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July 23, 2015

Daron Haddock
Environmental Manager
Coal Regulatory Program
Division of Oil, Gas and Mining
State of Utah
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Via U.S. Mail

Re: Huntington Cleveland Irrigation Company's Request for Notice Regarding the Significant Permit Amendment for the Flat Canyon Coal Permit

Dear Mr. Haddock:

Thank you for meeting with me to discuss the water and hydrology concerns of Huntington-Cleveland Irrigation Company (the "**Company**") regarding the proposed expansion of Skyline Mine to include the Flat Canyon Lease area. While the Company was historically a mutual water company providing water for agricultural purposes, it is now the major provider of water for municipal and domestic use for the municipalities of Huntington, Cleveland and Elmo, as well as industrial water for the Huntington Power Plant. In sum, the Company distributes water from the Huntington Creek drainage for nearly all of the beneficial uses in northern Emery County. Huntington Creek is practically the sole water source for this entire area. Due to the geology of Castle Valley, water producing wells cannot be developed in the valley floor as a substitute water source. Accordingly, the hydrology of the Huntington Creek drainage is of critical importance to the Company and the farmers, municipalities, industries and families it serves.

On behalf of the Company, Smith Hartvigsen respectfully submits this letter to formally request notification of public participation opportunities regarding the applicant and lease holders' amendment of its mining permit to mine the Flat Canyon Coal Lease area. As we have discussed, the issuance by the BLM of a lease for the Flat Canyon Coal Lease area is of concern. Not only is this tract within the Huntington Creek drainage, but, more importantly, Boulger Reservoir overlies the Flat Canyon Lease area. As you will recall, when coal seams underlying nearby Electric Lake were mined, there was a dramatic increase in water encountered in the mine with a simultaneous precipitous drop in the water level of Electric Lake. This unexpected and unpredicted event caused considerable problems and threatened the economic viability of Emery County. At its worst point, the continued operation of the Huntington Power Plant, a major employer, was threatened requiring the operator of the power plant to enter into emergency water leases with other shareholders of the Company. The Company wishes to avoid a repeat of this near disaster through the mining of the Flat Canyon Coal Lease area.

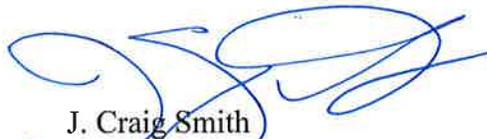
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Of note, is that the Environmental Impact Statement (“EIS”) for the Flat Canyon Lease was prepared back in 2001, which predates the problems involving Electric Lake discussed above. Thus, it appears that an updated EIS that addresses what was encountered when an area underlying Electric Lake was mined should be required. While the Company understands that the EIS is outside the scope of DOGM’s regulatory review, DOGM is overseeing the required amendments to the mining permit which includes addressing both the Probable Hydrological Consequences and the Comprehensive Hydrological Impact Analysis to mine the Flat Canyon Lease area. Accordingly, the Company respectfully requests that DOGM carefully review and analyze the hydrologic information submitted as part of the PHC and CHIA process in determining whether or not to approve an amendment to the mining Permit. If this review demonstrates that the mining of all or part of the Flat Canyon Lease area will materially damage or adversely affect the hydrology outside the permit area, then the application must be denied. Utah Admin. Code r. R645-301(525.214); *see also* 30 C.F.R. § 816.41(a); §780.21(h); Utah Code Ann. § 40-10-18(11). Also, the Company requests notice of opportunities for public comment on the amendment of the Permit to mine the Flat Canyon Tract. Utah Admin. Code r. R645-300 (121.310); *see also* 30 USC § 202a(1).

Please notify Smith Hartvigsen when the appropriate time has come for the Company to comment on the application for amendment. We look forward to hearing from you regarding future developments in the permit process. If you have any questions, please do not hesitate to contact me. Thank you again for your time and attention to this important issue.

Sincerely,

SMITH HARTVIGSEN, PLLC



J. Craig Smith
Kathryn J. Steffey

cc: Huntington Cleveland Irrigation Company
John Baza, Director of Department of Oil, Gas and Mining
Dana Dean, Associate Director - Mining
Kent A. Jones, P.E. State Engineer of Utah
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