



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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April 11, 2002

TO: Internal Files

FROM: Karl R. Houskeeper, Reclamation Specialist, Team Lead *KRH*

RE: Post Mining Land Use Change, Phillips Petroleum Gas Wells and Utility Corridor, Plateau Mining Corporation, Star Point Mine, C/007/006-02C

SUMMARY:

On March 5, 2002 the Division received amendment (02C) submitted by Plateau Mining Corporation (PMC). Amendment (02C) requests a post mining land use change from wildlife and grazing to industrial on approximately 12.0 acres within the Star Point Mine permit area. The portion of the permit area that is affected by this land use change is located in Carbon County, Utah Township 15 South, Range 8 East SLB&M, Section 10: Portions of the S ½ that are North of County Road 290. This land use change has been requested to facilitate the development of oil and gas development within the Drunkards Wash Unit. Cyprus 10-526 and Utah 10-525 are the two gas wells proposed by Phillips Petroleum. These gas wells are located within the area identified for the land use change.

The proposed location of Cyprus 10-526 is currently noted as Post Surface Mining Control & Reclamation Act (Post-SMCRA) disturbance within the permit area. The proposed well site is adjacent to the area previously used as a mine rescue training facility. No earthwork was done in this area and the ground contours remain the same.

The proposed location of Utah 10-525 is currently noted as Pre Surface Mining Control & Reclamation Act (Pre-SMCRA) disturbance within the permit area. The proposed well site is located on the west side of the reclaimed preparation plant. Refuse material located at this site will be removed and/or graded to the post mining land use contours. If refuse material remains in this area, the appropriate cover will be utilized as indicated in the approved MRP.

The area identified in the Land Use change can't be removed from the permit area until all the terms and conditions of the approved MRP are met. Including, but not limited to, removal of structures, re-grading, re-vegetation, as constructed maps of the reclaimed area, bond release, etc.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

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

Analysis:

Changes have been submitted to the Mining and Reclamation Plan (MRP) to show an address change for Plateau Mining Corporation (PMC), transfer of property to Sunnyside Cogeneration Associates (SCA) and a reduction in the permit area.

Pages 100-1, 100-2, 100-3, 100-4, exhibit 112.300a, exhibit 112.500a and the Table of Contents, List of Exhibits for section 100 was submitted as part of the amendment.

Table of Contents, List of Exhibits for section 100 was modified to add the reference Exhibit 112.500a, Sunnyside Cogeneration Associates – Property Deed on page 100-3.

Page 100-1 was modified to include: Recent Permit Renewal dates, Transfer of assets to Sunnyside Cogeneration Associates (SCA) and an updated address for Plateau Mining Corp. General Office.

Page 100-2 was modified to update the address for the principle shareholder.

Page 100-3 was modified to update the address for Plateau Mining Corp. under Surface and Coal Ownership. Sunnyside Cogeneration Associates was added as a Surface Owner with information including the date of the transfer of ownership and a reference to exhibit 112.500a.

Page 100-4 was modified to update the address for Plateau Mining Corp under Adjacent Surface and Mineral Ownership. Sunnyside Cogeneration Associates was added to the list of Adjacent Surface and Mineral Ownership.

Exhibit 112.300a, Officer and Director Information was modified and submitted to replace the current information.

Exhibit 112.500a, Sunnyside Cogeneration Associates – Property Deed was submitted to be added to the approved Mining and Reclamation Plan (MRP).

Findings:

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

R645-301-121.300, Page 100-4 has a pagination error at the bottom of the page. The following text is missing: "The name of the mining operation for which this application is submitted is:"

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 permit area is being reduced to allow a post-mining land use change on approximately 12.0 acres of ground. The land use will change from wildlife and grazing to industrial. This change will allow the development of two gas wells by Phillips Petroleum to take place.

Findings:

The following deficiency must be addressed prior to approval, in accordance with the requirements of:

R645-301-120, The legal description of the permit area needs to be modified to show the 12.0 acres of land use change and reduction.

PUBLIC NOTICE AND COMMENT

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

Analysis:

Exhibit 117.200a is a draft copy of the Public Notice that was submitted. This Public Notice is for a change in the post mining land use of approximately 12.0 acres of land. The land use change will allow oil and gas development within the Drunkards Wash Unit.

Findings:

TECHNICAL MEMO

The following deficiency must be addressed prior to approval, in accordance with the requirements of:

R645-300-120, Exhibit 117.200a needs to be replaced with a certified Proof of Public Notice document.

ENVIRONMENTAL RESOURCE INFORMATION

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

MAPS, PLANS, AND CROSS SECTIONS OF RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.24, 783.25; R645-301-323, -301-411, -301-521, -301-622, -301-722, -301-731.

Analysis:

Affected Area Boundary Maps

Map 321.100h, Disturbed Area Map, has been modified showing the area designated for Phillips Petroleum gas well and utility corridor. This map will replace the existing map in the approved Mining and Reclamation Plan (MRP).

Surface and Subsurface Ownership Maps

Map 112.500a, Surface Ownership Map, has been modified showing the areas sold to Sunnyside Cogeneration Associates.

Findings:

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

R645- 301.323, Map 321.100h, Disturbed Area Map, Disturbance Legend is missing symbols in the line type for the Saltbrush Area Seed Type and Mtn. Grassland Seed Type.

R645-301-521.122, Map 112.500a, Surface Ownership Map, Township 15 South, Range 8 East, Portions of Section 19, 20, 21, 28, 29 & 30 have a lower case "d". The

lower case "d" in the Legend indicates Merrill & Freda Filmore as the surface owners. The map legend for the lower case "d" needs to be revised to show ANR Company Inc. as the surface owner.

R645-301-521.122, Map 112.500a, Surface Ownership Map, Township 14 South, Range 8 East, Portions of Section 31 has a lower case "d" designation. This lower case "d" needs to be changed on the map and in the legend to a lower case alphabet to indicate Merrill & Freda Filmore as the surface owners.

RECLAMATION PLAN

POSTMINING LAND USES

Regulatory Reference: 30 CFR Sec. 784.15, 784.200, 785.16, 817.133; R645-301-412, -301-413, -301-414, -302-270, -302-271, -302-272, -302-273, -302-274, -302-275.

Analysis:

The area where the post mining land use change and proposed permit area reduction would be located is shown on Maps 112.500a, 321.100h and 542.200c. As mentioned above, the area can't be removed from the permit area until all the terms and conditions of the approved MRP are met. Including, but not limited to, removal of structures, re-grading, re-vegetation, as constructed maps of the reclaimed area, bond release, etc. The application includes a legal description of this area using the Township Range System. The application indicates that this area is well suited for industrial usage. County Road 290 provides direct access to the drill pads. Carbon County zoning of this area is CE-1, which prohibits drilling of gas wells. Carbon County currently is reviewing and accepting comments to amend the zoning to a CE-2 and allow a conditional use permit. These changes would allow the proposed development to occur.

For the Division to approve an alternate post mining land use, the applicant is required to show the use meets the requirements of R645-301-413.300. The following discussion itemizes each criterion together with the justification in the application.

1. The use must be a higher and better use.

The amendment requests a land use change for approximately 12.0 acres of land. Current land use is wildlife and grazing. The proposed land use change is industrial. This land use change would help facilitate the oil and gas development within the Drunkards Wash Unit. Care has been taken to locate the drill pad sites adjacent to Carbon County Road 290, minimizing the amount of ground necessary to accomplish this post mining land use change. The industrial usage in this case is a higher and better use of the land.

2. There must be a reasonable likelihood of achieving the use.

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BLM approved the Drunkards Wash Unit on December 28, 1990 for the production of gas, including, but not limited to, coal bed methane. This unit encompasses approximately 94,000 acres within Carbon and Emery Counties. There are several producing wells adjacent to the permit area and one producing well within the permit area.

Carbon County is currently accepting comments from the public in an effort to rezone this area to allow gas production to take place. Phillips Petroleum has notified Plateau Mining Corporation by letter that they plan to drill Cyprus 10-526 and Utah 10-525 in 2002. Drilling in the 2002 year is conditional upon approval of this land use change and meeting the conditions of the approved MRP to remove this parcel from the permit area.

3. The use must not present any actual or probable hazard to public health or safety, or threat of water diminution or pollution.

It will be necessary to construct the site to meet all federal and state safety standards. The area will still be subject to requirements of the Clean Water Act. The Star Point Mine reclamation plan was developed to address the watershed of lands within and adjacent to the permit area following coal mining and reclamation operations.

The amount of total suspended solids or other pollutants to ground and/or surface water from the permit area will be minimized, because flood hazards within the watershed will have a reduction of the peak flow resulting from precipitation and/or thaws. This will improve public and private use along with the ecology of the water.

It is not anticipated that the total volume of flow from the area, regardless of the season, will vary in a way that would have adverse effects on the ecology of the surface water. This includes any existing and/or planned use of surface and/or ground water.

4. The use will not be impractical or unreasonable, inconsistent with applicable land use policies or plans, involve unreasonable delay in implementation, or cause or contribute to violation of federal, Utah or local law.

As mentioned earlier, the area in and around this site has gas wells and the BLM has approved the Drunkards Wash Unit for gas wells. Carbon County is proposing a zoning change in this area to allow gas wells to be constructed. The development and regulation of these gas wells falls under the jurisdiction of the Division of Oil, Gas and Mining, under the Oil and Gas group.

A review of the submittal under Section 400 follows:

Section 400, Table of Contents and Pages 400-1 through 400-9 have been modified and submitted as part of the Land Use change to allow Phillips Petroleum access to the portions of the Drunkards Wash Unit. Exhibit 412.200a has been added to the approved MRP.

Section 400, Table of Contents has been modified to include text relative to easements, leases, and use agreements.

Pages 400-1 through 400-9 have been modified to include text and remove text to allow the Post-Mining Land Use change on approximately 12.0 acres of land. The use is being changed from wildlife and grazing to industrial to allow Phillips Petroleum to develop two gas wells and a utility corridor.

Exhibit 412.200a has been added to the approved MRP. This exhibit, as submitted, includes draft Land Owner Letters, County Conditional Use Permit and Lease Agreement.

Findings:

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

R645-301-412.130, Exhibit 412.200a, draft letters to the Land Owners needs to be replaced with a copy of the actual letters.

R645-301-412.130, Exhibit 412.200a, application for County Conditional Use Permit needs to be replaced with the approved County Conditional Use Permit.

R645-301-412.130, Exhibit 412.200a, Lease Agreement between Plateau Mining Corp. and Phillips Petroleum is needed to replace the letters of intent that were in the original submittal.

R645-301-880, Must comply with all the applicable regulations for bond release to reduce the permit area.

ROAD SYSTEMS AND OTHER TRANSPORTATION FACILITIES

Regulatory Reference: 30 CFR Sec. 701.5, 784.24, 817.150, 817.151; R645-100-200, -301-513, -301-521, -301-527, -301-534, -301-537, -301-732.

Analysis:

TECHNICAL MEMO

Reclamation

Pages 500-79, 500-80 and 500-84 originally indicated the retention of the short road between the conveyor rock tunnel and County Road 290. This road segment is now scheduled for reclamation.

Page 500-79 was modified indicating the removal of the short road between the conveyor rock tunnel and County Road 290.

Page 500-80 was modified indicating the removal of the short road between the conveyor rock tunnel and County Road 290.

Page 500-84 was modified by the addition of text relative to the Post-Mining Land Use.

Findings:

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

R645-301-111.400, Page 500-79 is located on the backside of a double-sided page. The final submittal should include Page 500-78 on the front side.

R645-301-111.400, Page 500-80 is located on the front side of a double-sided page. The final submittal should include Page 500-81 on the backside.

R645-301-111.400, Page 500-84 is located on the front side of a double-sided page. The final submittal should include Page 500-85 on the backside.

MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-323, -301-512, -301-521, -301-542, -301-632, -301-731.

Analysis:

Final surface configuration maps

Map 542.200c (Reclamation Topography), maps 542.200f and 542.200e2 (Reclamation Cross Sections) have been submitted to replace the original maps in the approved Mining and Reclamation Plan (MRP).

Map 542.200c has been modified to show the parcel of ground proposed for a Post Mining Land Use. This change will allow Phillips Petroleum to develop two gas wells and a utility corridor. Cross section M-3 to M-3' has been added to indicate the proposed reclamation contour changes at well site Utah 10-525. The contours have been reviewed and correlate to the cross section. The contours now indicate the drill pad and mud pit.

Map 542.200e2 has been modified on cross sections A-3 to A-3' and B-3 to B-3'. Cross Section A-3 to A-3' has been changed to show the drill pad for Utah 10-525. Cross Section B-3 to B-3' has been changed to show the utility corridor and road.

Map 542.200f has been modified on cross section L-3 to L-3' and cross section M-3 to M-3' has been added. Cross section L-3 to L-3' has been changed to show the utility corridor and road. Cross section M-3 to M-3' has been added to show the drill pad and mud pit at Utah 10-525.

Findings:

No deficiencies were found on the Topography or Cross Section Maps.

RECOMMENDATION:

Prior to approval, the permittee must comply with the deficiencies referenced in the regulations cited above.

It should be noted that when the deficiencies are met and approved that the process for bond release and removal from the permit are not part of that approval. Bond release and removal from the permit area will have to be demonstrated, after all reclamation activities, conditions of the MRP, and regulations are met. This process will require a separate permitting action that will correlate with this amendment.