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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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Outgoing
C0070013
&

January 26, 2009

Jay Marshall, Resident Agent
UtahAmerican Energy, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Letter of Deficiency - Lila Canyon Mine Facilities Area Design Changes, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013, Task ID #3017, Outgoing File

Dear Mr. Marshall:

Enclosed is a list of deficiencies identified in the Lila Canyon Mine Surface Design Changes Application, submitted on July 22, 2008. The initials following the regulation(s) identify the person who reviewed and analyzed the mine plan amendment. Joe Helfrich (JCH), Wayne Western (WHW), Priscilla Burton (PWB), Pete Hess (PHH) and Jim Smith (JDS). Feel free to contact them by calling (801) 538-5340.

The plans as submitted are denied and being returned. Please re-submit a complete application.

If you have any questions, please call Dave Darby at (801) 538-5320 or me at (801) 538-5262.

Sincerely,

James D. Smith
Permit Supervisor

JDS/DD/sqs
Enclosure
cc: Price Field Office
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January 20, 2009

Deficiency List

Lila Canyon Mine Facilities Area Design Changes

Application Date: July 22, 2008

Task #3017

C0070013

R645-301-113.300-PWB, In conjunction with the detailed design change amendment to the MRP (Task 3017), please update Appendix 1-3 to include the violation records for all affiliates during the years 2007 and 2008.

R645-301-121.200-JCH, The information on the C2 form and in the application needs to clearly identify what information in chapter three has been changed in lieu of the proposed amendment.

R645-301-121.200-PHH, The discussion for disposal of mine development waste and coal processing waste must be re-written such that it is clear and concise.

R645-301-121.200-PWB, Plate 5-2 shows the powder and cap magazine storage site on the topsoil storage pile. Please correct the plate to show the storage location for the explosives magazine adjacent to, but not on the topsoil storage pile.

Section 520 (Refuse Piles) and Appendix 5-7 refer to a Temporary Refuse Pile. Please provide the location of the Temporary Refuse Pile on Plate 5-2.

R645-301-121.100, -200-JDS, The Permittee needs to correct the statement in Section 553 that states,“

Some minor cut slopes along the reclaimed road may be left after reclamation due to the difficulty and inability to reclaim all material pushed over the side while making the road cut.” See plate 5-7B-1, cross-section 16+00 for details.

to state that cross section 16+00 is on Plate 5-7B-2 rather than 5-7B-1.

The Permittee should also confirm that the new cross section 16+00 shows the details mentioned.

R645-301-121.200, -150-JDS, The Permittee must provide Figures 1, 2, 3, 4, 4a, 5a, 5b, 6a, 6b, and 7 of Appendix 7-4 in both electronic and hard copies of the submittal.

R645-301-121.200-JDS, The Permittee needs to remove the incomplete version of Appendix 7-4 from both the hard and electronic copies of the submittal, and

submit a complete copy of the revised Appendix 7-4 with the PE stamp(s) signed and dated.

R645-301-121.100, -200-JDS, The Permittee needs to clarify the statement in Section 553

All underground development waste brought to the surface and coal processing waste generated on the surface as a result of coal processing will be placed in the coal mine waste (refuse) disposal area and reclaimed in accordance with R645 regulations.

According to several statements in the MRP, rock-slope underground development waste will be disposed of at the Lila Canyon Mine; all other underground development waste brought to the surface and processing waste will go to Wildcat Loadout.

R645-301-R645-301-121.200-JDS, Peak Flow used in the pond volume calculations in Table 11a includes flow from UA-5, which is not identified. There is no information on watershed UA-5 on Plates 7-2 and 7-5, nor in Tables 1, 3, 4, 5, or 6 (although there is an unlabeled item between UA-4 and UA-6 in Table 3). The Permittee must identify watershed UA-5 on Plates 7-2 and 7-5 and include the parameters and calculations related to this watershed wherever appropriate in Tables 1 through 13b, and include the Watershed Calculations sheet for this watershed.

R645-301-121.200-JDS, The Permittee needs to clarify the proposed size of culvert UC-1.

Culvert UC-1		48 inch (4 ft) diameter	60 inch (5 ft) diameter
	Chapter 5		Section 520 – page 15
	Chapter 7	Section 744.100 - page 86	
		Plate 7-6a	
	Appendix 7-4		Introduction – page 3
			Section 3.1 b) – page 39
		Table 10 - page 37	
		Section 4.2 - page 53	
			Page 20 of the Culvert Flow Velocity Calculation Worksheets
		Appendix 1 of Appendix 7-4; Culvert Outlet Rip-Rap Apron Flow Velocity Calculation	

R645-301-R645-301-121.200-JDS, The Runoff Volume line in Table 11a indicates “8.73 acres*1.01 ac-in/12 in/ft”: the notation “ac-in” is incorrect and confusing. The Permittee needs to replace “ac-in” with simply “in”.)

R645-301-R645-301-121.200-JDS, The 31.44 cfs value for Peak Flow (item 5) for Sediment Pond #1 Design in Table 11a is less than the total of the indicated component flows [26.58 cfs (disturbed watersheds reporting to Pond #1, Table 5) + 7.65 cfs (AU-5, footnote 2 of table 11a) = 34.23 cfs], so how the Permittee determined a peak flow of 31.44 cfs is not clear. The Permittee needs to clarify how this Peak Flow was calculated.

R645-301-121.300-PWB, Both in hard copy and electronic versions of all future amendments must be provided as red-line/strike-out versions of the approved MRP, to facilitate Division review.

R645-301-232.100-PHH, Topsoil Removal All topsoil will be removed as a separate layer from the area to be disturbed and segregated. The term “disturbed” includes construction processes for conveyor support structures.

A description of the method for removing ...subsoil,...will be provided in the permit application.

R645-301-232.100-PWB, As proposed, undisturbed acres represent approximately 26% of the disturbed area. Since, vegetation and soils of undisturbed lands will likely be subject to impacts from fugitive dust and coal fines blowing from the increased coal stockpile acreage, and since the soil type to be impacted is DSH and XBS, having 18 and 12 inches of salvageable soils, respectively, the Division will require topsoil salvage from all acreage within the disturbed area boundary shown on Plate 1-2, as required by R645-301-232.100, with the exception of soil types which may fall within the exclusion of R645-301-232.700.

The condition of the salvaged cryptogams should be evaluated and additional buckets collected prior to soil salvage, if necessary

R645-301-232.600-PHH, Timing All material to be removed (i.e., subsoil) will be removed ...before drilling, blasting, mining, or other surface disturbance takes place. This includes placement or disposal of mine development waste. The Permittee must use words defined in the R645 Coal Mining Rules when discussing disposal procedures for waste (whether mine development or coal processing). Refuse is a generic term, and is not defined in the CMR's.

R645-301-232.710 and R645-301-121.200-PWB, The application must clearly state, in the narrative, the acreage of rocky slopes that are inaccessible to soil salvage. The Available Soil Resources Table in Section 232.100 lists 27.95 acres of topsoil salvage. The difference between the area to be disturbed (33.9 acres) and the area of soil salvage (27.95 acres) is 5.95 acres, which probably represents the acreage

of rocky slopes that are inaccessible to soil salvage. If so, the application should clearly present this fact in the narrative.

R645-301-413.100, -532, 722.500-JDS, Sections 2.2 and 2.9, and Tables 1, 3, and 4 of Appendix 7-4 and Plates 7-2 and 7-5 identify UA-7 (the disturbed area around the upper ventilation fan) as undisturbed. There may be other sections of the plan containing the same inaccuracy. The Permittee needs to correct this wherever it occurs in the submittal.

R645-301-420-PWB, In accordance with the approved Air Quality Order DAQE-702-99 General Conditions # 5 and 6, UEI must document the current status of communications with the DAQ concerning the increased acreage and tonnage of open coal stockpile and any potential revisions to DAQE-702-99. Communication with the DAQ should also describe the status of construction at the site.

R645-301-511.100-PHH, Proposed Coal Mining Operations. The Permittee must provide a current 5 year Mine projection, as part of the Subsidence Monitoring plan.

“Within a schedule approved by the Division, the operator shall submit a detailed plan of the underground workings. The detailed plan shall include maps and descriptions, as appropriate, of significant features of the underground mine, including the size, configuration, and approximate location of pillars and entries, extraction ratios, measures taken to prevent or minimize subsidence and related damage, areas of full extraction, and other information required by the Division. Upon request of the operator, information submitted with the detailed plan may be held as confidential.”

The Permittee shall submit the required 5-year projection mine map by June 2010.

R645-301-512.250-Whw, The Permittee must have each map and cross-section in Appendix 5-4 certified by a registered professional engineer.

R645-301-513.400, R645-301-528.320-PHH, Refuse Piles The Division believes the Task ID # 3017 application lacks clarity as far as disposal of mine wastes within the Mine's permit area. If the Permittee intends to place coal processing waste in any of the fill areas at the Lila Canyon Mine, those areas must meet the R645 and 30 CFR 77 requirements for refuse piles. The Permittee must realize that areas designated for permanent disposal of coal processing waste cannot be used for other mining related activities / facility construction.

R645-301-521-PHH, General The Task ID # 3017 plan must clearly state where the fill volume for the ROM coal stockpile pad will come from. Estimated cut and fill volumes (mass balance) must be provided for the entire Mine site.

R645-301- 525.600, Compliance-PHH, The Permittee must address the requirements of this regulation in the application. The Permittee must commit to notifying all surface landowners at least six months (June 2010) in advance of mining in order to meet the requirements of R645-301-525.600. This includes all government agencies regardless of the agencies interaction with the Mine's permitting process.

R645-301-526.222-PWB, Deposition of coal fines onto undisturbed ground from the ROM storage pile will be visually monitored quarterly (Section 234.220 MRP – Part B). The plan states that if monitoring reveals coal fine deposition, then a vacuum truck will clean up coal dust. This is unacceptable. The operation plan should not allow for deposition to accumulate to the point where a vacuum truck is warranted, rather, the plan should state that at the first sign of deposition on undisturbed ground, water sprays on the open stockpile will be warranted as per General Condition #16 of the August 27, 1999 Approval Order (DAQE-702-99). In addition, if deposition of coal fines is persistent, then additional measures should be considered to prevent further coal fine deposition on undisturbed ground (i.e. wind fence).

R645-301-534.130, 534.300-PHH, The Safety Factor Analyses for the rock slope access road and the Mine facilities road (Appendix 5-5, Chapter 5) needs to be inserted into the Task ID # 3017 application.

R645-301-534-140-WHW, The Permittee must show that all road embankments have a minimum safety factor of 1.3.

R645-301-536 and R645-301-121.200, and R645-100-WHW, The Permittee must use defined terms when referring to underground development waste. The term rock slope material is not defined and therefore can be confusing to the reader. In addition, the final disposal site for the underground development waste must be referred to as a refuse pile and not rock slope material.

R645-301-536 and R645-301-536.110 and R645-301-121.200-WHW, The Permittee must update Appendix 5-7 of the MPR. At a minimum, the Permittee must provide new slope stability calculations to demonstrate that the refuse pile will have a minimum safety factor of 1.3. In addition, the Permittee must also update all other section of Appendix 5-7 that have changed because of the new location.

R6435-301-536.510-JDS, The Permittee must provide references to the sections of the Wildcat Loadout MRP that describe the management and reclamation of the Wildcat refuse pile.

R6435-301-536.600, -553-JDS, Section 553.250 states the refuse pile (rock slope disposal area) design is shown in Appendix 5-7, but Appendix 5-7 contains only a

sketchy narrative of the proposed rock-slope underground development waste refuse pile construction and reclamation.

The Permittee must provide information on the design, construction, operation, maintenance, and removal or reclamation of the rock-slope underground development waste refuse pile.

The Permittee must provide mass balance accounting for the material to be redisturbed and recontoured from the refuse pile, coal stockpile, and bathhouse-office-parking pads at reclamation, especially the 28,000 yd³ of rock-slope underground development waste.

Redisturbance of the soils covering the rock-slope underground development waste refuse pile, when the pads are recontoured during reclamation, must be discussed.

R645-301-553.250-WHW, The Permittee must show on the cross sections and profiles the final configuration of the site on cross section 13+00 and 14+00. The current cross sections show that underground development waste will be stored on the site during the operational phase but the cross sections show that the underground development waste will be removed at reclamation.

R645-301-553.300-WHW, The Permittee must provide information about how materials at the coal seam and the fan portal will be tested and handled for acid- and toxic forming materials

R645-301-553.350 and R645-301-121.200-WHW, The Permittee must specifically state in Appendix 5-7 that the material in the temporary refuse pile will be stored on site no longer than a specific amount of time and in addition, once the a specific amount of material has been placed in the refuse pile the Permittee will ship the material off site.

R645-301-731.100-PWB, The Permittee outlines the testing of coal mine waste in Appendix 5-7. The Permittee will test all rock slope material three times, which translates to about one test per 9,000 cu yards. Previous permitting required five tests of the rock slope material or about one test every 5,000 cu yds. The Division did not see a compelling reason to change the testing sequence and requests that the testing be described as previously agreed upon, with five tests that take place as follows: during the initial start up, at the ¼ mark, the ½ mark, and the ¾ mark and near completion of the rock slope tunnels.

R645-301-742.124-JDS, Table 8 shows expected flow from a 10-yr, 6-hr storm in ditch DD-2c exceeds 5 fps, the criterion for lining a ditch with rip-rap, yet Table 8 indicates this ditch is not planned to be rip-rapped. The Permittee must resolve this discrepancy.

R645-301-742.330-JDS, From Sedimentation Pond #2, both spillways will report to an unnamed 24 in CMP culvert that will discharge to the Middle Fork of Lila Canyon. The Permittee must identify this culvert, show it on appropriate maps, and present design specifications and calculations similar to those provided for the other culverts.

R645-301-742.332-JDS, The Permittee needs to include an updated Figure 3 in Appendix 7-4 (along with other Figures). Figure 3 tabulates ditch flow depth and area based on a 10-yr, 24-hr storm. The currently approved Figure 3 is out-of-date: it does not include all the proposed ditches and values shown do not agree with those in Table 8 of the current submittal.

R645-301-830.200-WHW, The Permittee must increase the bond for the Lila Canyon Extension project by a minimum of \$2,306,000. In addition, the Permittee must include updated reclamation cost estimates into the MRP. The Division will provide the Permittee with a copy in either electronic or paper copy.