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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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November 22, 2017

Patrick Collins, Resident Agent
Mt. Nebo Scientific
P.O. Box 337
Springville, Utah 84663

Subject: Midterm Completion Response, Price River Terminal, LLC, Wellington Prep Plant, C/007/0012, Task #5555

Dear Mr. Collins:

The Division has reviewed your application. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

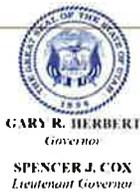
The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application by no later than December 22, 2017.

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

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070012
TaskID: 5555
Mine Name: WELLINGTON PREPARATION PLANT
Title: MIDTERM COMPLETION RESPONSE

Summary

On April 5th, 2017, the Division of Oil, Gas and Mining (the Division) initiated a midterm review of the Wellington Prep Plant Mining and Reclamation Plan (MRP). The review of each active permit during its term is performed in accordance with R645-303-211. The following review items were identified in the midterm commence letter: A. Review of the Plan to ensure that the requirements of all permit conditions, division orders, notice of violations (NOV), abatement plans, and permittee-initiated Plan changes approved subsequent to permit approval or renewal (whichever is the most recent) are appropriately incorporated into the Plan document. B. Ensure that the Plan has been updated to reflect changes in the Utah Coal Regulatory Program which have occurred subsequent to permit approval or renewal. C. Review 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. D. Evaluate the compliance status of the permit to ensure that all unabated enforcement actions comport with current regulations for abatement; verify the status of all finalized penalties levied subsequent to permit issuance or permit renewal, and verify that there are no demonstrated patterns of violation (POV). This will include an AVS check to ensure that Ownership and Control information is current and correct. E. Evaluate the reclamation bond to ensure that coverage adequately addresses permit changes approved subsequent to permit approval or renewal, and to ensure that the bond amount is appropriately escalated in current-year dollars. F. Evaluate the permit for compliance with variances or special permit conditions. G. Conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness for operational, reclamation, and contemporaneous reclamation practices undertaken on predetermined portions of the disturbed area to minimize, to the extent practicable, the contribution of acid or toxic materials to surface or groundwater, and to otherwise prevent water pollution. H. Review and inspect the currently approved Vegetative Reference Areas pursuant to R645-303-356. The review will ensure reference areas continue to represent the success standards of revegetation.

Deficiencies Details:

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General Contents

Identification of Interest

Analysis:

The MRP meets the State of Utah R645 requirements for Identification of Interests.

Beginning in Section 1.20 of the MRP, the Permittee identifies the Permittee, Operator and respective Owners of the

Wellington Prep Plant facility. The MRP identifies Price River Terminal, LLC (PRT) as the owner. The current MRP identifies Sunoco Partners Marketing & Terminals, L.P. as owning 55% of PRT. 33.6671% is owned by Global One Transport. The previous technical review (Task ID #5430) had directed the Permittee to clarify the ownership and control of Price River Terminal. It was unclear as to the ownership of the remaining 11.33% of Price River Terminal. The Permittee has revised Section 1.20.

Sunoco Partners Marketing & Terminals L.P. retains its 55% ownership of Price River Terminal. However; Global One Transport, Inc.'s ownership was revised to 25.25% (previously 33.6671%).

Sunoco Logistics Partners Operations GP LLC (SLPO LP) owns 99.990% of Sunoco Partners Marketing & Terminals L.P. The remaining 0.010% ownership is held by general partner, Sunoco Logistics Partners Operations GP LLC.

Sunoco Logistics Partners Operations GP LLC (SLPO LP) is 99.990% owned by Energy Transfer Partners L.P. (ETP).

The Permittee was directed to update the ownership and control information in Section 1.20. The updates were to include any changes in officers and directors since the previous mid-term review five years ago. The Permittee has provided these revisions in Section 1.20.

Additionally, the previous technical review (Task ID #5430) directed the Permittee to identify/clarify who the Operator of the site is. On page 5 of Section 1.20 of the approved MRP, Watco Transloading, LLC is identified as the Operator of the site; however, the MRP notes that Watco Transloading, LLC only performs work related to the oil transloading process. The Operator who will be performing mining and reclamation activities must be clarified in the MRP. The Permittee has clarified that the operator relative to coal mining and reclamation activities is Price River Terminal in section 1.20.

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Permit Term

Analysis:

The amendment meets the State of Utah R645 requirements for Permit Term.

The previous technical analysis (Task ID #5430) directed the Permittee to provide more information/discussion relative to the reclamation of the on-site coal material. The Permittee was asked to revise section 116.100 of the MRP to reflect current coal mining and reclamation operations. In Section 116.100, the Permittee provides a discussion of the current re-mining of coal refuse from the slurry ponds located on the property. The removal of the material began in March of 2015 in conjunction with Sunnyside Cogeneration. The fines are being utilized at the cogeneration power plant. The contract between Sunnyside Cogeneration and the Permittee (Price River Terminal) provides for the removal of a minimum of 130,000 tons per year through 2022.

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Operation Plan

Air Pollution Control Plan

Analysis:

The amendment meets the State of Utah R645 requirements for Air Pollution Control Plan.

In March of 2015, the Division approved a reclamation plan for the slurry, fine material located on-site. As part of that review, a commitment was provided that indicated if the removal of the aforementioned material was anticipated to exceed 1,000,000 tons per year, the Permittee would submit an air pollution control plan to address applicable state regulations.

Based on correspondence with Rusty Netz (Sunnyside Cogen Resident Agent), 150,000 tons were removed from the site in 2015. 130,000 tons were removed in 2016. 30,000 tons have been removed to date in 2017.

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Hydrologic General

Analysis:

The MRP meets the State of Utah R645 requirements for Water Monitoring.

A previous technical analysis (Task ID #5430) identified a deficiency relative to the water monitoring information presented in Chapter 7. The Permittee was directed to revise the MRP to provide a clear and concise presentation of the baseline and operational water monitoring conducted at the site. The revisions were to include clarifications/revisions to the text as well as tables (Table 7.24.2 and Table 7.24.5) to clearly present the water monitoring sites (identified by site name), the frequency of their monitoring, the water quantity, field and laboratory water quality parameters to be obtained at each and the frequency of their collection (i.e. quarterly, baseline collection frequency, flow only, etc.).

The Permittee has revised the water monitoring language found in Section 7.31.2 of the MRP. Tables 7.24.2 and Table 7.24.5 (ground and surface water quality parameter lists respectively) have been replaced by Tables 7.31.2-1, 7.31.2-2, 7.31.2-3, 7.31.2-4, 7.31.2-5 and 7.31.2-6.

Ground water monitoring will be conducted as specified in Tables 7.31.2-1, 7.31.2-2, 7.31.3-3 and 7.31.2-5. Table 7.31.2-3 identifies the operational and reclamation phases ground water monitoring. Table 7.31.2-5 identifies the baseline ground water sampling that will occur every five years.

Surface water monitoring will be conducted as specified in Tables 7.31.2-1, 7.31.2-2, 7.31.3-4 and 7.31.2-6. Table 7.31.2-4 identifies the operational and reclamation phases ground water monitoring. Table 7.31.2-6 identifies the baseline ground water sampling that will occur every five years.

A previous technical review (Task ID #5511) identified a deficiency with language found in Table 7.31.2-2, Hydrologic Monitoring Protocols. Table 7.31.2-2, Hydrologic Monitoring Protocols had stated in Items C and D that baseline monitoring events are scheduled in the future in 2019, 2024, 2029 etc. The last sentence in Items C and D stated, "The baseline monitoring events are intended to occur in the year prior to permit renewal". The Wellington Prep Plant permit was last renewed in November of 2014, thus the next scheduled baseline data collection would need to occur in 2018 based on the language provided in Items C and D in Table 7.31.2-2. As the last round of baseline data collection occurred in the 3rd quarter of 2014, the Division would accept the next round of baseline data to be collected in either the second or third quarter of 2019 (not in 2018 which would be the 'year prior to permit renewal'). The Permittee was directed to delete the last sentence under Items C and D in Table 7.31.2-2 that stated, "The baseline monitoring events are intended to occur in the year prior to permit renewal". As the last baseline data collection occurred in the 3rd quarter of 2014, the next baseline data collection would occur 2nd or 3rd quarter of 2019 (i.e. 5 years later). The year prior to permit renewal would then be 2018 as the five year permit was renewed in November of 2014. For clarity purposes, the aforementioned sentence was deleted.

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Hydrologic Sediment Control Measures

Analysis:

The MRP meets the State of Utah R645 requirements for Sediment Control Measures.

Sediment control measures are discussed beginning on page 1 of Section 7.42 of the approved MRP. In order to minimize the potential for additional contributions of sediment outside the permit area, the Permittee utilizes a drainage system comprised of diversion ditches that route storm water runoff to sedimentation ponds. Additionally, for small drainage areas, the Permittee utilizes Alternative Sediment Control Areas (ASCA's). The ASCA's utilized at the site are discussed in the Siltation Structures: Other Treatment Facilities section.

The primary sediment control measures utilized on the property are sedimentation ponds.

Table 742.1 provides a the respective drainage areas, 10-year, 2-hour design storm event and resulting runoff and the curve number utilized for designing and sizing each of the sediment ponds. During the mid-term field visit, each of the sediment ponds was inspected. With the exception of the Clear Water Pond, the ponds were dry with no standing water. The embankments of the ponds as well as the inlets and outlets were observed to be in good condition and functioning as designed.

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Hydrologic Siltation Treatment

Analysis:

The MRP meets the State of Utah R645 requirements for Siltation Structures: Other Treatment Facilities.

Beginning on page 1 of Section 7.25, the Permittee discusses the Alternative Sediment Control Areas (ASCA's) utilized at the site. Seven ASCA areas (numbered #1 through #7) are shown on drawing Dwg F9-177. The disturbed acreages that report to the ASCAs and calculated storm water runoff are provided in Volume II- Hydrology Appendix. The ASCA areas were developed for small runoff areas that could not readily report to a sediment pond. The ASCA methods utilized include: straw bales, silt fences, straw erosion control wattles, vegetation and/or surface gouging. Typical installation of the various ASCA methods are provided beginning on page 3 of Section 7.25.

On page 2 of Section 7.25, the Permittee states, "Erosion control measures will be inspected, cleaned and repaired following significant rainfall events and at no time will be non-functional or ineffective in preventing additional contribution of suspended solids to the stream flow or runoff outside the permit area". During the mid-term field inspection, the ASCA areas observed were found to be stable and not displaying evidence of instability or excessive erosion.

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Reclamation Plan

Bonding Determination of Amount

Analysis:

The application does not meet the State of Utah R645 requirements for Bonding Determination of Amount.

R645-303-211, R645-301-830.100 through -830.140, R645-301-830.410 The permittee submitted detailed reclamation bond estimates. They were detailed and understandable. Analyzing the cost submitted, I compared the RS Means 2017 cost to the operator provided costs and to the history and MRP costs recorded in the office. There were 3 errors that were identified during this review. These errors will need to be addressed and corrected prior to approval of the Midterm Completion Response. During the review, I called Patrick Collins and talked to him about the three errors. The first error he just fixed. The second error he is calculating and will supply the correct number of hours that this area will need for reclamation, as well as the number of acres in the area. The third item was a duplicate and will be explained in the next submission.

First: This error was simply a missed update of one of the costs. On page 2 of 13 of the Demo sheets, Refuse Pipeline 01, the On site disposal, RSMeans reference 02 41 16 17 4200, the cost provided was \$10.20 but it should be \$11.40.

Second: On the Earthwork sheet; Site Grading West of Price River 204, the hours required to do the work was entered wrong or changed. I have 100 hours, permittee shows 25 hours. What are the projected hours to do the grading and ripping for this area? Include the number of acres for the area west of the Price River that is included in this cost?

Third: On the Earthwork sheet; Grade and Rip Topsoil Borrow Area 009, I have an extra D9R scheduled for 35 hours that is no longer on the permittee sheet. Was this supposed to be an extra 35 hours of D9R work or was it an error and a duplicate of the already listed D9R for 35 hours?

Determination of Bond Amount should be:

Demo and Removal: \$59,468.10

Backfilling and Grading: \$3,172,036.00

Reveg: \$417,420.00

Direct Costs in 2017 dollars: \$3,648,924.10

Subtotal indirect costs: \$977,911.00

Total Cost 2017 dollars: \$4,626,835.10

Escalated to 2022 costs: \$4,626,835.10

Bond amount rounded up to nearest \$1,000.00: \$4,627,000.00

Minimum Additional bond needed: \$485,000.00

Deficiencies Details:

The application does not meet the State of Utah R645 requirements for Bonding Determination of Amount.

R645-303-211, R645-301-830.100 through -830.140, R645-301-830.410 The permittee must correct the 3 errors identified below.

First: On page 2 of 13 of the Demo sheets, Refuse Pipeline 01, the On site disposal, RSMMeans reference 02 41 16 17 4200, correct the on site disposal cost to \$11.40.

Second: On the Earthwork sheet; Site Grading West of Price River 204, Provide the acreage and re-analyze the time and cost, then provide the correct number of hours to complete the Site Grading West of Price River. Any notes that represent bond reclamation on this sheet will need to be deleted as no bond release has taken place.

Third: On the Earthwork sheet; Grade and Rip Topsoil Borrow Area 009, provide an explanation why the extra D9R scheduled for 35 hours is no longer provided or needed.

Note: An additional minimum bond will need to be posted of \$485,000.00

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