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COAL**

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SEP 05 1986

DIVISION OF  
OIL, GAS & MINING

September 2, 1986

Mr. Lowell Braxton  
 Utah Division of Oil, Gas and Mining  
 355 West North Temple  
 3 Triad Center, Suite 350  
 Salt Lake City, UT 84180

ACZ/007/007

RE: Meeting of August 5, 1986

Dear Lowell:

This letter is to confirm Kaiser Coal Corporation's (Kaiser) understanding of the discussions held at the meeting of August 5, 1986 in your offices. Kaiser appreciates your time and John Whitehead's time in meeting with us to discuss the overall permit work at the Sunnyside Mines. Furthermore, we look forward to the Utah Division of Oil, Gas, and Mining's (UDOGM) review and comments on the No. 5 Mine Permit Application which we submitted to you on August 5.

Kaiser requested the meeting in order to discuss a wide range of issues related to permitting at the Sunnyside Mines. Present at the meeting were the following individuals:

Mr. Lowell Braxton	UDOGM
Mr. John Whitehead	UDOGM
Mr. Martin Holmes	Kaiser
Mr. Doug Pearce	Kaiser
Mr. Conrad Parrish	ACZ INC.

The following items were discussed at the meeting:

- (1) Sunnyside Mines coarse refuse needs;
- (2) Proposed coal transportation conveyor;
- (3) Bureau of Land Management right-of-way request;
- (4) Sunnyside Mines permit surface hydrologic drilling revisions;
- (5) Sunnyside No. 5 Mine (No. 5 Mine) permit application review schedule.

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(1) SUNNYSIDE MINES COARSE REFUSE NEEDS

Kaiser has previously discussed with UDOGM the coarse refuse disposal needs at the Sunnyside Mines. The discussion and predesign conference were held in late 1985 or early 1986. The purpose of this discussion was to update UDOGM personnel on the design and progress of the coarse refuse project and to request specific guidance from UDOGM for Kaiser's permitting documents.

Kaiser presented UDOGM with a brief description of the coarse refuse facility currently being designed. The following items are the more important features of the design.

- \* Coarse refuse disposal will be designed for life-of-mine refuse disposal. Kaiser is assuming a reasonable coal reject rate for the next 30 years of operation at the Sunnyside Mines.
- \* Kaiser has recently acquired lands immediately adjacent to the existing coarse refuse disposal area for siting of the new coarse refuse disposal.
- \* Kaiser has had a geotechnical report prepared by Rollins, Brown, and Gunnell Engineers, describing the projected stability of the embankment.
- \* The expanded coarse refuse disposal will require that Kaiser add less than 10 acres to the Sunnyside Mines permit area.
- \* Kaiser's geotechnical consultant has designed a subdrain for the new coarse refuse disposal facility. Kaiser plans to implement a contemporaneous reclamation plan for the coarse refuse facility.
- \* The current coarse refuse disposal area is rapidly filling. Kaiser has become concerned that if additional coarse refuse disposal is not approved by the end of 1986, that operations of the Sunnyside Mines may be jeopardized.

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In addition to the coarse refuse facility description which I have summarized above, Kaiser made specific requests of the Division for information or guidance in several areas with respect to permitting this facility. First of all, Kaiser informed the Division that the coarse refuse pile subdrain has been designed to an alternate configuration for the requirements of part UMC 817, Permanent Program Performance Standards - Underground Coal Mining Activities. Kaiser will be requesting that UDOGM provide specific review of the alternate proposed subdrain design. Kaiser believes that the design proposed by the geotechnical consultant will provide for the greatest long-term stability of the pile consistent with material available in the immediate area of the Sunnyside Mines while meeting the regulatory intent for stability and durability.

At the meeting, Kaiser indicated that baseline data collection for soils, vegetation, and archeological resources in the proposed refuse disposal area would begin soon. We requested guidance from UDOGM concerning their needs for baseline data requirements. It is our understanding that, provided Kaiser meets the baseline data requirements for soils, vegetation, and archeological clearance described in the UDOGM guidelines, the informational needs of UDOGM will be met. Beyond this it is our understanding that the UDOGM staff will be consulted regarding any specific needs for this facility and that UDOGM will contact Mr. Conrad Parrish to discuss any additional requirements.

It is well known that there is a spring at the toe of the existing coarse refuse disposal area. Kaiser has many months of water monitoring data on this spring, although it could not be determined at the time of our meeting how much data existed. Kaiser will be using this data in the permit document for the expanded coarse refuse disposal.

Kaiser proposed that the coarse refuse disposal be handled as an incidental boundary change to the existing Sunnyside Mines Permit. It was noted that current regulations will allow incidental boundary changes of up to 10 acres cumulative over the life of the Sunnyside Mines Permit. Kaiser has received no incidental boundary changes to date for the Sunnyside Mines Permit. Therefore, Kaiser feels that it would be appropriate to process the coarse refuse disposal facility under these requirements. Kaiser requested a ruling at the earliest possible date regarding the administrative status of the incidental boundary change.

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Pending resolution of the request for incidental boundary change, Kaiser then requested that UDOGM supply a list of the regulatory sections which will require response in order for the coarse refuse permit revision to be deemed complete. It is Kaiser's understanding that UDOGM will prepare this list and communicate it to Mr. Conrad Parrish as soon as possible.

## (2) PROPOSED COAL TRANSPORTATION CONVEYOR

The next item of discussion was Kaiser's plan for a coal transportation conveyor from the left fork of A Canyon to the existing Sunnyside Mine surface facilities. This proposed surface conveyor represents Kaiser's most current thinking on the best means for moving coal from the northern portions of Kaiser's Carbon County Utah holdings to the Sunnyside Mines surface facilities. Kaiser has considered a number of different options for moving coal from the northern property to the Sunnyside Mines surface facilities. These options include; an underground rock tunnel from the approximate location of the B Canyon entries to the surface facilities, moving the coal via conveyor through at least two (2) different routes in the existing Sunnyside Mines, and trucking the coal from the C Canyon facilities area to the Sunnyside Mines surface facilities.

The rock tunnel option is currently not considered viable by Kaiser as Kaiser's financial backers have refused to support this rather expensive option.

Moving the coal on conveyor through the existing Sunnyside Mines has been rejected because only one reasonably straight route exists for coal haulage, but this route would involve over eight miles of underground conveyors and the need to keep a corresponding length of underground entries open for a very long duration of time. Holding coal mine entries open for 30 or more years is a difficult task at best and operation of the underground conveyor system is a relatively expensive proposition. Other routes through the Sunnyside Mines have been considered but none contain sufficient length straight runs for the efficient installation of conveyor belts.

Trucking the coal from C Canyon to the existing Sunnyside Mines surface facilities has been considered extensively in the past. Kaiser currently believes that this option is too expensive and represents a much larger environmental impact than the conveyor option. Specifically, Kaiser is concerned about potential wildlife impacts from trucking 2 million tons of coal per year to the Sunnyside Mines surface facilities.

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Movement of this tonnage would require approximately 200 round-trip truck hauls a day. The potential for large game road kills with this type of traffic volume is greatly increased, and Kaiser prefers not to pursue this alternative at this time.

In the final analysis, Kaiser believes that the conveyor option can be completed with a minimum environmental impact, a minimal disturbance, and negligible long term effects to wildlife resources in the area. The conveyor itself will consist of a 60 inch conveyor originating in a portal in the left fork of A Canyon and proceeding for approximately 6,700 feet southwest to a stockpile location on the pediment in front of A Canyon. Current projected size of the stockpile is 150,000 tons of raw coal. From this stockpile, a 42 inch conveyor will be designed to traverse the distance to the Sunnyside Mines surface facilities. Along side the conveyor will be a single lane, all weather access road designed to allow Kaiser personnel to patrol the belt during operating periods. The conveyor access road will not be a public access road, but will be maintained for year round use. Kaiser's current plans call for installing many of the utilities for the No. 5 Mine within the conveyor corridor.

Kaiser's plans for the conveyor are currently in the initial stages of development. Construction is planned for a period between the summer of 1987 and the summer of 1988. Mine planning is a dynamic process and Kaiser's mine plans indicate that sometime in this period it will be necessary to begin construction of this conveyor in order to complete construction in accordance with mine operating needs. Therefore, Kaiser is requesting that UDOGM provide assistance and input at the front end of the environmental data gathering process. Specifically, Kaiser is beginning baseline studies in the area and requests guidance from UDOGM regarding the scope and level of environmental resources information required to complete a permit application for this facility.

Kaiser will soon begin the collecting of vegetation and soils baseline data for the area. Archeological studies will also be initiated soon to determine the presence of any historic or prehistoric sites and the potential of these sites for National Register listing.

Kaiser has deliberately chosen the permit boundaries for this conveyor to include only minimal, if any underground workings. Kaiser anticipates that the conveyor will enter a portal very close to the projected edge of the permit boundary adjacent to the No. 5 Mine Permit Area. Kaiser hopes that by taking this

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approach, any ground water hydrologic issues relative to the conveyor can be minimized or eliminated. There are currently no plans to gather additional ground water hydrologic information relative to the conveyor as it is conceived to be a surface facility with no impact to the ground water hydrologic regime.

It is Kaiser's understanding that UDOGM personnel will review the baseline information requirements for the conveyor alignment and will contact Mr. Conrad Parrish of ACZ INC. with any additional concerns.

Kaiser further requested that UDOGM personnel set up a wildlife consultation with all cognizant state and federal agencies for the purpose of discussing the conveyor. It is Kaiser's understanding that UDOGM personnel will be in contact with Kaiser as soon as possible regarding a consultation.

Kaiser proposed that the permitting process for this conveyor be in accordance with the UDOGM Regulations which require a "new permit" for the conveyor alignment. However, Kaiser requested clarification of the final disposition of this "new permit" following approval. Kaiser is committed to providing UDOGM with all necessary information for approval of the conveyor permit document, but has requested that UDOGM find an administrative means for attaching the approved final package to the existing Sunnyside Mines Permit. This has many advantages for all parties. The largest single advantage is that by attaching the conveyor permit to the existing Sunnyside Mines Permit, there will be only two (2) permits, approved in the area for Kaiser and UDOGM to administer. If the conveyor cannot be attached to either the Sunnyside Mines Permit or the No. 5 Mine Permit, there will be three (3) permits each with its own set of monitoring requirements, inspection requirements, stipulations, and other administrative actions which must be attended to by both Kaiser and the Division. Kaiser feels that it is in the best interest of all parties to minimize the administrative work associated with approved permits and therefore, respectfully request that serious consideration be given to finding an administrative means for making the approved conveyor permit a part of the Sunnyside Mines Permit.

Based on our discussions, it is my understanding that UDOGM's general reaction to this request is favorable. I appreciate your giving consideration to this request and if we can provide information or other backup to assist you in making your decision, please do not hesitate to contact me.

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(3) BUREAU OF LAND MANAGEMENT RIGHT-OF-WAY REQUESTS

Kaiser informed UDOGM that a meeting for August 6, has been scheduled between Kaiser and the Bureau of Land Management in Price. The purpose of the BLM meeting will be to acquaint BLM personnel with Kaiser's plans for construction of the conveyor and also to begin the preparation of right-of-way applications for both the No. 5 Mine surface facilities and the conveyor. Kaiser acknowledges that the current No. 5 Mine Permit Application does not contain right-of-entry documents for part of the surface facilities. It is Kaiser's intention to address this issue as quickly as possible.

(4) SUNNYSIDE MINES PERMIT SURFACE HYDROLOGIC DRILLING REVISIONS

Kaiser requested guidance from UDOGM concerning Kaiser's recent proposal for surface hydrologic drilling in Whitmore Canyon and C Canyon. It is my understanding from our conversation that Kaiser has provided all required information for this revision to the Sunnyside Mines Permit and UDOGM is currently reviewing the proposal and will issue an appropriate response. Further, I understand that successful completion of this hydrologic drilling program will meet the ground water informational needs of both the Sunnyside Mines Permit and the No. 5 Mine Permit Application. Based on our conversation, Kaiser intends to pursue the letting of bids for drilling and testing in the area. I understand that there are some minor technical differences in well development and sampling technology between our proposals and the UDOGM staff's desires, but that in principal we may proceed with field work so that favorable weather will not be lost.

(5) SUNNYSIDE NO. 5 MINE PERMIT APPLICATION REVIEW SCHEDULE

Kaiser requested a brief update on the schedule for reviewing the No. 5 Mine Permit Application. It was indicated that the schedule provided by UDOGM in January of 1986 was still applicable. This schedule in general presented a projected elapsed time for most of the permit review and approval procedures. It is my understanding that UDOGM will provide Kaiser with another copy of this schedule.

SUMMARY

The above information constitutes Kaiser's understanding of the discussions and conclusions reached at our meeting of August 5, 1986. Kaiser will proceed with the various

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permitting and data gathering tasks based on our understanding of this conversation. Please review this information carefully and contact me within two (2) weeks if your understanding differs from mine.

Once again thank you for your time. As always I enjoyed meeting with you and John. If you have any questions, or if I can be of further assistance, please contact me.

Sincerely,



Martin P. Holmes  
Manager, Permits and  
Regulatory Compliance

MPH/klk

Certified Mail

cc: John Whitehead  
Doug Pearce  
Conrad Parrish