



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

drag files
cc Mike files
DRN
Internal
0070012
R

June 20, 1988

TO: Dianne R. Nielson, Director
FROM: Pamela Grubaugh-Littig, Reclamation Engineer *pgl*
RE: Preliminary Meeting with IPA, Kaiser Coal Corporation, Horse Canyon Mine, ACT/007/013, and Wellington Preparation Plant, ACT/007/012, Folder #4, Carbon County, Utah

A preliminary meeting to discuss the proposed acquisition of Kaiser properties by IPA was held at the Division on June 16, 1988 with the following attendees:

Fred Witsell	Attorney, Denver, Colorado
David Anderson	Engineer, Department of Water and Power, City of Los Angeles
David Olsen	Manager, Coal Mining Department at Kaiser Engineers
Denise Dragoo	Attorney
John J. Whitehead	Division of Oil, Gas and Mining
Pamela Grubaugh-Littig	Division of Oil, Gas and Mining

IPA entered into a purchase agreement with Kaiser on June 1, 1988 that contains a 90-day period to study said properties (Horse Canyon, Wellington, Columbia Mine, South Lease, and Carbon County Railways) and the liabilities that accompany them. During this 90-day period, IPA has an option to refuse the properties according to the agreement. The purpose of this meeting was to aid IPA in understanding the Division's permitting and reclamation requirements and liabilities associated with the Horse Canyon and Wellington properties.

Page 2
Memo to Dianne Nielson
Preliminary Meeting, IPA
June 20, 1988

The status of the Horse Canyon Mine in the permitting process was outlined for IPA. Kaiser has been pursuing an approval for a maintenance and reclamation plan for Horse Canyon for over four years. If IPA acquired this property, they would need to transfer the reclamation liability of \$918,649 and finalize the permit. This property as it currently exists is not in compliance and will need to be upgraded to acceptable standards (upgrade sedimentation ponds and diversions).

IPA may utilize Horse Canyon to access the South Lease reserves which could be in the mid 1990's. IPA inquired about the possibility of an indefinite temporary cessation, i.e., the property in an indefinite maintenance status. A request was made by IPA about the possibility of a commitment by the Division regarding this indefinite temporary cessation and such an agreement being included in the permit transfer or permit approval.

The Wellington bond estimate (revised January, 1988) was distributed to IPA. This reclamation estimate is about \$2,000,000 less than the \$4,360,775 reclamation liability currently posted by Kaiser Coal Corporation. This property is currently permitted and would require a permit transfer and posting of a \$2,404,098 bond (1989 dollars escalated at 2.3 percent).

No upgrades to the property would be required but a maintenance program would be necessary. An indefinite temporary cessation status was also discussed regarding this property.

IPA stated that Wellington may be the site for a coal reclaim facility. This facility would reclaim refuse and the end product could be used at IPP. The possibility of the State being interested in such a project and providing some funding, or other resources was mentioned by IPA.

This was a fact-finding session for IPA. We encouraged IPA to contact the Division if there were any further questions about any details of the permitting process during the remaining portion of the 90-day time period.

djh
cc: B. W. Roberts
K. May
L. Braxton
J. Whitehead
9075R/52-53