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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 13, 2014

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

Subject: Midterm Review Completion, Canyon Fuel Company, LLC, Soldier Canyon Mine C/007/0018, Task ID #4633

Dear Mr. Parkins:

The Division of Oil, Gas and Mining (the Division) has completed its midterm review of the Soldier Canyon Mine.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author for each of the respective deficiencies has been provided.

Your response to these deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1 and C2 forms by no later than September 26, 2014.

If you have any questions, please feel free to contact Daron Haddock (801) 538-5325 or myself (801) 538-5350.

Sincerely,

Steve Christensen
Permit Supervisor

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070018
TaskID: 4633
Mine Name: SOLDIER CANYON MINE
Title: MIDTERM PERMIT REVIEW

Operation Plan

Mining Operations and Facilities

Deficiencies Details:

It is suggested that the permittee provide the following information in accordance with R645-301-234.230 and 301-353;

During the site visit to the topsoil piles located down canyon from the main facility it was noted that the vegetation on stockpile for the topsoil borrow area had been pretty well eaten off by rabbits. It is suggested that the permittee and the soils specialist for the Division (Priscilla Burton) develop a seeding strategy for the fall of 2014. In lieu of seed mixes the Division biologist had made recommendations to changes in the seed mix by way of E- mail (Ingrid Campbell to Vicky Miller) on 6/19/2012. The permittee should follow up on this correspondence.

jheltric

Topsoil and Subsoil

Deficiencies Details:

R645-301-R645-301-234.230, The 2014 mid-term site inspection found topsoil and subsoil stockpiles were heavily grazed. Reseeding the topsoil/subsoil piles would encourage more desirable species to out-compete the remaining weedy species. The Division recommends replacing the yellow sweet clover and alfalfa in the intermediate mix (found in Appendix 3E) with Palmer penstemon (*Penstemon palmeri*), globemallow (*Sphaeralcea* sp.), and prairie sage (*Artemisia ludoviciana*). The Division also recommends including the grasses: alkali sakaton (*Sporobolus airoides*), and Indian ricegrass (*Achnatherum hymenoides*), because of their drought tolerance.

pburton

Hydrologic Sediment Control Measures

Deficiencies Details:

R645-301-742, -742.240: The Permittee must revise the discussion/text portion of the MRP relative to ASCA #7 on page 7-184. The discussion of ASCA #7 does not identify/discuss the permitting action that allowed for the storage of soil from the Dugout Canyon Mine. The text should be revised to reflect this additional material being stored at the facility. In addition, please remove Figure 7.42-6, Topsoil Storage Site (As Built) located on page 7-187 and insert Plate 2-3, Topsoil Pile Location or provide a reference to it in the aforementioned narrative (i.e. See Plate 2-3, Volume II).

Reclamation Plan

Bonding Determination of Amount

Deficiencies Details:

The current plan is deficient. The reclamation cost estimate must be updated using 2014 unit costs from the current edition of the R. S. Means Heavy Construction Cost Data Manual. The total of the direct and indirect costs must be escalated to 2019 using the 1.9 % escalation factor for 2014.

phess