



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 8, 2015

Carl Winters, Mine Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Subject: Rail Loadout Updates, Canyon Fuel Company, LLC, Skyline Mine, C/007/0005, Task ID #4899

Dear Mr. Winters:

The Division has reviewed your application. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
O:\007005.SKY\WG4899 RAIL LOADOUT\Deficiencies.doc



GARY R. HERBERT
Governor
GREG BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

Technical Analysis and Findings
Utah Coal Regulatory Program

PID: C0070005
TaskID: 4899
Mine Name: SKYLINE MINE
Title: RAIL LOADOUT UPDATES

Operation Plan

Mining Operations and Facilities

Deficiencies Details:

The application does not meet the minimum requirements of R645-301-521.180 and -526.221 as the application lacks amendments to the text in various sections. Specifically the sections that require text edits within the MRP would include Section 3.2.4, page 3-30(a), to describe the size of the additional concrete west of the Silos and how it will be graded to drain to the appropriate pond. An additional section that needs clarification within the MRP is Area 22 in Section 3.2.12, page 3-71, which is missing text to describe the size of the area that will be paved with concrete. The current amendment to Drawing 3.2.1-3 details the new Area 22 to be larger and a significantly different footprint than the previously approved MRP Drawing 3.2.1-3 Area 22. Clarification is also required as drawing 3.2.1-3 also appears to have a culvert under the new Area 22. The Permittee will add text to the appropriate sections detailed above and clarify what modification as being done to Area 22 of Drawing 3.2.1-3.

cparker

Support Facilities and Utility Installations

Deficiencies Details:

The application does not meet the minimum requirements of R645-301-526.221 as the application lacks amendments to the text in various sections and Drawing 3.2.1-3 needs clarification. The current amendment to Drawing 3.2.1-3 details the new Area 22 to be larger and a significantly different footprint than the previously approved MRP Drawing 3.2.1-3 Area 22. Clarification is also required as drawing 3.2.1-3 also appears to have a culvert under the new Area 22. The Permittee will add text to the appropriate sections detailed above and clarify what modification as being done to Area 22 of Drawing 3.2.1-3. See the comments under mining operations and facilities for further information.

cparker

Maps Facilities

Deficiencies Details:

Drawing 3.2.1-3 of the loadout area was updated within this amendment. The application does not meet the minimum requirements of R645-301-526.220 as provided drawing has changed to footprint of the Area 22 while Detail was not updated. Drawing 3.2.1-3 also appears to show a culvert under Area 22. The Permittee will clarify what the total area reporting to Area 22 is and clarify the drawing 3.2.1-3 and Detail as needed.

Reclamation Plan

Bonding Determination of Amount

Deficiencies Details:

The amendment is deficient under R645-301-830 as the Pavement Rail Loadout 34 and Concrete Lined Ditch 27 should utilize the dismantling cost of Nelson's unit cost of \$13.75/CY.

An error was found in the Division's revision 2014 Midterm review where the units for the unit cost for concrete demolition were not applied correctly. A region specific cost estimate for concrete removal from Nelson at \$13.75/CY, a local contractor, is also suggested to replace the more generalized R.S. Means Heavy Construction estimate at \$3.43/SF. The Skyline bond sheets and Nelson unit cost are specific to concrete demolition in cubic yards while the R.S. Means cost estimate utilizes square feet. The bond sheets were not updated to account for concrete demolition by square feet, therefore to reduce the risk of error in transforming from a volume to a surface area, the sheets will be left in the units of cubic yards as they currently are and the Nelson construction quote will be utilized as the cost unit. The bond sheets will be corrected as the individual sheets are updated during amendments and any sheets not updated will be readdressed during the 2019 midterm. The bond sheets updated during this amendment, Pavement Rail Loadout 34 and Concrete Lined Ditch 27, will update the dismantling cost to Nelson's unit cost of \$13.75/CY. The new bond sheet for Pavement Rail Loadout 34 should show a volume of 121 CY with a demo subtotal of \$1,663.37 instead of \$17,236. The new Concrete Lined Ditch 27 should show a volume of 5.3 CY for a subtotal demolition of concrete of \$76.59 instead of \$1,574. The rest of the bond sheet changes are correct.

cparker