

C/007/03 Incoming
cc: Kevin

OK

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January 5, 2011

Kevin Lundmark, Environmental Scientist II
Utah Division of Oil, Gas, and Mining
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Salt Lake City, Utah 84116

RECEIVED

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DIV. OF OIL, GAS & MINING

SUBJECT: RESPONSE TO LILA CANYON SURFACE WORK E-MAIL DATED DECEMBER 29, 2010

Dear Mr. Lundmark:

I am writing on behalf of my client, UtahAmerican Energy, Inc. (UEI) to provide a response to your agency comments presented in your December 29, 2010 e-mail to James Newman of UtahAmerican Energy, Inc. I have reviewed both your e-mail and the MRP for the Lila Canyon Mine as provided by UEI. This response will present your comment and my response for UEI for each of the points you raised.

Comment 1:

The outer slope of the ROM coal pad is not an Alternative Sediment Control Area (ASCA) and the plan does not specify a silt fence at its base. Sediment control for the outer bank of the ROM coal pad is to be provided by ditch DD-8b (Plate 7-5) which has a design criteria of 1 foot bottom width, 2:1 side slopes and a minimum depth of 0.87 ft (0.37 ft flow depth plus 0.5 ft freeboard) (MRP Appendix 7-4). I did not see such a ditch at the base of the outer embankment yesterday. Please check with Jay and confirm how UEI is controlling runoff/sediment from the outer bank of the ROM coal pad.

Response:

As you correctly point out, the out slope of the ROM coal pad was not shown as an ASCA area and a silt fence was not planned for the toe of the slope in the hydrology section of the MRP. The plan presented in the MRP is based on the full build out of the mine facilities. However, due to weather, timing, and financial issues, as you are aware, the construction of the mine facilities was divided into two phases to allow enough of the facilities to be constructed for the due diligence issues to be addressed and then, in Phase 2, the remainder of the site will be constructed.

Given this phasing approach, the earthwork and grading has not yet been completed which is necessary for ditch DD-8b to be constructed and to drain by gravity to the remainder of the site. It is my understanding that this will be part of Phase 2 activities.

In the interim, due to the very limited area of the out slope, a silt fence has been placed at the toe of the slope to ensure that the limited drainage from the slope does not discharge to the undisturbed area without being treated. Unfortunately, due to construction activities and winter weather, the existing silt fence has been damaged. When you and Mr. Newman inspected, that was the first time that UEI personnel were aware that the fencing had been damaged and was in need of maintenance. As such,

UEI commits to rebuild/repair the silt fence as soon as the correct installation of the silt fencing work can be completed.

Comment 2:

Plate 7-5 of the MRP shows two culverts (DC-5 and DC-6) with inlets at the depression north of the access road near the NE corner of the ROM coal pad. This is the area where impounded water and sediment was observed yesterday, and where we could not locate any culverts. MRP Chapter 5 and Appendix 7-4 - Table 9 identifies these culverts as 18-inch (DC-5) and 24-inch (DC-6). Please check with Jay to confirm whether or not these culverts are present. If they are present, then maintenance should be performed to ensure they are functioning properly.

Response:

As discussed in the Response to Comment 1, the mine site construction is a phased approach. Not all of the facilities were constructed exactly as indicated on the MRP plans. Not all the earthwork and grading has been completed and in some cases, the site construction found problems or difficulties in constructing facilities as planned and they had to be adjusted in the field.

As such, the two culverts, DC-5 and DC-6, have not yet been installed because the grading and earthwork in the area has not been completed. That means that for the interim, the drainage from the inside ditch for the portal access road will be flowing onto the ROM coal pad. This will cause some ponding on the upstream side of the ROM access road and the flows across the pad will result in some operational maintenance issues. However, the runoff does not leave the site and the flow which would have flowed down along the roadway and ultimately to the main sediment pond will take a different route to arrive at the same destination.

Once the final grading and earthwork are completed for the site, an as-built plan will be prepared and an assessment of the sediment control facilities will be conducted to ensure that the installed system will function as needed. At that point, UEI will make any final modifications that are needed to provide a fully functional sediment control system.

Comment 3:

Regarding the totes - Please confirm a) what the black liquid is which was released onto the ground from the east tote, and b) how UEI will address the soil impacted by the release.

Response:

In response to item a) The totes were for used oil storage and brought to the mine site from the Wildcat Loadout facility. They were emptied prior to transport and apparently were damaged during transport operation. It is estimated that the volume of oil that might have been present was less than 5 gallons and it appeared to create a 4' x 2.5' stain.

In response to item b) Once they were identified as leaking, the totes were lifted by loader and placed in the non-coal waste bin. A portion of the stained soil was unavoidably collected when the loader

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scraped under the tote to pick it up. This soil was then disposed of in the landfill that the tote was hauled to. The remainder of the stained soil was collected and placed on the coal stock pile and will or has been shipped out with the product to be burned. The site area has been excavated to ensure that any visibly stained soils have been removed.

If you should have any questions or concerns regarding these responses, please give me a call to discuss. It is my professional opinion that while the complete facilities have not yet been constructed, the drainage and control structures are in place to ensure that significant drainage issues do not occur during the construction activities.

Respectfully,

A handwritten signature in black ink, appearing to read "Thomas J. Suchoski". The signature is fluid and cursive, with a long horizontal stroke at the end.

Thomas J. Suchoski
Hydrologist/President