



Michael O. Leavitt  
Governor  
Ted Stewart  
Executive Director  
James W. Carter  
Division Director

# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340  
(801) 359-3940 (Fax)

December 24, 1996

Dan Moquin, Assistant Attorney General  
Utah Division of Oil, Gas and Mining  
1594 West North Temple  
Box 145801  
Salt Lake City, Utah 84114-5801

Dear Mr. Moquin:

RE: Terms for Negotiation, Potential Settlement Agreement, U. S. Fuel Company,  
Hiawatha Complex, ACT/007/011, Carbon County, Utah

The following numbers are approximations on the number of in-place tons at the Hiawatha site. These numbers will be critical to you in the settlement agreement negotiation process.

These are "in-place" tonnages. Percent recovery tons are naturally less.

- 1) #4 Mine-"A" seam = 7 million tons  
#4 Mine-"B" seam = 2 million tons
- 2) #5 Mine-"B" seam = 5 million tons

---

Total Middle Fork  
Recoverable tons = 14 million tons

As you can see from these numbers, it is highly unlikely that the permittee would agree to reclaim Middle Fork; this is what I mentioned would appease me in the meeting on 12/23/96. I have had to reconsider.

- 3) #6 Mine, potential recoverable tons = 16 million
- 4) #6 Mine (also referred to as South Fork) is also the best access to the Mohrland reserves, which amount to anywhere from 40 to 50 million tons. This tonnage is in addition to the 30 million tons U. S. Fuel is claiming that is recoverable.



With regard to what I feel I would be comfortable, with as far as putting the site in "mothballs", I offer the following:

A) in Middle Fork:

- (1) move all machinery down Canyon to the Savage truck shop area.
- (2) remove all surface structures, (concrete pads may remain), with the exception of the "A" frame conveyor structure over the pit, and the pits associated truck loading mechanism. Backfill or adequately cover the hole over the reclaim conveyor.
- (3) install permanent seals in the mine openings and backfill them.
- (4) clean up, to the best extent possible, all remaining debris and evidence of coal.

B) in South Fork:

- (1) remove all remaining machinery down Canyon either to the Savage truck shop area, (if room remains), or the Heavy equipment shop area.
- (2) remove all surface structures, (concrete pads may remain), with the exception of the truck loading area conveyor support structure, and the truck loading conveyor mechanism.
- (3) install permanent seals in all related mine openings and backfill them.
- (4) clean up, to the best extent possible, all remaining debris and evidence of coal.

If we can agree with the permittee to persevere toward the accomplishment of the aforementioned work in Middle and South Forks, I would have enough justification, in my own mind, to vacate NOV #96-46-1-1 and terminate NOV #96-46-2-1.

- C) Work should continue in the wash plant area and it's associated refuse piles/slurry cells, while the work in Middle & South Forks is being accomplished.

Page 3  
D. Moquin  
Terms/Negotiation  
December 24, 1996

- D) We need to get some kind of control on how fast the permittee is going to finish mining the fines, and remain an "active coal mining operation".
- E) We need to limit how much time we will allow the permittee to attempt to sell the site, before we make the decision to shove them toward final reclamation.

I believe that these terms, if you can get them, would be acceptable. However, I also want to emphasize again, that SMCRA does not accept or endorse "settlement agreements". If we can pull this off without putting the Division (or any associated inspector) out on a limb, then we should proceed. I am essentially asking for a Phase 1/2 reclamation in the two Canyons. Good luck in our endeavors.

Sincerely,  
  
Peter Hess  
Reclamation Specialist III

sd  
cc: Mary Ann Wright, DOGM, SLC  
Joe Helfrich, DOGM, SLC