



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

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December 20, 1996

TO: Joe Helfrich, Permit Supervisor, Compliance *gch*

FROM: Peter Hess, Reclamation Specialist *PHH*

RE: Revised Contemporaneous Reclamation Schedule/Additional Proposed Long Term Equipment Storage Areas, U. S. Fuel Company, Hiawatha Mine Complex, ACT/007/011-96F, Folder #2, Carbon County, Utah

I have reviewed the aforementioned submittal and have the following comments:

- 1) Exhibit V-9 shows potential areas for long term equipment storage. I have several problems with this.
 - a) They want to permit refuse pile #1 for long term equipment storage.
 - b) They want to permit the cemetery by the heavy equipment shop for long term equipment storage.

- 2) Exhibit V-8
 - a) It's okay to permit the truck shop area for heavy equipment storage. Diesel ramcars, LHD's, and electrical transformers/disconnects, etc., are already stored here.
 - b) It is **not** okay to permit the King 6 truck loading area for long term equipment storage. This area is reasonably cleaned up, (compared to other areas of the site), and should not be junked up again.
 - c) King 6 mine yard area--
 - 1) It is okay to permit the area on the left side of the access road. Machinery, belt structure, fan equipment, etc., are already stored here.
 - 2) It is **not** okay to permit the rest of the area for equipment storage. To do this would give them more room to junk up the site. We should be trying to coalesce machinery, and not give them the ability to spread it out more. We might want to consider giving them the potential for storing some items in the Outside Shop.



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- 3) Exhibit V-6
 - a) It is **not** okay to permit the timber yard for heavy equipment storage.
 - b) Upper railroad yard--Exhibit V-6 shows that the permittee wants to permit the upper railroad yard as a noncoal waste area. The cross hatching indicates that this is to be a long term equipment storage area. What do they want it to be? I would not agree to permit it as an equipment storage area. If it is permitted for equipment storage, is the equipment now to be considered "noncoal waste"?
 - c) The proposed area in the King 4/5 mine yard is too large. It should be reduced so the permittee is forced to keep items coalesced, rather than scattered, as has been his practice in the past.
 - d) The small triangular area in the truck loading area should be eliminated, and the items moved to the adjacent area.

I would now like to bring your attention to Chapter II, Table II-23, page 71 of the U. S. Fuel mining and reclamation plan, which was last revised 11/30/96 for this amendment submittal. This table is titled "Reclamation timetable for, and I quote, "Permanent Cessation of Operations" Hiawatha Processing Plant and Loadout Facility. I would say that this timetable is on schedule. My point is, if the wash plant area schedule is current, I take it that the wash plant has reached the permanent cessation of operations stage. Now, is it possible for a portion of a site, (i. e., a very critical portion, as it is not possible to ship R. O. M. coal from Middle Fork) to be in permanent cessation of operations while another portion of the site is not?

- 4) Chapter III-no problems here.
- 5) Chapter V, page 5A, paragraph 3, states "the sales agreement was terminated on 11/15/96, and the property is again available for purchase." Okay, but we have been told for months that a great deal of the machinery associated with 96-46-2-1 has already been sold. It no longer remains the property of U. S. Fuel. Now, suddenly, it is once again the property of U. S. Fuel. Which is it, or are the managers of U. S. Fuel jerking us around ?

U. S. Fuel has identified in the text of Chapter V that the machinery now again belongs to them. They have not identified it on a permit map or in the field as the abatement requirements specified. This is probably minuscule. We know that all machinery belongs to them.

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- 2A) U. S. Fuel still has until January 1, 1997 to remove and properly dispose of its abandoned machinery. The problem we have is that they are telling us that it is "good stuff". In my opinion, it is obsolete and beyond economical repair. If it had any real value, it would have been sold when the diesel mantrips, the battery coalhaulers, and other miscellaneous mining equipment was sold.

- 2B) This abatement is unnecessary as all equipment has now been "unsold".

I sincerely believe that these people flip flop too much, and that they are going to blow smoke at the Division as long as we allow them to do so. I have forwarded my comments to Dan Moquin of the A. G.'s office with regard as to what I would be comfortable with in regard to terminating 96-46-2-1. I don't feel that permitting an excessive number of long term equipment storage areas is the answer to this issue.

sd

Mine file



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December 5, 1996

United States Fuel Company
340 Hardscrabble Road
Helper, Utah 84526

Re: Mining Permit and Reclamation Plan No. ACT/007/001, State of Utah

Oil

Gentlemen:

Through United States Fuel Company's counsel, Oliver W. Gushee, Jr., Salt Lake City, Utah, I have been informed of an allegation contained in Certified Complaint in the Case of American Fuel Corp., Plaintiff, against Fleet Bank, N.A. and United States Fuel Corporation [sic], Defendants, Index No. 96-605866 in the Supreme Court of the State of New York, County of New York. The allegation as quoted to me is that United States Fuel Company ("U.S. Fuel") is in violation of certain government requirements concerning the maintenance of the property (i.e., U.S. Fuel's coal mines in Carbon and Emery Counties, Utah) such that U.S. Fuel is precluded from transferring title to the property until such violations are removed. My understanding is that since the allegation does not specify the particular property interest involved, U.S. Fuel believes the allegation relates to the described Mining Permit and Reclamation Plan and Notices of Violation by the Utah Division of Oil, Gas and Mining ("DOGM") Nos. N96-46-1-1 issued April 19, 1996 and N96-46-2-1 issued August 8, 1996.

A review of our files reflects that Notice of Violation ("NOV") N96-46-1-1 was terminated by DOGM's Termination of Notice of Violation dated May 20, 1996 by which DOGM acknowledged that U.S. Fuel had submitted a revised/updated reclamation schedule for the site and that the requirements for remedial action had been met. In regard to NOV N96-46-2-1, both U.S. Fuel and DOGM have worked cooperatively and diligently to resolve the issues represented by it. Pursuant to the rights granted under state regulations, U.S. Fuel appealed the "fact" of each of the violations in addition to proceeding with the abatement process.

Pertinent parts of regulations of DOGM relative to review of Notices of Violations and the effect upon either the pending issuance of a mining permit or, by implication, approval of the transfer of an existing mining permit are as follows:



132. Review of Violations.

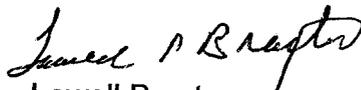
R-645-132.100. The Division will make a finding that any coal mining and reclamation operation owned or controlled by the applicant is not currently in violation of the act or in violation of any federal law, rule or regulation or any Utah law or rule enacted pursuant to federal law, rule or regulation pertaining to air or water, environmental protection. If such a finding cannot be made, the Division will require the applicant, before the issuance of the permit (i.e., or transfer thereof), to either:

R-645-132.110. Submit to the Division proof that the current violation has been or is in the process of being corrected to the satisfaction of the agency that has jurisdiction over the violation; or

R-645-132.120. Establish for the Division that the applicant has filed and is presently pursuing, in good faith, a direct administrative or judicial appeal to contest the validity of the current violation.

Because of the actions taken by U.S. Fuel in compliance with the described regulations, the enumerated violations would not preclude or prohibit the agency from processing and approving an application for transfer of the existing U.S. Fuel Company Mining Permit to either American Fuel Corp. or any other qualified third party with the financial capabilities for assumption of all bonding and operating obligations of the Mining Permit, including the abatement of any Notices of Violations, and the performance of the reclamation plan. If American Fuel Corp. has been under the impression of a contrary position on the part of DOGM, that conclusion is incorrect.

Sincerely,



Lowell Braxton
Deputy Director

dr

cc: Oliver W. Gushee, Jr.

n:usfuel.l

UNITED STATES FUEL COMPANY



P.O. Box 887
PRICE, UTAH 84501

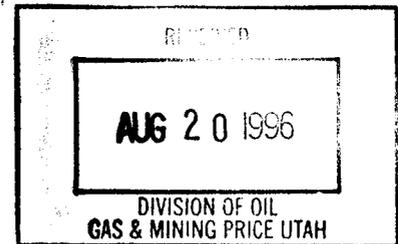
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August 16, 1996

Mr. Pete Hess
Reclamation Specialist
Division of Oil, Gas & Mining
Utah Department of Natural Resources
451 East 400 North
Price, UT 84501

007/011 *dk* #2

Re: Topsoil Borrow Area "A"



Dear Pete,

In order to continue with the reclamation of Slurry Pond #5, U. S. Fuel will need to begin topsoiling soon. Blackhawk Engineering has prepared the enclosed plan submittal to open Borrow Area "A". The intent is to use similar techniques for erosion control that proved so successful in Borrow Area "F". If you have any questions, please call. We would like to begin topsoiling as soon as the final grading and haulage road is completed.

Sincerely,

Michael P. Watson
President