

C/007/011 Incoming

#3927

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HIAWATHA COAL COMPANY

**P.O. Box 1240
Huntington, UT 84528**

**(435) 637-1778
FAX (435) 687-5057**

September 26, 2011

Daron Haddock
Utah Division of Oil, Gas & Mining
1954 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: **Response to Right of Entry Issues, letter dated July 28, 2011**

Dear Mr. Haddock:

Enclosed is an amendment to the Hiawatha MRP to address the subsidence and water monitoring issues raised in your letter. Hiawatha is currently in negotiations with ANR Company and Rhino Energy to settle and update the ownership and control issues which have been raised. We request that the Division allow an additional 90 days to update this information. In the interim, Hiawatha Coal Company assures you that we have been granted access to allow Hiawatha to continue to maintain all disturbed areas and perform required responsibilities under Hiawatha's state permit. Required maintenance and water monitoring is being conducted. You also raised a concern of the water monitoring data being submitted. Hiawatha will enter the data which has been collected into the electronic database pipeline by the end of the month. If you have any further questions, please feel free to contact me at (801) 857-0399.

Sincerely,



Charles Reynolds, PE
Mine Manager

Enclosure(s)

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SEP 27 2011

DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: HIAWATHA COAL CO.

Mine: HIAWATHA COMPLEX

Permit Number: ACT/007/011

Title: _____

Description, Include reason for application and timing required to implement:

Amendment to temporarily suspend subsidence monitoring and spring quality monitoring

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: Disturbed Area: increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO#
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV #
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

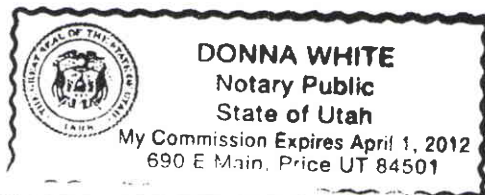
Elliot Finley
Print Name

E. Finley, Pres., 9-27-11
Sign Name, Position, Date

Subscribed and sworn to before me this 27th day of September 20 11

Donna White
Notary Public

My commission Expires: _____
Attest: State of Utah _____; SS: _____
County of Garfield



For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

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SEP 27 2011

DIV. OF OIL, GAS & MINING

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Exhibit 5-3 shows the location of ground control monuments and elevation monitoring points in the vicinity of current mining operations. Monitoring data and a current copy of Exhibit 5-3 is submitted to the Division with Hiawatha's annual report. In the steep canyons the slope is great enough that subsidence would not be noticeable, it would also be difficult to select a point in these areas that would be representative of the entire area. The main concern is in areas where the topography is relatively flat and where roads and fences are in the subsidence zone. Because of this most of the points have been established these areas. Additional points have been established around the edges of the subsidence zone, and in areas of maximum subsidence to be used in evaluating the accuracy of our model. There are currently 22 subsidence points being monitored as shown on Exhibit 5-3. They will be monitored using a survey grade GPS. In areas of good satellite visibility we will insure and accuracy of at least 0.1 feet. It should be noted that in these areas it will typically be more accurate than that. In areas of steep canyons and heavy vegetation where satellite coverage is not as good we will insure and accuracy of at least 1 foot. This is more accurate than results from an aerial survey.

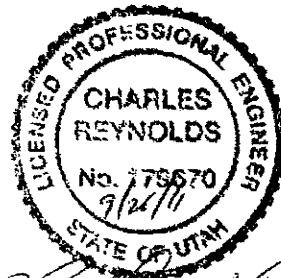
Currently, no underground mining is taking place or scheduled to take place for several years which will result in possible subsidence. Appendix V-17 includes an analysis which demonstrates that no significant subsidence has taken place since 2000. Based on this information, Hiawatha proposes that subsidence monitoring be suspended until underground mining activities resume. Prior to any underground mining resuming, Hiawatha commits to collect updated survey information on all subsidence monitoring points to establish a baseline from which to compare. After underground mining commences, the annual subsidence monitoring will resume and a comparison made to the baseline data each year in the annual report.

Results of subsidence could have effects on renewable resource lands. However, during the 80 years of mining in this area there has been no evidence of any effects to existing water patterns. Nonetheless, it is conceivable that fractures resulting from subsidence could someday contribute to changes in the water patterns. Although highly unlikely, it is possible that springs, seeps and/or stream flows could be affected. The diminution of existing surface and ground water sources could affect some livestock and wildlife watering sites at higher elevations. Water presently being used for industrial and irrigation purposes should not be diminished to any great extent since water diverted into the ground would most likely return to mine openings, springs and streams near the top of the Star Point sandstone formation. No mining will be done below this horizon which is well above municipal, industrial and irrigation points of use. The affect of mining on the water supply is discussed in greater depth in chapter 7.

All surface lands above existing and proposed mining operations are owned by either ANR Inc.

Appendix V-17

SUBSIDENCE DATA ANALYSIS



Charles Reynolds

Introduction

For the purpose of demonstrating that no subsidence is occurring at the Hiawatha Mine, and to allow for the removal of the commitment within the MRP to perform annual subsidence studies, a 10 year (2000-2009) subsidence analysis was conducted. In accordance with the Division's request, the analysis focused on five of the most accurate years of data collected from within the 10 year period. The five years selected for analysis were 2000, 2002, 2005, 2006 and 2008.

Analysis for 2000 and 2002 Subsidence

In 2000 and 2002, subsidence data was collected and reported using aerial survey methods (elevation reading from photography). The work was contracted to Olympus Aerial Survey's Inc. For both years, 112 different subsidence monitoring stations (300 to 412) were measured. The change in subsidence for both 2000 and 2002 were compared to baseline data from 1988. The accuracy of the readings was based on ground control and photo-scale. A margin of error within aerial survey data is found to be acceptable for course scale analyses such as subsidence monitoring. For 2000, the vertical displacement range for all 112 points was measured with the greatest decreased being -2.77 ft. and the greatest increase being +1.40. For 2002, the vertical displacement range for all 112 points was measured with the greatest decreased being -5.39 ft. and the greatest increase being +1.88.

A side-by-side comparison of select points within the 2000 and 2002 data was done to allow for single point analysis. Notable is the fact that certain points demonstrate a decrease in elevation one year and an increase in the other year. Point 343 was shown to uplift 0.67 feet in 2000 and was then shown to subside 1.84 feet in 2002. Point 365 was shown to uplift by 0.20 feet in 2000 and then shown to subside 1.98 feet in 2002. The opposite case is also present. For example, point 336 was shown to subside 0.22 feet in 2000, and then was shown to uplift by 0.18 feet in 2002. These discrepancies demonstrate that the subsidence measured is either; based on constant up and downward motions of small scale subsidence and uplift (unlikely at this stage for residual subsidence) within a margin of error, or that the data is erroneous. To supplement the aerial surveying conducted in 2000, all areas were walked in August of 2000 during the control survey. No significant changes to the surface or new fracturing were noted. Also, control point SUB 4 was not visible to aerial surveying instruments, therefore, the margin of error expected in the data was expected to expand. Our contention is that the subsidence recorded is within an expected margin of error based survey methods used and that no significant subsidence occurred in either year.

Analysis for 2005 Subsidence

In 2005, subsidence data was collected and measured using a Leica GPS surveying system on the State Plane NAD 86 Coordinate System. Fifteen different subsidence monitoring station were measured. For all 15 points, the greatest decreased was measured as -2.31 ft. and the greatest increase was +1.13ft. For single point analysis, Point 399 was chosen for elevation comparison between 2000, 2002, and 2005. The point was shown to subside by 0.01 and 0.10 feet in 2000 and 2002 respectively, and then was shown to uplift by 1.54 feet in 2005. We contend that the difference is due to margin of error and that no subsidence is taking place. The subsidence report for 2005 is significant in that it reports that surface disturbance due to logging activities removed/destroyed/covered 40% of the subsidence points that were previously monitored via aerial survey methods. Anticipated logging activities were expected to cause additional disturbance. Due to this fact, there would be fewer points from which to collect subsidence data.

Analysis for 2006 & 2008 Subsidence

In 2006 & 2008, subsidence data was collected and measured using a Leica GPS surveying system on the State Plane NAD 86 Coordinate System. As part of the 2006 report, 6 subsidence control stations were compared to the baseline data for the points. Data collected in 2006 was compared to data collected in 2004. The greatest decrease in elevation was shown to be 0.49ft, while the greatest increase was shown to be 0.44 feet. This information allowed an updated accuracy estimate to be place in the range of 0.93-1.00 feet. Another 8 points were monitored for subsidence. No points demonstrated an increase or decrease of more than 0.5 feet. This demonstrates that no significant subsidence occurred during 2006. In 2008, 23 subsidence monitoring stations were measured and compared to data collected in 2007. No subsidence was detected.

Summary

After conducting analysis of subsidence data collected and reported in years 2000, 2002, 2005, 2006 and 2008, we have concluded that any subsidence detected can be justified as being within the expected margin of error based on the survey methods used and that no significant subsidence occurred from 2000 to the present. Raw subsidence data that was submitted with past annual reports is included with this report for the years that were analyzed.

Hiawatha - 2000 Raw Subsidence Data