

September 21, 2004

Johnny Pappas, Sr. Environmental Engineer
Plateau Mining Corporation
P.O. Box 307
Helper, Utah 84526-0030

Re: 2004 Midterm Permit Review, Plateau Mining Corporation, Star Point Mine, C/007/0006, Task ID #1887, Outgoing File

Dear Mr. Pappas:

The above-referenced mid-term permit has been reviewed. There is a deficiency that must be adequately addressed prior to approval. A copy of our Technical Analysis is enclosed for your information. In order for us to continue to process your mid-term application, please respond to the deficiency by October 21, 2004.

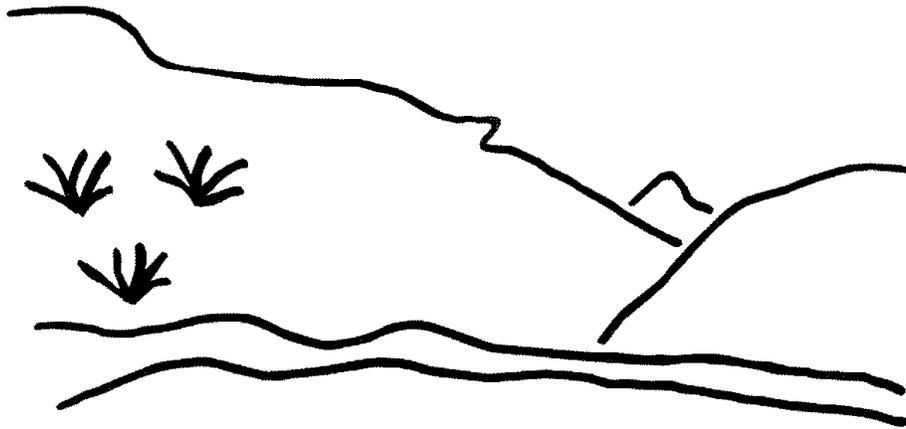
If you have any questions, please call me at (801) 538-5286, or Dave Darby at (801) 538-5320.

Sincerely,

D. Wayne Hedberg
Permit Supervisor

an
Enclosure
cc: Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Star Point Mine
Midterm Permit Review
C/007/0006, Task ID #1887
Technical Analysis
September 21, 2004

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TECHNICAL ANALYSIS

The Division ensures compliance with the Surface Mining Control and Reclamation Act of 1977(SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings, which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference, which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

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TECHNICAL ANALYSIS

INTRODUCTION

INTRODUCTION

The Division is required to review each active permit during its term, in accordance with R645-303-211. This review is to take place at the mid-point of the permit term (July 28, 1999 for the Star Point Mine) and will cover pertinent elements that have been selected for review. The Midterm Review for the Star Point Mine is now being conducted and the items chosen for review encompass the following:

1. An AVS check to ensure that Ownership and Control information is current and correct.
2. A review of the plan to ensure that the requirements of all permit conditions, division orders, notices of violation abatement plans, and permittee-initiated plan changes are appropriately incorporated into the plan document.
3. A review of the applicable portions of the permit to ensure that the plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
4. The Division may conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness of operational, reclamation, and contemporaneous reclamation practices.
5. An evaluation of the reclamation bond to ensure that coverage adequately addresses permit changes approved subsequent to permit approval.

The Division was conducting a Phase I bond release during the same time period as the Mid-term review. Technical site visits for the Mid-term review were conducted concurrently by some of the review team members to determine if all areas at the Star Point Mine were effective and functioning according to the plans identified in the Mining and Reclamation Plan.

The inspection party reviewed the reclamation construction on May 14, 2004. They observed the condition of the stream channels and the revegetated areas at the mine site. Areas inspected included: (1) the hillsides adjacent to the Lion Deck, No.1 Mine, (2) reclaimed surface facilities, and (3) the Unit Train Loadout. On earlier inspections, personnel visited and evaluated the condition of the reclamation work performed in Corner and Mudwater Canyons. Heavy gouging, using a trackhoe and hydro-seeding the slopes provided good erosion control. The gouges collect surface runoff and enhance vegetation growth. All stream channel construction appeared intact.

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INTRODUCTION

SUMMARY OF DEFICIENCIES

SUMMARY OF DEFICIENCIES

The Technical analysis of the proposed permit changes cannot be completed at this time. Additional information is requested of Plateau Mining Corporation (PMC), the permittee, to address deficiencies in the proposal. A summary of deficiencies is provided below. Additional comments and concerns may also be found within the analysis and findings sections of this Draft Technical Analysis. Upon finalization of this review, any 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 action as deemed necessary by the Division to achieve compliance with the Utah Coal Regulatory Program.

Accordingly, the permittee must address the deficiencies as identified within this Draft Technical Analysis by providing the following information:

Regulations

R645-301-333, The Division is well aware that Star Point Mine is in the extended period of responsibility and no longer consumes water. A response such as zero water consumed at this time is adequate to meet the midterm review requirement. 12

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SUMMARY OF DEFICIENCIES

GENERAL CONTENTS

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

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

Analysis:

The updated ownership and control information was submitted on December 24, 2003, Exhibit 112.300a, Chapter of the Mining and Reclamation Plan (MRP).

Plateau Mining Corporation has reclaimed the Star Point Mine and has submitted an application for Phase 1 bond release.

Findings:

The information provided in Exhibit 112.300a meets the minimum requirements for the Identification Section 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:

No Federal or State mining permit held by the applicant or any subsidiary, affiliate, or persons controlled by or under common control with the applicant has been suspended or revoked.

An AVS check was conducted on July 29, 20004. No violations were reported. Prior to October 12, 1999, the applicant had received 8 violation notices for non-compliance in the seven years preceding that permit application. All violations have been abated and fines paid on time.

Findings:

The applicant has met the minimum requirements of the Violation Information section.

RIGHT OF ENTRY

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

Analysis:

PMC has incorporated documentation in the Mining and Reclamation Plan (MRP) that identifies the right of entry to mine coal.

Findings:

The applicant has met the minimum requirements of the Right of Entry section.

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:

There are no areas designated as unsuitable to mining within or adjacent to the permit area, Page 100-13, MRP.

Findings:

The applicant has met the minimum requirements of the Legal Description and status of Unsuitability Claims section.

PERMIT TERM

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

Analysis:

The Division issued the current permit on January 28, 2002. It expires January 28, 2007.

FILING FEE

GENERAL CONTENTS

Regulatory Reference: 30 CFR 777.17; R645-301-118.

Analysis:

All filing fees have been paid.

Findings:

The applicant has met the minimum requirements of the Filing Fee section.

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GENERAL CONTENTS

OPERATION PLAN

OPERATION PLAN

FISH AND WILDLIFE INFORMATION

Regulatory Reference: 30 CFR Sec. 784.21, 817.97; R645-301-322, -301-333, -301-342, -301-358.

Analysis:

Wetlands and Habitats of Unusually High Value for Fish and Wildlife

Adverse effects of mining on water quantity to the Colorado River drainages do affect four Colorado River endangered fish species (Colorado pikeminnow, humpback chub, bonytail chub, and razorback sucker). The USFWS considers water depletion of the Colorado River from mining a potential risk to these endangered fish. Water users may be required to mitigate if the overall water consumption is greater than 100 acre-feet per year. Currently, the mitigation fee is approximately \$16.00 per acre-foot of depletion, but may change marginally from year to year.

The Permittee is required to address possible adverse affects to these four fish species by first calculating the amount of water used by all mining operations. The “Windy Gap Process” provides a guideline to calculate water consumption for coal mining. The Permittee may obtain the document “Windy Gap Process as it Applies to Existing Coal Mines in the Upper Colorado River Basin” from the Division. The Permittee must also include equations for water consumed from dust suppression programs. In brief, consumption values must at least include the following:

- Mining consumption
- Ventilation consumption
- Coal producing consumption
- Ventilation evaporation
- Sediment pond evaporation
- Springs and seep effects from subsidence
- Alluvial aquifer abstractions into mines
- Alluvial well pumpage
- Deep aquifer pumpage
- Postmining inflow to workings
- Coal moisture loss
- Direct diversions
- Dust suppression (not mentioned in Windy Gap Process).

The Permittee must provide the calculated value of water depletions/additions for all mining operations (R645-301-333).

Findings:

Information provided in the application is inadequate to meet the minimum Fish and Wildlife Information section of the Operation Plan regulations. Prior to Mid-term approval, the Permittee must act in accordance with the following:

R645-301-333, The Division is well aware that Star Point Mine is in the extended period of responsibility and no longer consumes water. A response such as zero water consumed at this time is adequate to meet the midterm review requirement.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 773.17, 774.13, 784.14, 784.16, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-300-140, -300-141, -300-142, -300-143, -300-144, -300-145, -300-146, -300-147, -300-147, -300-148, -301-512, -301-514, -301-521, -301-531, -301-532, -301-533, -301-536, -301-542, -301-720, -301-731, -301-732, -301-733, -301-742, -301-743, -301-750, -301-761, -301-764.

Analysis:

General

The permittee finished all underground mining operations in the Star Point Mines as of December 2000. They have finished backfilling and grading the disturbed minesite. Information in the MRP describes the operation and reclamation activities. The permittee has submitted Exhibit 728h, titled "Evaluation of Hydrologic Monitoring at the Star Point Mine to address post-mining impacts to the hydrologic balance. It was incorporated into the MRP on March 22, 2002. The exhibit was prepared by Earthfax Engineering and describes the analysis of data and longterm impacts from mining to the hydrologic system on the mine and adjacent area. The operator concluded in the report, that there has been no extensive long term or adverse impacts to the water quantity or quality. PMC states that water levels have been reestablished and that all State appropriated water rights have been mitigated.

Findings:

Information provided by the operator identifies the probable postmining scenario for the hydrologic balance and conforms to the requirements outlined in the Probable Hydrologic Consequences Determination, R645-301-728.300. Information provided in the application is

OPERATION PLAN

adequate to meet the minimum General Information requirements and Performance Standards R645-301-750.

MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

Analysis:

Affected Area Maps

The permittee has provided Plates 1-3, incorporated in the MRP March 22, 2002, to support their report in Exhibit 728h.

Findings:

Information provided in the application is adequate to meet the minimum Maps, Plans and Cross-Section requirements of the regulations.

RECLAMATION PLAN

RECLAMATION PLAN

GENERAL REQUIREMENTS

Regulatory Reference: PL 95-87 Sec. 515 and 516; 30 CFR Sec. 784.13, 784.14, 784.15, 784.16, 784.17, 784.18, 784.19, 784.20, 784.21, 784.22, 784.23, 784.24, 784.25, 784.26; R645-301-231, -301-233, -301-322, -301-323, -301-331, -301-333, -301-341, -301-342, -301-411, -301-412, -301-422, -301-512, -301-513, -301-521, -301-522, -301-525, -301-526, -301-527, -301-528, -301-529, -301-531, -301-533, -301-534, -301-536, -301-537, -301-542, -301-623, -301-624, -301-625, -301-626, -301-631, -301-632, -301-731, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-732, -301-733, -301-746, -301-764, -301-830.

The applicant has completed all demolition and removal of structures. All disturbed areas have been regraded, gouged and reseeded. All stream channels have been reconstructed according to the designs in the MRP, reclamation plan.

Findings:

The applicant has met the minimum requirements of the Approximate Original Contour Restoration section.

BACKFILLING AND GRADING

Regulatory Reference: 30 CFR Sec. 785.15, 817.102, 817.107; R645-301-234, -301-537, -301-552, -301-553, -302-230, -302-231, -302-232, -302-233.

Analysis:

General

Mudwater Canyon, Corner Canyon and Main Surface Facilities.

Reclamation at Mudwater and Corner Canyons was limited due to their remote locations. The only access for machinery to conduct reclamation operations was through the mine. The type and size of equipment that Plateau Mining Corporation (PMC) could bring through mine was limited. In addition, PMC had to send all the equipment back into the mine before they sealed the portals.

Mudwater Canyon

Mudwater Canyon was developed pre-SMCRA. Mudwater Canyon and Corner Canyon were inspected on June 23, 2004.

Corner Canyon

The Technical field visit report of June 30, 2004 describes the field review conducted for Phase I bond release. The inspection team conducted the site visit to determine if Corner Canyon met the minimum requirements for Phase I bond release

No. 1 Mine

Mine Number 1 was constructed pre-SMCRA. The Division approved the retention of highwall remnants because of slope stability limitations. The highwall remnants are in competent sandstone and appeared to be stable.

Star Point Mine

The Technical field visit report of June 24, 2004, describes the field review conducted for Phase I bond release. The inspection team conducted the site visit to determine if all disturbed areas at the Star Point Mine meet the minimum requirements for Phase I bond release. The Field Visit report of June 29, 2004, identifies the observations and findings of the inspection.

All areas of the mine were recommended for Phase I bond release.

Findings:

The applicant has met the minimum requirements of the Backfilling and Grading section.

MINE OPENINGS

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

Analysis:

All mine openings have been sealed.

Findings:

The applicant has met the minimum requirements of the Mine Openings section.

RECLAMATION PLAN

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-240.

Analysis:

Redistribution

The applicant has redistributed all topsoil and subsoil as identified in the MRP.

Findings:

The applicant has met the minimum requirements for the Top Soil and Subsoil section.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:

Hydrologic Reclamation Plan

The hydraulic controls at the site were surface roughening, vegetation and straw bales to contain runoff flow. The inspection team found no signs of erosion on the areas subject to surface flows. There is an ephemeral drainage on the north end of the site. To control erosion PMC installed straw bales in 2000. The bales are still in place and functional. Vegetation in the ephemeral channel has been established and should control erosion after the straw bales eventually breakdown.

The only hydrologic structure at the Unit Train Loadout was a culvert that directed water underneath the railroad tracks. Surface gouging and reseeding were used to controlled erosion. The inspection team found the Unit Train Loadout to be stable. The inspection team found no signs of erosion on the areas subject to surface flows.

Findings:

The applicant has met the minimum requirements of Hydrology section.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

Plateau Mining Corporations (PMC) posted a bond for \$7,796,000 on December 4, 2003. Since that time, the Division approved the transfer of the refuse pile from PMC to Sunnyside Cogeneration Associates. The Division approved a bond reduction to \$7,643,000, but PMC did not change the bond rider.

PMC has performed substantial reclamation from 2000 to 2003. The reclamation work included demolition of the structures, earthwork and revegetation. The Division cannot grant bond release for work done on the ground. However, the reclamation work that PMC performed to date reduced the amount of reclamation the Division would have to do in the event of a bond forfeiture. After reviewing the bond, the Division determined they had enough money to reclaim the site if PMC forfeited.

Findings:

The information in the MRP and in the Division's bond calculations is adequate to meet the minimum requirements of this section of the regulations.