

January 6, 2005

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

Re: 2004 Midterm Review, Canyon Fuel Company, LLC, Soldier Canyon Mine, C/007/0018, Task ID #692, Outgoing File

Dear Mr. Olsen:

The Soldier Canyon Mine went into temporary cessation on March 25, 1999. The portals are temporarily sealed, but the permit is active. In accordance with R645-301-211, the Division is required to review each active permit during its term. The Division initiated a midterm review of the Soldier Canyon Mine via correspondence with you on October 22, 2004. That letter outlined six elements selected for review:

1. *An AVS check to ensure that Ownership and Control information is current and correct.*
2. *A review to ensure that the Plan has been updated to reflect changes in the Utah Coal Regulatory Program, which have occurred subsequent to permit approval (One area of emphasis is to ensure compliance with the U. S. Fish and Wildlife Windy Gap Process).*
3. *A review of the plan to ensure that the requirements of all permit conditions, division orders, notice of violation abatement plans, and permittee initiated plan changes are appropriately incorporated into the plan document.*
4. *A review of the applicable portions of the permit to ensure that the plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.*
5. *A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate year dollars.*
6. *The Division may conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness of operational, reclamation, and contemporaneous reclamation practices.”*

As part of the midterm review, the Division analyzes the reclamation cost estimate to determine if the reclamation bond is adequate to ensure that the Division could reclaim the site in the event of bond forfeiture. On October 8, 2004, the Division updated the

Page 2  
Rick Olsen  
January 6, 2005

reclamation bond estimate. It was determined that the current bond of \$3,238,000 was in excess of the amount needed, which was \$1,593,000 in 2009 dollars.

Findings:

Information is not sufficient to meet the requirements of the R645 Coal Rules. Before the Division can approve the midterm review, the Permittee must provide the following information in accordance with:

**R645-301-112**, As soon as possible, the Permittee must update the ownership and control information found in Chapter 1 to reflect the current owners and controllers.

**R645-301-333**, Regarding the Colorado Fish Recovery Program (A.K.A. the Windy Gap process), the Permittee must provide in the MRP all equations and justifications with supporting documentation leading to the overall sum of water depletions or additions for all mining operations and explorations, including dust control.

**R645-301-731.530**, The Permittee needs to add a water replacement plan to the MRP.

**R645-301-830.140**, The Permittee must include a copy of the Division updated reclamation bond estimate in the MRP. The Division will provide the Permittee with copies of the reclamation cost estimate in either electronic or hard form upon request.

If you have any questions, please call me at (801) 538-5286 or Jim Smith at (801) 538-5262.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor

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Enclosure  
cc: Price Field Office  
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