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**KAISER
COAL**

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Mime File
J. Whitehead

Rec DOGM
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July 23, 1986

Mr. Lowell P. Braxton
Administrator
Mined Land Reclamation Program
Utah Division of Oil Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Mr. Braxton:

Kaiser Coal Corporation (Kaiser), through its Sunnyside Mines Permit (ACT 007-007) has committed to five drill holes in the permitted Sunnyside Mines area by the end of September, 1986. Three of these holes were proposed to be drilled underground and two were proposed to be drilled on the surface. The surface holes were planned to be coal exploration drill holes from which hydrologic data would be obtained.

Kaiser has determined that no exploration drilling is required now nor is it likely to be required in the near term to meet the needs of mine development either in the existing Sunnyside Mines area or in the planned Sunnyside No. 5 area. In addition, a bunker decline located in the lower portion of the Sunnyside No. 3 mine penetrates a 164-foot thickness of Sunnyside Sandstone beneath the coal seam. This decline has not been previously examined by DOGM personnel. During the course of geologic and hydrologic baseline studies for the No. 5 mine PAP, it was mapped geologically and it was found to have only minor water occurrences. The combined water flow for the entire bunker decline was 1.5 gpm in Spring of 1986. Kaiser has therefore concluded that given the lack of water in the down-dip portion of the Sunnyside Sandstone in the bunker decline, combined with the severe floor-heave problems that are ubiquitous throughout the mine, underground drilling to examine the Sunnyside Sandstone will not be fruitful or of benefit in achieving the intended goals.

Recently gathered geohydrologic information, summarized in the attached report, indicates that the geohydrologic regime in the greater Sunnyside area is well understood with the exception of two areas. The attached report presents Kaiser's intended approach in filling the recognized geohydrologic data gaps: a

two-hole groundwater monitoring drilling program. Kaiser believes that data from this drilling program, when combined with other available regional and site-specific data, will provide a hydrologic baseline database that is as complete as can reasonably be expected.

Kaiser proposes that the current stipulation for drilling as stated in the Sunnyside Mines Permit (ACT 007-007) be stricken and that the drilling proposed in the attached document be undertaken in lieu of the existing stipulation. Please let me know if this approach meets with your approval and if it is necessary for Kaiser to provide any additional information in order to effect this change.

Kaiser would like to begin plans for the logistics involved with the drilling which is tentatively scheduled to commence on September 1, 1986. As such, I would appreciate receiving any comments the Division might have by mid-August. If no comments have been received at that time, Kaiser will proceed with the drilling as planned, and assume that the Division concurs with the program.

Sincerely,



Martin P. Holmes
Manager Permits and
Regulatory Compliance

cc: J. Whitehead
R. Smith
B. Buck, JBR