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United States Department of the Interior

OFFICE OF SURFACE MINING

Reclamation and Enforcement

BROOKS TOWERS

1020 15TH STREET

DENVER, COLORADO 80202

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Copy to Steve,
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JIM

AUG 25 1983

James W. Smith, Jr.
Coordinator of Mined Land Development
Division of Oil, Gas and Mining
4241 State Office Building
Salt Lake City, Utah 84114

Dear Mr. Smith:

Through a preliminary review of the Gordon Creek No. 2, Southwest Lease Area Exploration Plan, it has become apparent that the proposed action cannot be accepted as an exploration plan. Regulation 30 CFR 746.18(d)(3) states that, "any change in the location or amount of coal to be mined," constitutes a mining plan modification. Therefore, the proposed operations which would extract an additional 157,000 tons over approximately 160 acres, not previously approved for operations, constitutes a mining plan modification rather than an exploration plan. The development is designed to eventually extend outside the current Gordon Creek No. 2 permit boundary to the new Southwest Lease area (No. U-47975). This would require a future modification per 30 CFR 746.18(d)(4).

Further, the definition for exploration from 30 CFR 211.2(a)(17) is narrowly defined as follows:

Exploration means drilling, excavating, and geological, geophysical or geochemical surveying operations designed to obtain detailed data on the physical and chemical characteristics of Federal coal and its environment including the strata below the Federal coal, overburden, soil, and strata above the Federal coal, and the hydrologic conditions associated with the Federal coal.

Page 1-1 of the Exploration Plan states that the project is designed to determine whether or not the adjacent Southwest Lease (No. U-47975) can be mined to meet the requirements of the Nevada Power Company contract now in effect. Plate 6-10 indicates eight new drill holes were constructed in 1983 to gather subsurface information for the Southwest Lease Portal area as discussed on pages 3-5 through 3-9. OSM feels that eight drill holes over 160 acres would normally provide sufficient subsurface data to meet the definition for exploration and provide mining feasibility data. Therefore, the proposed action constitutes mining beyond exploration, particularly in light of the amount of coal to be extracted.

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Because of the existing Nevada Power contract, clearly much of the 157,000 tons is intended for commercial use. We do not consider production of 157,000 tons for commercial use as exploration.

As discussed by Cy Young and Mel Shilling on August 18, 1983, we will work out a proposal to expeditiously deal with the applicant's urgent need to commence production to fulfill the coal supply contract terms.

Because the applicant is requesting approval for September start-up of the proposed exploration operations, one alternative is for Beaver Creek Coal Company to submit the modification as part of the Gordon Creek No. 2 permit application package currently under review. The Gordon Creek No. 2 review is now approaching the draft Technical Analysis stage, and the decision date is scheduled for December 5, 1983. Submittal of this modification with the Gordon Creek No. 2 application would not achieve September start-up, but it represents the most expeditious route toward approval.

Either Louis Hamm, or Walter Swain will be contacting you directly to assist in developing the above mentioned plan.

Sincerely,



Allen D. Klein
Administrator
Western Technical Center

cc: Jackson W. Moffitt