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Internal
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December 18, 1985

TO: Coal File

FROM: Pamela Grubaugh-Littig, Reclamation Engineer PGL
Richard V. Smith, Geologist RVS

RE: Division Recommendation that Additional Information be Submitted for Bond Release, Beaver Creek Coal Company, Gordon Creek #3 and #6 Mines, INA/007/017, #5, Carbon County, Utah

Information given in the Gordon Creek #3 and #6 Mining and Reclamation Plan (MRP) and the memorandum and accompanying correspondence from John Blake to John Whitehead dated December 9, 1985, were reviewed to ascertain whether the royalty bond attached to the Gordon Creek #6 Mine should be released to Beaver Creek Coal Company (BCCC). The following (1) summarizes Mining and Reclamation Plan (MRP) information and state agency/operator correspondence from April 25, 1981 to July 25, 1985 and (2) identifies additional submittals to verify the operator's contention that unmineable conditions in the #6 Mine occurred naturally and were not the result of undermining in the #3 Mine.

1. Development mining commenced within the state lease during December 1978 and terminated in November 1980 in the #6 Mine. Portals were permanently sealed during September 1983. Development mining commenced within the state lease during February 1976 and retreat mining was initiated in January 1982 and continued into May 1982 in the #3 Mine. Portals were also permanently sealed during September 1983.

2. The operator submitted correspondence from April 25, 1981 to May 18, 1981 that requested permission to initiate retreat mining in the #3 Mine (Hiawatha seam) and described potential impacts to the #6 Mine (Castlegate "A" seam). The Division of State Lands & Forestry (DSLF) observed that BCCC's assessments of potential impacts to the #6 Mine were optimistic and therefore, required submittal of a royalty bond (letter from DSLF dated May 18, 1981). Bond release is contingent upon either of the following:

A. When a mining operation commences in the Castlegate "A" seam through state leased lands, or,

B. At the end of 10 (ten) years providing state (ML 27342) coal in the Castlegate "A" seam has not been sterilized from recovery as a result of subsidence or shearing pursuant to BCCC operations in the Hiawatha seam.

Since #6 Mine closure, no operations have commenced in the Castlegate "A" seam through state leased lands. Accordingly, this condition for royalty bond release has not been met. The remainder of this memorandum will consider the operator's contention (letter from BCCC dated July 4, 1985) that the unmineable conditions in the #6 Mine occurred naturally and were not the result of undermining in the #3 Mine.

3. The burden of proof in on BCCC to document that poor mining conditions existed in the #6 Mine prior to initiating retreat mining in the #3 Mine (January 1982). Documentation must consist of formal mining condition assessments or recommendations to discontinue mining from the Mine Safety and Health Administration (MSHA), U. S. Geological Survey (USGS) or other governmental agency.

4. The SME Mining Engineering Handbook states that "Where two or more seams of mineable thickness are present, the approaches to the problem of recovering the maximum in mineral with a minimum of trouble and little or no extra cost include the following:

mining the upper bed completely before starting work in the lower;

mining the two with extraction in the upper preceding that in the lower;

Mining the two with extraction proceeding simultaneously (page 12-47)."

The Division concurs with the SME Mining Engineering Handbook. Specifically, that undermining the Hiawatha seam was not prudent with regard to maximum coal recovery in the Castlegate "A" seam.

5. The Division recommends DSLF retain the full royalty bond, in the amount of $4,227.00, unless BCCC can demonstrate through submittal of appropriate documents (e.g., MSHA, USGS) that the #6 Mine (Castlegate "A" seam) was unmineable prior to the initiation of retreat mining in the #3 Mine (Hiawatha seam).

jvb
cc: L. Braxton
J. Whitehead
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