



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 3, 2002

Patrick Collins, Resident Agent
Nevada Electric Investment Co. (NEICO)
P.O. Box 337
Springville, UT. 84663

Re: Completion of Midterm Review, Nevada Electric Investment Co. (NEICO), Wellington Preparation Plant, C/007/012-MT02-1, Outgoing File

Dear Mr. Collins:

The Division has completed the midterm review of the Wellington Preparation Plant. The items, which were reviewed, were identified in our June 17, 2002 letter to you and the results of our review are included in the enclosed technical review document. Also enclosed is a stamped incorporated copy of the application for insertion into your copy of the Mining and Reclamation Plan.

Based on observations made during our August 7, 2002, midterm site visit, as well as the review of permit amendments relative to the various disciplines involved with the visit and their relevance with the mining and reclamation plan, and a review of the reclamation bond, it is felt that the Wellington Preparation Plant site, and its mining and reclamation plan adequately meet the requirements of the R645 coal rules. In summary, there are no outstanding permitting issues pending at this time, there are no major or minor compliance issues pending at this time, the current reclamation bond of \$4,904,000 (in 1999 dollars) is considered adequate.

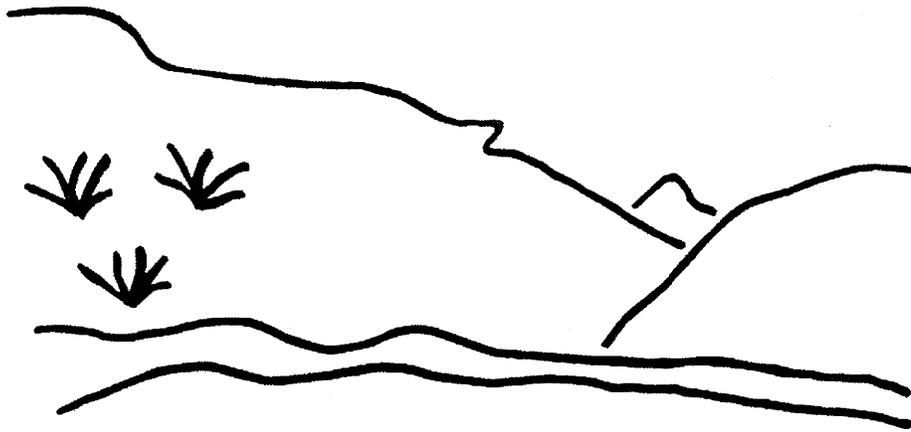
The midterm permit review for the Wellington Preparation Plant has been completed. Thank you for your cooperation. Please call me at (801) 538-5325 if you have any questions.

Sincerely,

Daron R. Haddock
Permit Supervisor

an
cc: Mark Page, Water Rights w/o
Dave Ariotti, DEQ w/o
Derris Jones, DWR w/o
Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Wellington Prep Plant
Midterm Permit Review
C/007/012-MT02-1
Technical Analysis
November 25, 2002

TECHNICAL ANALYSIS

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The Division ensures compliance with the Surface Mining Control and Reclamation Act of 1977(SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

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TECHNICAL ANALYSIS

INTRODUCTION

INTRODUCTION

The midterm review for the Wellington Preparation Plant facility was initiated by way of Division correspondence to Mr. Patrick D. Collins, (Resident Agent for NEICO) on June 17, 2002. The following items were chosen for review:

1. An AVS check to ensure that Ownership and Control information is current and correct.
2. A review of the plan to ensure that the requirements of all permit conditions, division orders, and notice of violation abatement plans, and permittee-initiated plan changes are appropriately incorporated into the plan document.
3. A review of the applicable portions of the permit to ensure that the plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
4. A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate year dollars.
5. The Division will conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness of operational, reclamation, and contemporaneous reclamation practices.

On August 7, 2002 the following Division personnel conducted a field visit of the facility with Mr. Collins: Steven Demczak – Inspector; Daron Haddock – Permit Supervisor; Joe Helfrich – Biologist; Wayne Western – Engineer; and Gregg Galecki - Hydrologist. No on-site deficiencies were noted during the field inspection, however the following items needed to be addressed for a satisfactory midterm review. The outstanding items were adequately addressed by information submitted to the Division on October 18, 2002.

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INTRODUCTION

GENERAL CONTENTS

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30CFR773.22; 30CFR778.13; R645-301-112

Analysis:

The ownership and control information is provided for in chapter one of the MRP. Mr. Collins informed the Division that there were changes in the corporate structure that were being prepared for submission to the Division. Those changes were submitted to the Division on October 18, 2002. This information will be updated in the MRP and the AVS.

Findings:

The updated ownership and control information is adequate to meet the requirements of the General Contents section of the regulations.

VIOLATION INFORMATION

Regulatory Reference: 30CFR773.15(b); 30CFR773.23; 30CFR778.14; R645-300-132; R645-301-113

Analysis:

There are no outstanding notices of violation abatement plans for the Wellington Preparation plant facility. There have been no coal mining and reclamation operations in the name of Nevada Electric Investment Company being revoked or suspended, nor has there been a performance bond forfeited in the five years preceding this review.

Findings:

The Wellington Preparation Plant facility has met the regulatory requirements for this section (item #2) of the midterm review.

SPECIAL CONDITIONS OR STIPULATIONS TO THE PERMIT APPROVAL

GENERAL CONTENTS

Regulatory References: 30 CFR773.17; R645-300-140; R645-300-145.

Analysis:

The permit was renewed on December 10, 1999 and expires December 10, 2004. One stipulation is attached to the permit. The stipulation requires water-monitoring data to be submitted electronically into the Division's Water Quality Database. The data entry has been completed as required.

Findings:

There are no special conditions or stipulations attached to the current permit. The permittee-initiated plan changes have been incorporated into the plan document. The Wellington Preparation plant facility has met the regulatory requirements for this section (item#2) of the midterm review.

OPERATION PLAN

OPERATION PLAN

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 773.17, 774.13, 784.14, 784.16, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-300-140, -300-141, -300-142, -300-143, -300-144, -300-145, -300-146, -300-147, -300-147, -300-148, -301-512, -301-514, -301-521, -301-531, -301-532, -301-533, -301-536, -301-542, -301-720, -301-731, -301-732, -301-733, -301-742, -301-743, -301-750, -301-761, -301-764.

Analysis:

Sediment control measures

A total of seven Alternate Sediment Control Areas (ASCA's) regulate the amount of sediment leaving the Disturbed Area of the permit. The six sedimentation ponds on the site also help in controlling sediment runoff from the site. All seven ASCA's were evaluated during the Technical Visit conducted on August 6, 2002, and determined to be performing adequately.

A detailed inspection of the ACSA's and sediment controls was conducted during the regular monthly inspection conducted July 28, 2002, by Steven Demczak. Modifications outlined during that inspection were addressed during the current inspection.

Sedimentation ponds.

The sediment ponds, covered under UPDES permits UTG040011-003 through 008 have illustrated only one discharge on the Division database since 1991. Until late-May early-June 2002, the ponds east of the Price River were allowed to dry up through transeaporation. In an effort to reduce air-borne dust and demonstrate use of existing water rights, the Clearwater pond, Lower Refuse basin, and Upper Refuse basin were pumped with water and allowed to fill.

In a possibly related issue, a majority of the monitoring wells surrounding these ponds have shown a drop in water level over the past 2-years of 20-25 percent, while water level elevations in wells west of the river have remained constant or risen approximately 10-15 percent. The drop in water elevation could possibly be related to the drying of the ponds. While water levels have decrease, water quality has remained constant. If the operator continues to pump water into the ponds, it will be interesting to note if there is a corresponding rise in the water elevation in the wells.

The Siaperas ditch, located on the eastern border of the property is dry for the first time in many years. An inspection of the ditch immediately adjacent to the pond showed no indication of leakage from the pond into the ditch. Inspector Steven Demczak commits to checking this during September, and on a regular basis to look for signs of seepage from the pond.

Finding:

Information provided in the MRP adequately addresses the minimum requirements of the Hydrologic Information – Sedimentation pond section of the regulations. The Wellington Preparation plant facility has met the regulatory requirements for this section (item#3) of the midterm review.

RECLAMATION PLAN

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

The current bond amount for the Wellington Preparation Plant is \$4,904,000 in 1999 dollars. The current reclamation cost estimates for the site is \$4,892,353 in 2002 dollars.

During the midterm review, the Division evaluated the bond. Because the bond was in 1999 dollars, the Division concluded that the bond should be escalated for five years to insure that there is adequate bond to reclaim the site in the event of bond forfeiture.

The estimated reclamation cost in 2007 dollars is \$5,622,000.

Normally the Division would require the additional bond to be posted. However, Wellington Preparation Plant personnel (P. Collins, G. Poole) have met with Division personnel (W. Western, P. Grubaugh-Littig) regarding bond amount. The Permittee is currently working closely with Division personnel, preparing an application for 'Phase I Bond Release' to reduce the bond amount to reflect current demolition activities. The Division anticipates the application will be submitted shortly after New Year 2003 and that it will reflect a reduction in the amount of bond required to be posted. At the present time the bond posted (\$4,904,000) is more than the \$4,892,352 required in 2002 dollars.

Findings:

Information in the proposal adequately addresses the requirements of the Reclamation Plan -Bonding and Insurance section of the regulations.