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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 10, 1995

Mr. Michael Watson, President
U. S. Fuel Company
P. O. Box 887
Price, Utah 84501

Re: Mid Term Review, U. S. Fuel Company, Hiawatha Mine, ACT/007/011, Folder #3, Carbon County, Utah

Dear Mr. Watson:

The Division has completed the Midterm Review of the Hiawatha Mine. As indicated in our letter dated September 29, 1994, the topics of review included 1) contemporaneous reclamation and 2) the reclamation bond estimate. Any outstanding issue that has not been fully resolved was also reviewed. The results of our review are enclosed in the attached document. Please review it carefully. There is a requirement section that requires your further attention. U. S. Fuel must provide a response by no later than March 13, 1995.

If you have any questions please call me or Paul Baker.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

enclosure

cc: P. Baker
P. Grubaugh-Littig
J. Helfrich

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**U. S. FUEL COMPANY
HIAWATHA MINE
MID-TERM REVIEW**

ACT/007/011
February 10, 1995

REVIEW OF OUTSTANDING ISSUES

U. S. Fuel has not yet adequately responded to Division Order 92A issued with the permit renewal in March of 1992. The only issue remaining from the Division Order concerned reclamation of the roads in South and Middle Forks of Miller Creek.

The text of the plan in the file copy of the mining and reclamation plan (dated June 2, 1993) says the roads will be reclaimed to an unimproved condition. However, Division correspondence dated January 7, 1994, says the plans submitted in June 1993 are still considered deficient and cannot be approved. Therefore, the text that has been inserted into the mining and reclamation plan is not approved.

The commitment in the June 2, 1993, submittal to remove the pavement and to seed the roads is acceptable. However, the plan also includes a request for a variance from approximate original contour (AOC) restoration requirements. A few other deficiencies were found in this plan, such as drainage control and the need to reduce the road width to only what is necessary for the postmining land use. In a memorandum accompanying the January 7, 1994 letter, the Division recommended that U. S. Fuel try to justify leaving the roads without a request for a variance from AOC restoration requirements. U. S. Fuel responded on April 5, 1994, with a submittal that removed the AOC variance request but eliminated the commitment to remove the pavement.

The most recent correspondence from the Division concerning this issue was sent June 10, 1994. This letter affirmed that the postmining land uses are wildlife, grazing, and recreation. It said that comparing roads supporting these uses in other adjacent canyons leads one to conclude that only a single-lane unpaved road would be necessary. It also said U. S. Fuel needs to commit to reclaim the roads in the South and Middle Forks of Miller Creek to the width and condition necessary to support the postmining land use. The letter requested that U. S. Fuel provide plans for the reclamation of the roads on or before July 11, 1994. No response could be found in the Division's files.

FINDINGS AND REQUIREMENTS:

U. S. Fuel needs to submit plans to reclaim the roads in South and Middle Forks to

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an unimproved condition. The April 5, 1994, submittal contains adequate justifications for leaving the roads in an unimproved condition for the postmining land use, and it shows how the area will be returned to approximate original contour while leaving the road and associated cuts and fills.

BOND REVIEW

U. S. Fuel currently has a \$3,779,000 reclamation bond for the Hiawatha mine. In 1991 the Division determined the reclamation costs to be \$3,117,794 in current dollars or \$3,321,000 in 1996 dollars. During the midterm the bond was adjusted for inflation from 1991 to 1993 and escalated from 1994 to 1996. The current 1996 dollar amount for the bond is \$3,350,000. The current bond exceeds the projected reclamation costs by \$429,000. There is no reason for the Division to request a bond increase at this time.

CONTEMPORANEOUS RECLAMATION

U. S. Fuel has done a significant amount of reclamation on the property. The reclamation work included demolition and removal of several buildings, and grading the slurry ponds. This work has been verified by Division personnel through site visits and inspections. Taking into account the reclamation that has been completed at the site, the Division determined the cost to finish reclaiming the Hiawatha Mine in February 1995 to be \$2,838,000 in 1996 dollars.

FINDINGS:

The current reclamation bond of \$3,779,000 is adequate to complete the reclamation of the Hiawatha mine.

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