

OGMCOAL - Underground Water Rights at Lila Canyon

From: Kevin Lundmark
To: Jay Marshall
Date: 10/18/2010 11:54 AM
Subject: Underground Water Rights at Lila Canyon
CC: Jim Smith; Marc Stilson; OGMCOAL
Attachments: Re: Water Use at Lila Canyon

Jay:

Here is the email I received from Marc Stilson regarding the underground water rights from the old Horse Canyon mine. As we discussed last week and per Marc, water rights are subject to forfeiture after 7 years of non-use. Marc suggested that a change application should be submitted to correct the point of diversion and place of use to the Lila Canyon facilities.

To follow up on our discussion of water rights for springs on top, during the September 2010 Water Issues Subcommittee meeting Marc Stilson reported that SITLA has filed for the unnamed spring in Horse Canyon (Section 2) and BLM is filing on Woodchopper, Greasewood and Quaker springs.

Thanks for the tour last week and let me know if you have any questions.

Regards,
Kevin

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From: Marc Stilson
To: Lundmark, Kevin
Date: 10/7/2010 1:12 PM
Subject: Re: Water Use at Lila Canyon

Kevin,

I finally had a chance to look at these old rights held by the Mine. They are all certificated but it appears there may be some issues with points of diversion and place of use, in that these rights appear to be specific to the PODs and POU's associated with the old Horse Canyon mine workings. It does not appear that a change application has been filed on them to update these components of the rights that will change for use in the new Lila Canyon workings. Additionally, there may be issues with non-use of these rights.

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>>> Kevin Lundmark 9/22/2010 8:05 AM >>>

Hello all:

To follow up on yesterday's Water Issues Subcommittee discussion of water use at the Lila Canyon Mine, UtahAmerican Energy Inc. (UEI) is currently trucking water in.

Section 523 of the Mining and Reclamation Plan (MRP) states:

A water supply system will be installed. Potable water from an approved source will be hauled by truck and stored in a mine site storage tank located near the man and coal slope portals. Alternative sources for potable water are being considered. A treatment plant may be indicated. Process water will be hauled from the Price River or other approved source by truck and stored in another mine site storage tank. It is anticipated that once the old two entry development panel is encountered that adequate process water may be obtained from the old works. This process water will provide for dust control, water to the mine and fire suppression. Mine water will be used with the process water.

UEI has calculated an 80.81 afy loss due to mining, which includes losses from bath house / office water use, mine ventilation evaporation, coal moisture loss, and surface dust suppression (MRP Appendix 7-3). UEI reportedly holds 362.76 acre feet of underground water rights to offset any consumption. I believe that the underground water right numbers are 91-148, 91-149 and 91-150, which have a priority date of 1945.

Let me know if you have any questions.

Regards,
Kevin

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