

June 6, 2003

Rick Olsen, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Re: Chapter 5 and Bond Amendment, Canyon Fuel Company, LLC, Soldier Canyon Mine, C/007/018-AM03A, Outgoing File

Dear Mr. Olsen:

The Division received an amendment to modify Chapter 5 of the MRP by removing the refuse pile and preparation plant from the approved mining and reclamation plan. In addition, the amendment also deals with a bond adjustment based on the refuse pile and preparation plant being removed from the MRP. The Division reviewed the amendment and found it to be deficient. A copy of our Technical Analysis is enclosed for your information. In order for us to continue to process your application, please respond to these deficiencies by September 2, 2003.

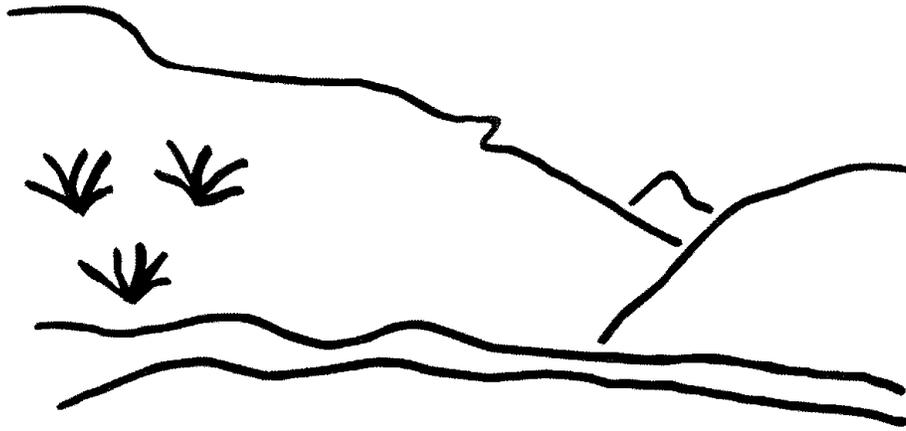
If you have any question, please call Wayne Western at (801) 538-5263 or me at (801) 538-5268.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

an
cc: Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Soldier Canyon Mine
Chapter 5 and Bond Amendment
C/007/018, AM03A
Technical Analysis
June 2, 2003

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TECHNICAL ANALYSIS

TECHNICAL ANALYSIS

The Division ensures compliance with the Surface Mining Control and Reclamation Act of 1977(SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings, which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference, which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

INTRODUCTION

INTRODUCTION

On April 4, 2003, the Division received amendment AM03A, Chapter 5 and Bond Amendment. The purpose of the amendment was to remove the proposed refuse pile and preparation plant from the MRP. The mine is currently in temporary cessation and the Permittee has no plans to wash any coal and will ship any coal mine waste to other facilities. Because the refuse pile and preparation plant are no longer in the MRP the Permittee has requested that the bond be adjusted to reflect those changes.

The Division reviewed the amendment and the MRP and found some deficiencies. The deficiencies associated with removing the refuse pile and preparation plant from the MRP involve references to those facilities still being mentioned in the amendment and MRP. The volume calculations in the reclamation cost estimate do not match those in the MRP and the vegetation cost estimates are not consistent with the approved MRP.

The Division encourages the Permittee to withdraw any permitted islands from the permit area. Such permitted islands include the refuse pile.

INTRODUCTION

OPERATION PLAN

OPERATION PLAN

MINING OPERATIONS AND FACILITIES

Regulatory Reference: 30 CFR 784.2, 784.11; R645-301-231, -301-526, -301-528.

Analysis:

The Permittee proposes to remove the refuse pile and preparation plant from the mine plan. Those facilities were never constructed and the Permittee does not anticipate the need for those facilities in the future. In parts of amendment AM03A, the Permittee either removed reference to the refuse pile and preparation plant or stated that those features would no longer be included in the mine plan.

However, in other parts of AM03A there are still references to either the refuse pile or preparation plan. For example in Section 5.26.22 of Chapter 5 of AM03A references are made to the preparation plant. In the appendices, there are plans and maps for the refuse pile and preparation plant. To avoid confusion the Permittee must either remove all references to the refuse pile and the preparation plant or state that those facilities will not be constructed.

Findings:

Information provided in the amendment is not considered adequate to meet the minimum requirements of the mining, operations and facilities section of the regulations. Before approval, the Permittee must provide the Division with the following:

R645-301-526 and R534-301-121.200, The Permittee must identify all references to the proposed refuse pile and preparation plant in the MRP and amendment AM03A. The Permittee must remove all reference to those facilities or state that the facilities were approved but later removed from the MRP. The Division listed some areas where references to the proposed refuse pile and preparation plan are still listed in the amendment and MRP in the analysis part of this section. Note: the Division did not make a complete list.

SUBSIDENCE CONTROL PLAN

Regulatory Reference: 30 CFR 784.20, 817.121, 817.122; R645-301-521, -301-525, -301-724.

Analysis:

Subsidence Control Plan

The subsidence control plan was modified to remove references to subsidence occurring in or around the refuse pile.

Findings:

The Permittee met the minimum requirements of the subsidence section.

SUPPORT FACILITIES AND UTILITY INSTALLATIONS

Regulatory Reference: 30 CFR Sec. 784.30, 817.180, 817.181; R645-301-526.

Analysis:

The Permittee proposes to remove the preparation plant from the approved MRP. The Permittee no longer plans to construct the preparation plant. Most Utah coal is now sent to market with no washing.

Findings:

The Permittee has met the minimum requirements of this section of the regulations.

MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

Analysis:

Mining Facilities Maps

Several maps in AM03A still show the refuse pile and preparation plant. For example, Figure 5-1 is titled "Typical Drawing of Refuse Disposal Area" and Figure 5.26-2 is titled "Flow

OPERATION PLAN

Sheet Incorporating Baum Jig Preparation Plant.” There are several maps in the MRP that show the refuse pile or preparation plant that need to be removed.

Findings:

Information provided in the amendment is not considered adequate to meet the minimum requirements of the mining, operations and facilities section of the regulations. Before approval, the Permittee must provide the Division with the following:

R645-301-521.180 and R534-301-121.200, The Permittee must either remove all maps that show the refuse pile or preparation plant or modify those maps so that those facilities are shown to have been removed from the MRP.

RECLAMATION PLAN

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

The Division divides the bond calculations into three parts, the direct, indirect and escalation. The direction costs consist of demolition, earthwork and vegetation. The Division reviewed the demolition costs and found that the information supplied by the Permittee was adequate to calculate the demolition costs.

The Division reviewed the earthwork costs and was unable to verify the volumes. Table 5.42-1 shows the cut and fill calculations for the main mine site. The Permittee shows that 68,432 CY of material will be cut from the site and 49,686 CY of fill are needed. In the bond calculations, the Permittee shows that 148,408 CY of material will be graded. The Division is unable to determine where the excess material will be shipped and where the 148,408 CY of material came from.

In Table 5.42-4 the Permittee shows that 2,970 CY of topsoil, 3,794 CY of subsoil and 1,337 CY of rock will be shipped to the main mine facility. On page 5-61, the Permittee states that 10,994 CY of topsoil or substitute topsoil is available. However, in the bond calculations the Permittee shows that 16,676 CY of topsoil will be trucked to the main mine site. The Permittee needs to show where the topsoil will be shipped from and how much topsoil will be used.

The Permittee does not show the volume calculations for the reclamation of the topsoil storage area, the sewage lagoon or the fuel storage area. The Permittee needs to show where how those volumes were calculated.

The Division looked at the vegetation costs in the bond calculations and at the vegetation plan and found that the procedures did not match. For example, in the vegetation plan the Permittee proposes to rip and drill seed while in the bond calculation the Permittee shows that the areas will be pocked and hydroseeded. The Permittee needs to submit vegetation costs that are based on the approved MRP. If the Permittee proposes to change the vegetation plan then that plan needs to be modified.

Findings:

Information provided in the amendment is not considered adequate to meet the minimum requirements of the mining, operations and facilities section of the regulations. Before approval, the Permittee must provide the Division with the following:

R645-301-830.140, The Permittee must provide the Division with detailed earthwork and vegetation cost estimates. See the analysis section for details. Note: the Division will be glad to assist the Permittee with bond calculations