed on July 21<sup>st</sup> of 2008. The project area covered a 100' by 100' area for each of the five proposed drill hole locations.

According to the survey there were no known districts, sites, buildings, structures, or objects listed on or eligible for listing on the National Register of Historic Places within 1/2 mile

of the proposed drill site locations. The survey results also provided a finding of "no historic properties affected". A copy of the survey was forwarded to the State Historic Preservation Office. The Division received their concurrence from the SHPO by way of "E" mail correspondence on September 10, 2008.

### **Roads**

The no new roads will be constructed. Access will be by existing roads, foot, horseback, or via helicopter.

### **Topsoil**

Minor excavation will be used to level the drill rig all by handwork. This topsoil will be stored on site. The topsoil will be used for reclamation. The reclamation will be to the original contours of the ground. The topsoil areas will be seeded

### **Diversions of Overland flows and streams**

There will be no diversion of overland flow. The applicant has received a temporary water right change to use near by water for drilling.

### **Hydrologic Balance**

The water from drilling will not be in contact with the surface ground or surface waters. The water will be stored in a confined tank. The ground will be covered with brattice cloth. There should be no harm to the hydrologic balance.

### **Acid- or toxic forming materials**

All drilling fluids and cutting will be stored in a tank and removed from the drilling site.

### **Findings:**

The applicant has met the minimum requirements of this section.

## **RECLAMATION STANDARDS**

Regulatory Reference: 30 CFR 772.13; R645-202-200.

### **Analysis:**

#### **Approximate original contour**

**COAL EXPLORATION**

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September 15, 2008

The applicant will reclaim the drill pad to approximate original contours.

**Revegetation**

The applicant will seed areas of disturbance with the approved Division seed mix used in other drilling projects in this area.

**Boreholes**

The borehole will be reclaimed using cement/bentonite slurry. The full depth of the hole will be reclaimed using this mixture. A brass tag will be placed on top of the hole stating the applicant name, drill hole number and legal description.

**Facilities and Equipment**

All drilling equipment will be removed once it is no longer needed. There will be no facilities at this drill site.

**Findings:**

The applicant has met the minimum requirements of this section.

**PUBLIC AVAILABILITY OF INFORMATION**

Regulatory Reference: 30 CFR 772.15; R645-203.

**Analysis:**

The applicant has requested this information to remain confidential to the public.

**Findings:**

The applicant has met the minimum requirements of this section.