



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 5, 2017

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

Subject: New Storage Pad/New BLM ROW, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013, Task #5556

Dear Ms. Madsen :

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.

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

Sincerely,

Daron R. Haddock
Coal Program Manager

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070013
TaskID: 5556
Mine Name: HORSE CANYON MINE
Title: NEW STORAGE PAD/NEW BLM ROW

Operation Plan

Hydrologic Diversion General

Analysis:

The application meets the State of Utah R645 requirements for Hydrologic Diversion General.

In the surface water control plan, the Permittee proposes to slope all areas to drain to surface ditches/culverts for runoff to be carried to two sediment ponds. The sedimentation and control plan is presented in Appendix 7-4. Design of drainage control structures is presented in Section 2 of Appendix 7-4. All undisturbed culverts, UC-1 and UC-1a, are designed for 100 year – 6 hour precipitation event which is oversized for a temporary diversion. Currently, UC-1 is used to control the majority of the undisturbed site runoff. The Permittee proposes to construct a new 60" culvert (UC-1a) from the inlet location of UC-1 and under the Sediment Pond #1, then attaching UC-1 near the spillway structures. At final reclamation, all sections of the culvert will be removed. Design Summary for UC-1/UC-1a is presented in Table 10, 1 / 4 construction details in Figure 44 and 4A, and design narrative is discussed on pages 10-11 of Appendix 7-4. Disturbed area culvert calculations and design criteria are presented in Table 9. All ditches are designed to carry a 10 year – 6 hour precipitation event. Table 8 provides the ditch design summary and Figure 3 provides the typical cross-section design. Ditches will be designed with 2H:1V slope. Ditches expecting flows greater than 5fps will be lined with riprap to prevent erosion. Ditches are temporary and will be reclaimed.

In response to the previous deficiency, the Permittee provides all calculations for ditches, culverts, and watershed peakflow in Chapter 7.

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Hydrologic Sediment Control Measures

Analysis:

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

The Permittee provides specifics for the sedimentation and drainage control plan in Appendix 7-4. Design parameter specifics are provided in Section 2 or Appendix 7-4. The Watershed Map and Proposed Sediment Control maps are presented in Plates 7-2 and 7-5, respectively. The permittee also includes a map identifying water monitoring locations and UPDES outfalls in Plate 7-4a. The sediment control map clearly presents existing sediment controls and newly proposed features for the site.

The Permittee has addressed the previous deficiency by updating Plate 7-5 to include DD-11a. Also, township and section information is included on each figure.

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Hydrologic Discharge Structures

Analysis:

The application meets the State of Utah R645 requirements for Hydrologic Discharge Structures.

The amendment provides in Table 8 of Appendix 7-4 summary of the diversions. All diversions with a calculated peak velocity greater than 5 fps are to be equipped with rip rap. On Plate 7-6a, the Permittee provides the typical diversion ditch cross-sections for each unique configuration for the calculations presented in Table 8. There is sufficient detail of the discharge structure at UC-1 and the outlet protection in Figures 4 and 4A.. Design information is provided in Table 10 and Section 2.10 on page 10 of Appendix 7-4.

The Permittee has addressed the previous deficiency and provided all maps and cross-sections for UC-1 and UC-1a, outlet protection design, rip-rap chart, and culvert nomograph. The Permittee included these figures as Figure 1, 2, 3, 4, 4a, and 7.26 in the amendment.

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Reclamation Plan

Bonding and Insurance General

Analysis:

The amendment does not meet the State of Utah R645 requirements for General Bonding and Insurance.

A previous deficiency written in July 2017 (Task #5495) asserted that additional bonding must be provided to account for the cost of reclaiming the new storage pad and associated access and service roads. Further, the deficiency insisted that this issue had been addressed previously but had yet to be resolved (Task #5448). The latest amendment submittal mentions in the cover letter that bonding calculations are included with this submittal. However, the specific costs associated with the reclamation of a newly proposed storage pad are not provided, and updating the bond for the addition of the storage pad and associated access roads has not been adequately addressed.

Further, there are additional items in regards to the submitted bond calculations that require further attention:

- In addition to the New Storage Pad being absent from the bonding calculations, another item that was previously included in the bond (Item 40 - Graben Breakout) is missing. The graben breakout line item accounted for \$26,537 of the total bond, so its absence is significant and requires an explanation as to why it is no longer being included.
- The revegetation section of the bond commits to reclaiming 32.94 disturbed acres, even though section 116.100 (Page 18) asserts that the actual disturbed area will amount to 37.02 acres.
- Numerous references in the demolition and disposal section of the bonding calculations refer to bids from Scamp Excavation Inc. for \$6.00/ton to demolish and dispose of steel structures and other debris. These same bids came in at \$13.63/ton when this bond was calculated earlier this year. Justification for this decrease cited an attached bid from Scamp Excavation Inc. verifying this rate. However, no supporting bid documentation from Scamp Excavation Inc. was provided in this submittal.
- Finally, the calculations included in the bond are inaccurate. A list of forty items included in the Demolition and Removal Cost Summary on page 292 gives a cost breakdown for each item and then sums everything on the final line. The total figure given by adding all forty demolition items together is \$499,243 dollars, which is in error. A double check of the arithmetic reveals that it should actually be \$627,901 dollars. Consequently, since the direct costs were off by \$128,658 dollars, the indirect costs are also inaccurate and will need to be recalculated.

Deficiencies Details:

The amendment does not meet the State of Utah R645 requirements for General Bonding and Insurance. The following deficiency must be addressed prior to final approval:

R645-301-820.100, R645-301-820.111, and R645-301-820.112: The Permittee must provide adequate bond to account for the reclamation of the proposed New Storage Pad. Currently, there is nothing in the bond that specifically accounts

for the New Storage Pad, and the volumes in the Earthwork section have not been changed since the last time the bond was calculated in January 2017. Additionally, Permittee must restore bonding calculations for the Graben Breakout, or provide narrative explaining why a bond is no longer needed to reclaim this feature.

R645-301-116.100: Permittee must provide adequate bond to revegetate the entire 37.02 acres of disturbed area as defined in the General Contents of this amendment.

Permittee must provide The Division with documentation from Scamp Excavation, Inc. that validates the \$6.00/ton quoted bids referenced in the bonding calculations.

After making the appropriate revisions, all bonding calculations must be revised for accuracy before being resubmitted to The Division for final approval.

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