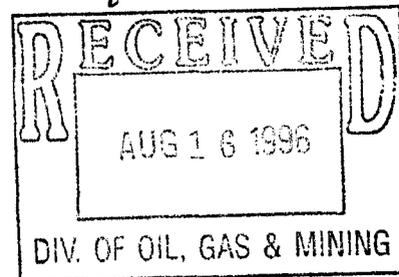


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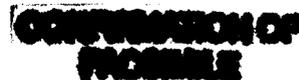
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**VIA FACSIMILE (801) 359-3940**  
**and**  
**VIA CERTIFIED MAIL,**  
**RETURN RECEIPT REQUESTED**

August 15, 1996

Mr. Lowell Braxton  
UTAH DIVISION OF OIL, GAS AND MINING  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

**RE: DIVISION ORDER #96A, WELLINGTON PREPARATION PLANT,  
PERMIT NO. ACT/007/012**

Dear Mr. Braxton:

On behalf of Nevada Electric Investment Company ("NEICO"), we hereby respond to Division Order #96A ("DO #96A"), issued by the Utah Division of Oil, Gas & Mining ("Division") on May 30, 1996. Subsequent to our June 28, 1996 meeting with the Division, NEICO has been evaluating possible contemporaneous reclamation at the Wellington Coal Preparation Plant ("Wellington"). NEICO seeks to be responsive to DO #96A without foreclosing potential buyers of the Wellington properties, facilities or coal fines.

**I. SCHEDULE FOR CONTEMPORANEOUS RECLAMATION AND DEMOLITION.**

Initially, it is NEICO's understanding that DO #96A invites NEICO to participate with the Division in the development of a timetable for contemporaneous reclamation as distinguished from final reclamation at Wellington. NEICO has not permanently ceased coal mining and reclamation operations at Wellington and does not currently intend to initiate final reclamation of the site. Consistent with R645-301-541.100, final closure and reclamation of affected areas will only occur once coal mining and reclamation operations have permanently ceased at the site. It is further NEICO's understanding that its current reclamation plan for Permit No. ACT/007/012 is not deficient as to R645-301-542.100. Utah Coal Rule, R645-301-542.100, requires, "a detailed timetable

Mr. Lowell Braxton  
August 15, 1996  
Page 2

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for the completion of each major step in the reclamation plan." NEICO's timetable for final reclamation was approved by the Division and incorporated into § 5.42.1 of the permit effective September 13, 1995. This regulation does not require NEICO to provide the specific date upon which either final or contemporaneous reclamation operations will be initiated.

In addition, contrary to the assertion of DO #96A, NEICO has not permanently ceased "coal preparation and loading" activities at Wellington. The plant site contains a significant supply of coal fines. Coal mining, coal removal and loading activities are anticipated to remove this resource from the site. NEICO is actively marketing the Wellington for these purposes. It is NEICO's intention to continue solicitation and evaluation of offers on the property, some of which include demolition and salvage of structures.

Although NEICO is not undertaking "final reclamation," NEICO does propose to demolish and salvage certain facilities at the site in the foreseeable future. At this time, NEICO intends to seek demolition and salvage bids, perform bid evaluation and select a demolition contractor prior to October 18, 1996. Depending upon contract terms and work seasons, demolition of selected structures could be completed by September, 1997. These demolition activities could change if NEICO enters into a sales agreement with a new buyer with different plans for the property. A more definitive demolition schedule can be provided to the Division following award of the demolition contract.

Consistent with R645-301-352 and DO #96A, NEICO will propose an amendment to its reclamation plan to address a schedule regarding contemporaneous reclamation and demolition activities. Such a schedule was also requested by the Division's Technical Analysis dated July 25, 1996. NEICO also proposes to submit a significant revision to the permit proposing an alternative post-mining land use for the site and a commensurate reduction in the reclamation bond.

## **II. COARSE REFUSE PILE.**

It is NEICO's understanding that coarse refuse pile is to be considered a final reclamation issue rather than contemporaneous reclamation. NEICO has until October 18, 1996, in which to address stability issues at the coarse refuse pile under Notice of Violation No. 95-39-2-1. By letter dated August 2, 1996, the Mine Safety and Health Administration ("MSHA") has initially denied NEICO's request for a variance regarding 30 CFR Part 77.215(h). However, NEICO intends to request MSHA to reconsider this decision and review the stability issue during an onsite meeting.

Mr. Lowell Braxton  
August 15, 1996  
Page 3

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On August 7, 1996, Patrick Collins, Mt. Nebo Scientific, met onsite with Robert Davidson and Sharon Falvey of the Division to explore NEICO's final reclamation options. During the Wellington site visit, each disturbance type was reviewed with the Division as to reclamation and successful revegetation. Each substitute topsoil borrow area proposed for use at the time of final reclamation was reviewed and discussed. Richard Davidson, soil specialist, suggested alternative methods of final reclamation of the coarse refuse pile. For example, less than four feet of cover material may be allowed if a capillary barrier is installed below the substitute topsoil cover. This barrier would prohibit detrimental salt accumulations from rising to the root layer, while also increasing the likelihood of holding more of the available water in the root zone by preventing it from being lost to the subsurface layers of coarse refuse material.

The following ideas were also discussed concerning the coarse refuse pile during the field trip:

- Review of data from vegetation field trial plots to identify correlation between vegetation success and treatments.
- Consideration of material for capillary barrier, e.g., clay/bentonite.
- Consideration of an eighteen (18) inch cover from the substitute topsoil borrow area.
- Review of regulations and requirements for high EC and SAR in soils.

Many of these issues will be addressed in response to the Division's Technical Analysis dated July 25, 1996.

### **III. FINAL RECLAMATION OF OTHER AREAS.**

#### **A. Coarse Slurry Material**

The following issues were also discussed during the August 7, 1996 site visit regarding the coarse slurry material:

- The possible use of the large/coarse sandstone fraction as a capillary barrier material for the slurry pond fines.
- The need to identify the exact material containing high levels of B and Se.

Mr. Lowell Braxton  
August 15, 1996  
Page 4

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- Possible sampling of the soils of the coarse slurry and slurry pond vegetation test plots for B, Se, EC and SAR at depth intervals to identify salt migration patterns within each treatment.
- Possible sampling of plant tissue for concentrations of B and Se.
- Consideration of correlations between vegetation success within each treatment in the test plot for this area.

**B. Slurry Ponds.**

The following ideas were also discussed on August 7, 1996 with regard to the slurry ponds:

- Possible use of a capillary barrier for reclamation using less than four feet of substitute topsoil cover.
- Determination of the percentage of clay-sized particles within coal fine material.

The Division agreed to further explore these options based upon laboratory reports and existing data from the revegetation test plots. These issues will be addressed in response to the Division's Technical Analysis dated July 26, 1996.

In sum, NEICO would appreciate an opportunity to meet with the Division to review its proposals for contemporaneous and final reclamation. Once NEICO and the Division are in agreement, NEICO will prepare formal applications to modify Permit No. ACT/007/012 for approval by the Division.

Very truly yours,



Denise A. Dragoo

DAD:jmc:111745

cc: Richard L. Hinckley, Esq.  
Patrick Collins  
Dennis Schwehr