



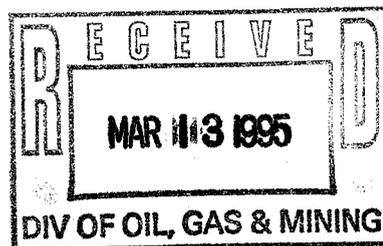
Coastal
The Energy People

REID W. "RICK" OLSEN
VICE PRESIDENT AND GENERAL MANAGER
SOLDIER CREEK COAL COMPANY

March 7, 1995

Daron Haddock, Permit Supervisor
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Mid-Term Review
Soldier Creek Coal Company



Dear Mr. Haddock,

The following is our response to the requirements of the mid-term review for the Soldier Canyon Mine ACT/007/018. #2

1. **Requirements:** No adjustment to the reclamation bond is needed at this time, however, the Operator must be required to submit information on the demolition cost associated with demolition of foundations, footers and floor besides disposal fees.

Response: We have enclosed two bonding calculations both which include the cost associated with demolition of foundations, footers and floor. Our calculations show total costs for reclamation with all existing facilities and the other with all existing plus all planned facilities.

2. The No. 3 fan site must be reclaimed according to the current plan or in order to postpone reclamation at the No. 3 fan site, Soldier Creek must amend the plan. The site requires better stabilization through supplemental interim revegetation.

Response: We have revised pages 7 - 161, 7 - 162 and 7-164 to indicate that the No. 3 fansite is to be retained. Although this site has received interim reclamation the site is still a viable option for mine development in the future. We have added a statement that additional interim seeding will be done on a "as needed" basis. We have removed the quarterly water monitoring

requirements on P. 7-164 for ASCA's as this is not required by the R645 regulations.

3. *The following were determined incomplete responses to D.O. 92-A:*

A permanent waste rock site, currently approved according to the R645 requirements, should be provided by the Operator until approval of the proposed waste rock site is granted.

Response: The Soldier Canyon Mine currently is not producing underground waste rock beyond that which is being disposed of in underground workings. Soldier Creek Coal Company is planning on doing exploration work in Dugout Canyon at the old Ideal Minesite. We are currently anticipating the permitting and development of the Dugout Canyon Mine after our exploration is finished. As part of this permitting process, we will be permitting and developing a waste rock site which will be used by both the Dugout and Soldier Canyon Mines.

During the interim period, if soldier Canyon Mine does produce some incidental waste rock that needs surface disposal we will amend their permit and the Skyline Mines permit to allowing disposal of waste rock at the approved Skyline Mines Scofield site.

4. *Table 7.24-2 Page 7 - 8 does not reflect Sunoco as owner of water right title 91-203. The Operator has since changed owners and the proper water right owner should now be identified. The Operator did not meet the requirements of D.O. 92-A #3, as required by R645-300-143. The Operator has not met the requirements of R645-301-724-100. (See January 8, 1992 letter from the Division of Water Rights).*

Response: We have changed Page 7 - 8 to reflect current owner of water rights of Title 91-203 as Sagepoint Coal Company which is a subsidiary of Coastal States Energy Co.

This Table 7.24-2 will be added to and brought up to date when the Soldier Canyon Mine permit is amended later this spring to include the Alkali coal lease.

5. *The Operator did not meet the requirements of D.O. 92-A #4, as required by R645-300-143. The Operator has not met the requirements of R645-301-724.100. Soldier Creek Coal Company must provide a commitment in the Mining and Reclamation Plan to coordinate with the Division of Water Rights immediately upon the determination that a water source has been impacted by mining operations. (See January 8, 1992 letter from the Division of Water*

Rights).

Response: Page 7-105 has to be changed to include the necessary commitment.

6. *The following are inadequate response to the requirements of Condition 6.*
 - a. *The Operator must include a map survey showing the potential recharge areas in the permit. Fracture zones identified in the mining process should be identified and referenced as potential recharge zones as required by R645-301-724-600, Survey of Renewable Resource Lands.*
 - b. *The LOM area when used should be used consistently throughout the plan; see pages 7-25 and 7-34. Provide consistent representative information for the estimated groundwater storage and recharge in LOM area and hydrogeologic basins.*
 - c. *The monitoring "assessment", to take place throughout the year during the mining process, was not described as to the degree of the assessment; i.e., what parameters will be monitored/described this proposal does not meet the requirements of R645-301-731.210 and R645-301-730.*
 - d. *The following potential hydrologic impacts are not assessed through the existing in-mine monitoring plan and therefore the Operator does not meet the requirements of R645-301-731.211.*
 - i. *The interception of perched aquifers which issue as a spring would not be monitored through the proposed in-mine monitoring schedule. The proposed annual inventory potentially misses "unusual" in-flows if an area is closed prior to completing the inventory. A qualitative analysis to identify the source characteristic of the intercepted aquifer would be unavailable.*
 - ii. *The Operator has not described how the proposed annual sampling plan is adequate to determine seasonal variations inflow thus potential impacts on the hydrologic balance, including variations due to recharge functions.*
 - iii. *The Operator has not demonstrated that flows of 50 GPM will adequately monitor for all potential impacts as required under R645-301-731.210. The Operator has not described how the proposal will meet the quality and quantity and frequency*

sampling requirements. The Operator should commit to a minimum time period in which to notify the Division and other agencies of these high magnitude inflows.

Response: See response to Item No. 7.

- 7. The Operator does not have a series of wells to describe the aquifer below the lowest seam to be mined. However, Spring 6 emanates from the Aberdeen tongue below the coal seams in Dugout Canyon and may describe this system. The Operator should discuss the area of recharge to this Spring 6 using site specific information as required by R645-301-731 and R645-301-731.211. Hydrogeologic structures from drill logs, and/or relative location and flow direction may support the conclusion that this spring will not be impacted.*

Response: The deficiencies listed in Item No.'s 6 and 7 are extremely complex and involved. The more we looked at these issues the more we became convinced that we currently do not have adequate data available to properly respond. We therefore have issued a contract to Dr. Alan Mayo of Mayo and Associates, consultants in hydrogeology to develop an updated PHC for the Soldier Canyon Mine including the Alkali tract. He started work on February 23, 1995. As soon as he has finalized his work we will be able to adequately respond to these Division concerns.

As part of Dr. Mayo's contract he will present his preliminary findings to the Division before he writes the final PHC. We feel this process will assure that all of the Division's concerns are answered.

- 8. The Operator should either properly redevelop the Well 6-1 or follow the requirements for well closure as required by R645-301-731.215. Redevelopment is required for the Operator to maintain this well as is proposed in the current mine plan. This well could provide important information through bond release to determine flooding of the mine workings.*

Response: Final disposition of Well 6-1 will be determined as part of the contract with Dr. Mayo.

- 9. The Operator has provided Figure 7.31-9 for Well 6-1. The scale used to present the information is inadequate. The Operator should present a scale in feet rather than thousands of feet to provide a clear figure per R645-301-121.*

Response: We have enclosed a revised Figure 7.31-9.

10. *The figure heading in Figure 7.24.7, incorrectly describes the information presented. The Operator provides the depth to water from the well casings not the water level elevation as indicated. Because the elevations have no relative base elevation the presentation of data is unclear. The Operator has not met the requirements of R645-301-121.*

Response: We have enclosed a revised Figure 7.24.7

11. *The Operator's present plan indicates drill hole 6-1 is expected to remain as a viable water monitoring point beyond the originally proposed 1993 longwall extraction. The Operator committed to reassessing well monitoring sites in conjunction with the re-evaluation of the long-term mine plan. The Operator is not conducting the operations according to the approved permit R645-300.142. Therefore, reassessment should be completed at this time.*

Response: Final disposition of Well 6-1 will be determined as part of the contract with Dr. Mayo.

12. *Information in the plan is not current and concise information as required by R645-301-121. According to discussion with the Operator, proposed waste rock site, longwall mining, and processing plant operations identified in the current plan will not be pursued within the upcoming permit term. The Operator should update the plan to identify the proposed dates of the Fan Portal Area, the waste rock site and the preparation plant construction per R645-301-526.113. The Operator should update the proposed mine sequence and timing due to the change in the proposed longwall mining operations.*

Response: Coastal States Energy Company bought the Soldier Creek Coal Company and the associated private properties in late 1993. During 1994, extensive reorganization of the Soldier Creek Coal Company took place along with in-depth studies of various mining scenarios and marketing strategies. Some things are starting to gel as to where and how the Soldier Creek Coal company fits in best with the overall strategic of the Coastal States Energy Company. Due to these many variable and complex factors the Soldier Creek Coal Company is not yet in a position to make any major changes in the approved MRP. The approved plans for a waste rock site, longwall mining and processing plant operations are still viable potential operations. Hopefully, by the time the Soldier Canyon Mine MRP is renewed, we will be in a position to make the necessary changes to bring the plan into line with current management goals.

If you have further questions or need additional information please let us know.

Sincerely,



For R.W. "Rick" Olsen
Vice President/General Manager
Soldier Creek Coal Company

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