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Act 007/011 cc Hiawatha Mine Site
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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Moab District
P. O. Box 970
Moab, Utah 84532

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SL-025431
SL-031286
(U-065c)

APR 23 1992

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Certification No. P 872 631 181

RECEIVED
APR 27 1992
DIVISION OF
OIL GAS & MINING

Clyde E. Kemp, Jr., MBA
Manager, Procurement and Contracts
Great Basin Energy Company
6100 Neil Road
P. O. Box 30150
Reno, Nevada 89520-3150

Re: Waste Coal at Starpoint and Hiawatha Mines

Dear Mr. Kemp:

On March 10, 1992, the Bureau of Land Management (BLM) received a written request from the Great Basin Energy Company (GBEC) on behalf of the Acme Power Company to evaluate the waste coal piles and ponds located on the surface of the Starpoint Mine operated by Cyprus Plateau and the Hiawatha Mine operated by U. S. Fuel Company. On March 24 and April 3, 1992, GBEC submitted additional information relating to this request. GBEC needs a written statement from BLM declaring these ponds and piles as waste material in order to obtain a permit from the Federal Energy Regulatory Commission (FERC) to burn this material in a power plant.

At both Plateau and U. S. Fuel, as a result of mining, waste materials are generated from the mining process. These materials are a by-product of the cleaning, washing, and sizing operations of the raw coal produced. The waste usually consists of a mixture of coal fines, shales, and other isolated materials. Under the existing regulations of the Utah Division of Oil, Gas, and Mining, these wastes must be reclaimed at the conclusion of mining operations. GBEC proposes to move these materials to Acme, Wyoming and burn them in a small, high-efficiency power plant, thus eliminating the need to reclaim the materials.

In order for GBEC to burn this waste material, a permit is required from FERC. To satisfy the conditions of this permit, GBEC has to prove that the materials in question meet the criteria of waste as defined by FERC. These criteria are as follows: 1) it must be a by-product of a commercial operation and 2) it must have no commercial value.

Plateau and U. S. Fuel are both disposing of refuse material generated from a jig-type wash box which produces refuse with a high ash content and low heating value and a filtration circuit which produces a product of high moisture content and low quality.

Plateau Mining Company is mixing both the refuse from the jig and the fine coal from the filtration circuit in a coal refuse pile for future reclamation. At the present capacity, they generate approximately 150,000 to 200,000 tons of refuse annually. A portion of the refuse pile is on surface lands administered by the BLM under a right-of-way permit (R.O.W. U-479865).

U. S. Fuel is stockpiling the refuse product in refuse piles and slurry pond embankments. The coal fines are put in the slurry ponds. There are four separate ponds, 1, 4, 5 and 5A. Slurry pond 5 has a higher quality and will not be disposed of. U. S. Fuel has continuously attempted to sale the fine coal contained in slurry ponds 1, 4 and 5A without success. Currently, they expect to cease all mining operations by 1995. Reclamation of the property should begin this year.

Cyprus Plateau and U. S. Fuel have both issued written statements that satisfy both conditions of the criteria for waste.

On March 27, 1992, Abe Elias, BLM Mining Engineer from the Price Coal Office, visited both mines to evaluate the sites. The methods for separating fine coal and refuse from the marketable coal were discussed. In evaluating the information, removing the existing waste coal piles and ponds from Plateau and U. S. Fuel will 1) reduce the reclamation costs the companies are liable for, 2) help clean up the environment, 3) utilize materials considered harmful to the environment to generate electricity.

The two mines mentioned above contain Federal coal and are routinely inspected by the BLM to ensure compliance with existing regulations, which include achieving maximum economic recovery. The waste materials generated by these companies are a by-product of mining activities, have no current commercial value, and meet the criteria for waste as defined by the FERC.

If you have any question, contact Gary Johnson, Chief - Price Coal Office at 801-637-4584.

Sincerely Yours,

Gary Johnson

for Assistant District Manager,
Mineral Resources

cc:
DM, Moab (U-065)
SD, Utah (U-921)
UDOGM, Salt Lake City
Cyprus Plateau Mining Company
United States Fuel Company