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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
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Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 8, 2016

Elliot Finley
Hiawatha Coal Company
P.O. Box 1240
Huntington, Utah 84528

Subject: Deficiencies in Phase I and Phase III Bond Release Application, Hiawatha Coal Company, Hiawatha Mine, C/007/0011

Dear Mr. Finley:

The Division received the Phase I and Phase III Bond Application submitted by Hiawatha Coal Company on October 18, 2016 for portions of the Hiawatha Mine Complex. Upon review of the application and as a result of the bond release inspection, the Division has identified a number of deficiencies in the application that will need to be corrected. A copy of our review document is attached which discusses the deficiencies. In order for us to complete the processing of your application you must correct the deficiencies and revise your application accordingly. Please submit the revised application by no later than January 9, 2017.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
attachment
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Technical Analysis and Findings Utah Coal Regulatory Program

PID: C0070011
TaskID: 5300
Mine Name: HIAWATHA MINE
Title: PHASE I & PHASE III BOND RELEASE

General Contents

Permit Application Format and Contents

Analysis:

Analysis:

The application does not meet the requirements of R645-301-880.300 and R645-301-121.200, because the application refers to Slurry Pond 5A in the cover letter subject line and in a bullet on page 8-78 of the application. This is incorrect, all the reclaimed acreage due to receive Phase III bond release is on the east slope of Slurry Pond 5. There has been no reclamation of pond 5A at all. It remains part of the operation plan.

Deficiencies Details:

R645-301-880.300 and R645-301-121.200, because the application refers to Slurry Pond 5A in the cover letter subject line and in a bullet on page 8-78 of the application. This is incorrect, all the reclaimed acreage due to receive Phase III bond release is on the east slope of Slurry Pond 5. There has been no reclamation of pond 5A at all. It remains part of the operation plan. Please make the appropriate correction to Page 8-87 of the application.

pburton

Completeness

Analysis:

The bond release application needs to include documentation of notification to the land owners.

Deficiencies Details:

The application does not meet the requirements for Completeness. The following deficiency must be addressed prior to final approval.

R645-301-150: The permittee is requested provide the documentation of notification to the land owners for the areas subject to bond release.

jhelfric

Reclamation Plan

General Requirements

Analysis:

The amendment does not meet the State of Utah R645 requirements for Reclamation Activities.

The requirements of R645-301-540 are not met within the amendment as Permittee incorrectly calls out the 2016 Phase bond releases of a portion of Slurry Pond 5 out as Slurry Pond 5A. The Permittee must amend the text on pages 8-77 and 8-78 to correctly reference Slurry Pond 5. The requirements of R645-301-534 and R645-301-542.600 are not met within the amendment as per the Division inspection the section of road within bond release area RA-1 (1.6 acres) is not completely shown on Exhibit 4-A and has not been properly ripped/scarified per R645-301-542.630. The Permittee must amend Exhibit 4-A to show the full extent of the road being applied for and the road must be reclaimed to all R645-301-542.600 specifications. The Permittee should also include a copy of the legal description of the bond release areas for the Division to be able to adequately map independently confirm the location and size of the bond release are accurate.

Deficiencies Details:

R645-301-121.200, R645-301-542.630, R645-301-800: The Permittee must amend Exhibit 4-A to show the full extent of the road being applied for and the road must be reclaimed to all R645-301-542.600 specifications.

cparker

Approximate Original Contour Restoration

Analysis:

The amendment does not meet the State of Utah R645 requirements for Approximate Original Contour Restoration.

The amendment does not meets the R645-301-512.200, -553.110 through -553.150, R645-301-534 and R645-301-542.600 per the Division site inspection the section of road within bond release area RA-1 (1.6 acres) is not completely shown on Exhibit 4-A and has not been properly ripped/scarified per R645-301-542.630. The Permittee must amend Exhibit 4-A to show the full extent of the road being applied for and the road must be reclaimed to all R645-301-542.600 specifications.

AOC as defined by R645-301-553.100 through -553.150 is achieved when the final grade closely resembles the general surface configuration of the land prior to mining activities and provides a subsurface foundation for vegetative cover capable of stabilizing the surface from erosion.

Deficiencies Details:

R645-301-121.200, R645-301-542.630, R645-301-800: The Permittee must amend Exhibit 4-A to show the full extent of the road being applied for and the road must be reclaimed to all R645-301-542.600 specifications.

cparker

Topsoil and Subsoil

Analysis:

Analysis:

The reclamation of the access road to Pond 7 may meet the requirements for Phase I bond release, because it is at grade, but will not meet the requirements for Phase II bond release.

During an inspection of the bond release areas on November 30, 2016, it was discovered that the access road to Pond 7 has not had the topsoil berm replaced. The road is shown on Ex II-4A as Phase I bond release area at the toe of Slurry pond 5. A portion of the roadway had been seeded and the topsoil berm had been pocked in late summer, but the roadway still appeared compacted. The full length of the Pond 7 access roadway must be ripped, the topsoil berm replaced and the area seeded prior to Phase II bond release. Doing so as soon as possible will put ditch 7, pond 7 and the access road to pond 7 on a similar bond release clock.

Deficiencies Details:

R645-301-542.630 and R645-301-880.310, The reclamation of the access road to Pond 7 may meet the requirements for Phase I bond release, because it is at final grade, but will not meet the requirements for Phase II bond release. The full length of the Pond 7 access roadway must be ripped, the topsoil berm replaced and the area seeded prior to Phase II bond release. Doing so, as soon as possible, will put ditch 7, pond 7 and the access road to pond 7 on a similar bond release clock.

Road System Reclamation

Analysis:

The amendment does not meet the State of Utah R645 requirements for Reclamation of Roads.

The requirements of R645-301-534 and R645-301-542.600 are not met within the amendment as per the Division inspection the section of road within bond release area RA-1 (1.6 acres) is not completely shown on Exhibit 4-A and has not been properly ripped/scarified per R645-301-542.630. The Permittee must amend Exhibit 4-A to show the full extent of the road being applied for and the road must be reclaimed to all R645-301-542.600 specifications.

Deficiencies Details:

R645-301-542.630: The Permittee must amend Exhibit 4-A to show the full extent of the road being applied for and the road must be reclaimed to all R645-301-542.600 specifications.

cparker

Hydrological Information Reclamation Plan

Analysis:

The amendment meets the State of Utah R645 requirements for Phase I and Phase III bond release relative to the hydrology requirements.

The Permittee requested Phase I and III bond release on portions of the Hiawatha Mine site. The Phase III area was actually inspected by Division staff during a Phase III bond release earlier in 2016. However; due to an error in the reported acreages, a portion of that Phase III bond release was removed. The Phase III bond release with this application applies to the east slope of slurry pond 5A and includes 10.17 acres of reclaimed land. The Phase I component of the bond release application is associated with the initial reclamation (backfilling and grading) of sediment pond D007 (approximately 1.6 acres).

On November 15th, 2016, Division staff conducted a bond release inspection of the aforementioned areas. According to the Permittee, sediment pond D007 and two reporting drainage ditch were reclaimed in September of this year. During the inspection, the dispersion of seed on all of the reclaimed areas associated with sediment pond D007 was observed. Properly installed silt fence was observed on the downward slope of the sediment pond. The sediment pond had been backfilled and deeply pocked. Approximately 2' of embankment was left on the south side of the pond in order to retain approximately 10-12 pine trees that had established themselves within the reclaimed sediment pond. Several of the trees exceeded 10' in height and will serve to stabilize the reclaimed area. The two drainage ditches that reported to sediment pond D007 were observed and found to be stable, seeded and at approximate original contour. No evidence of instability or erosion were noted either with the two diversion ditches nor with the reclaimed sediment pond (D007).

The 10.17 acres of slope inspected on the east slope of slurry pond 5A was found to be stable with no evidence of erosion.

The amendment meets the State of Utah R645 requirements for Phase I and Phase III bond release relative to the hydrology requirements.

schriste

Revegetation Standards for Success

Analysis:

The information in the application meets the State of Utah R645 requirements for Revegetation Standards for Success.

On October 18th, 2016 the Division received an application for phase one bond release on sediment pond D007 and the associated diversion ditch(1.6 acres) and phase III bond release for the eastern out-slope of slurry pond 5 (10.17 acres). The phase I area is shown on Exhibit II-4a and the phase III area is shown on Exhibit 4a as well and Plate 8-2.

Phase I bond release (R645-301-880.310) requires back-filling, regrading and drainage control. Phase III bond release (R645-301-880.330, R645-301-356.200 and 357) requires the completion of all mining and reclamation activities, establishment of vegetation over a ten year liability period and a demonstration that the vegetation will equal or exceed the

approved success standard during the growing season for the last two years of the of the liability period.

The reclamation work(including seeding) for sediment pond D007 and the associated diversion ditch was completed in September of 2016. Field work for the documentation to meet the requirements of Phase III bond release for the out-slope of slurry pond 5 began in August and continued into September of 2013. The study was repeated an August and September of 2014. The two years of data collection included reclaimed area 2 (RA2) or (slurry pond 5 main cell) and the corresponding reference area. Data collection included total vegetation cover, percent cover by species, and woody plant density. Indices for the reference areas and reclamation areas were calculated to determine if the reclamation efforts met the bond release requirements. The vegetation surveys were conducted according to DOGM Vegetation Information Guidelines (1992) and the MRP Criteria and Tests for Demonstrating Successful Revegetation. Data collected in the reference areas were compared to the reclamation areas to determine similarity.

Area RA 2 had 6 species that were at least 3 percent of the relative vegetation cover and had a total of 24 species present. There were 2 woody/shrubs, 1 forb, and 3 cool-season grasses. This area exceeds the requirement of 2 cool-season perennial grasses, but has only 2 of the 3 required woody shrub species.

Diversity:

Reference area 1 had 5 species with relative cover greater than 3 % and a total of 18 species. RA 2 had 7 species with relative cover greater than 3 % and a total of 19 species.

The woody plant density of reclamation area 2 (RA2) reclamation areas averaged 1776.4 plants per acre and the reference areas averaged 4,437 plants per acre. However since the postmining land use identified in the Hiawatha MRP is wildlife habitat and grazing, requisite consultation with DWR determined that 1,100 to 6,500 plants per acre were sufficient for wildlife needs. Therefore RA2 has met the recommended woody species success standards for the post-mining land use.

Production:

Production estimates by the NRCS or reference area one for 2013 and 2014 averaged 909 #'s per acre. Production estimates by the NRCS or RA 2 for 2013 and 2014 averaged 932 #'s per acre.

The percent cover for RA2 (10.18%) exceeded the percent cover (8.02) in the corresponding reference area # 1. RA2 met the life form requirements for species diversity. In 2013, Reclamation Areas 2 and 6 met the species diversity success standard. RA2 had lower production than Reference Area 1. The data for the two years of consecutive vegetation surveys demonstrate that the standards of success required for phase III bond release have been met or exceeded. The application for phase I and III is recommended for approval.

jheltric

Maps Bonded Area

Analysis:

The amendment does not meet the State of Utah R645 requirements for Bonded Area.

The requirements of R645-301-800 are not meet within the amendment as the bonded area map was updated but did not include the full extent of the road that the Permittee wishes to include in the bond release.

Deficiencies Details:

R645-301-542.630, R645-301-800: The Permittee must amend Exhibit 4-A to show the full extent of the road being applied for and the road must be reclaimed to all R645-301-542.600 specifications.

cparker

Maps Reclamation Treatments

Analysis:

Analysis:
The application does not meet the requirements for reclamation maps, because Ex II-4A does not accurately show the reclaimed D7 leading to pond 007 on the south toe of Slurry pond 5.

Deficiencies Details:

R645-301-121.200 and R645-301-542, Please add reclaimed D7 (at the South toe of Slurry Pond 5) to the Phase I bond release area under consideration shown on Ex. II-4A.

pburton