

007/019 Incoming
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State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

August 25, 2010

Mr. David Hibbs, President
UtahAmerican Energy, Inc.
Genwal Resources, Inc.
P.O. Box 910
East Carbon, UT 84520-0910

Dear Mr. Hibbs:

Subject: Inspection Reports – UPDES Permit No. UT0024368 (Crandall Canyon Mine)

On August 18, 2010 I met with Dana Marrelli and conducted Reconnaissance and Compliance Sampling Inspections in regards to your UPDES permit referenced above. Specifically I observed the iron treatment facility, outfalls, discharge and receiving waters of Crandall & Huntington Creeks. Samples were collected from Outfall 002 (post iron treatment facility), as well as from Crandall Creek itself for compliance with the State Water Quality Standard for total aluminum.

Enclosed are copies of the inspection reports for your records. Please review the reports, particularly the narrative sections and contact me with any questions. I appreciate Ms. Marrelli's continued efforts to keep me informed of the operations. If you have any questions, please contact me at (801) 536-4395 or by e-mail at jstudenka@utah.gov.

Sincerely,

Jeff Studenka, Environmental Scientist
UPDES IES Section

Enclosures

cc (w/encl): Stephanie Gieck, EPA Region VIII
Claron Bjork, SE District Health Department
Dave Ariotti, SE District Engineer
Daron Haddock, Division of Oil Gas & Mines
Dana Marrelli, West Ridge Mine
Dale Harber, US Forest Service

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United States Environmental Protection Agency
Washington, D.C. 20460

Water Compliance Inspection Report

Section A: National Data System Coding (i.e., ICIS)

Transaction Code N	NPDES UT0024368	yr/mo/day 100818	Inspection Type R	Inspector S	Fac. Type 2
Remarks					
Inspection Work Days 2	Facility Self-Monitoring Evaluation Rating 4	BI D	QA N	Reserved	

Section B: Facility Data

Name and Location of Facility Inspected (For industrial users discharging to POTW, also include POTW name and NPDES permit number) Crandall Canyon Mine (a.k.a. Genwal Resources, Inc.) UtahAmerican Energy, Inc. ~1.5 miles up Crandall Canyon off Hwy. 31 in Huntington Canyon NW of Huntington, UT	Entry Time/ Date 12:45 pm/ 8-18-2010	Permit Effective Date 12-1-2005
	Exit Time/ Date 1:30 pm/ 8-18-2010	Permit Expiration Date 11-30-2010
Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s) Dana Marrelli, Facility Representative 435-888-4026	Other Facility Data (e.g., SIC NAICS, and other descriptive information) Bituminous Coal Underground Mining Facility SIC Code 1222 NAICS 212112 SEE ATTACHED	
Name, Address of Responsible Official/Title/Phone and Fax Number David Hibbs, President & Dave Shaver, Resident Agent UtahAmerican Energy, Inc. P.O. Box 1077 Price, UT 84501 (435) 888-4008	Contacted Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

Section C: Areas Evaluated During Inspection (Check only those areas evaluated)

<input checked="" type="checkbox"/> Permit	<input checked="" type="checkbox"/> Self Monitoring Program	<input type="checkbox"/> Pretreatment	<input type="checkbox"/> MS4
<input checked="" type="checkbox"/> Records/Reports	<input type="checkbox"/> Compliance Schedule	<input type="checkbox"/> Pollution Prevention	
<input checked="" type="checkbox"/> Facility Site Review	<input type="checkbox"/> Laboratory	<input checked="" type="checkbox"/> Storm Water	
<input checked="" type="checkbox"/> Effluent/Receiving Waters	<input checked="" type="checkbox"/> Operations & Maintenance	<input type="checkbox"/> Combined Sewer Overflow	
<input checked="" type="checkbox"/> Flow Measurement	<input type="checkbox"/> Sludge Handling/Disposal	<input type="checkbox"/> Sanitary Sewer Overflow	

Section D: Summary of Findings/Comments

(Attach additional sheets of narrative and checklists, including Single Event Violation codes, as necessary)

SEV Codes	SEV Description

Name(s) and Signature(s) of Inspector(s) JEFF STUDENKA, ENVIRONMENTAL SCIENTIST <i>Jeff Studenka</i>	Agency/Office/Phone and Fax Number(s) DWQ (801) 536-4395	Date: 8-24-10
N/A		
Name and Signature of Management Q A Reviewer MIKE HERKIMER UPDES SECTION <i>Mike Herkimer</i>	Agency/Office/Phone and Fax Number(s) DWQ (801) 536-4390	Date: 8/25/10

INSTRUCTIONS

Section A: National Data System Coding (i.e., ICIS)

Column 1: Transaction Code: Use N, C, or D for New, Change, or Delete. All inspections will be *new* unless there is an error in the data entered.

Columns 3-11: NPDES Permit No. Enter the facility's NPDES permit number - third character in permit number indicates permit type for U=unpermitted, G=general permit, etc. (Use the Remarks columns to record the State permit number, if necessary.)

Columns 12-17: Inspection Date. Insert the date entry was made into the facility. Use the year/month/day format (e.g., 04/10/01 = October 01, 2004).

Column 18: Inspection Type*. Use one of the codes listed below to describe the type of inspection:

A	Performance Audit	X	Toxics Inspection	6	IU Non-Sampling Inspection with Pretreatment
B	Compliance Biomonitoring	Z	Sludge - Biosolids	7	IU Toxics with Pretreatment
C	Compliance Evaluation (non-sampling)	#	Combined Sewer Overflow-Sampling	!	Pretreatment Compliance (Oversight)@
D	Diagnostic	\$	Combined Sewer Overflow-Non-Sampling	{	Storm Water-Construction-Sampling
F	Pretreatment (Follow-up)	+	Sanitary Sewer Overflow-Sampling	}	Storm Water-Construction-Non-Sampling
G	Pretreatment (Audit)	&	Sanitary Sewer Overflow-Non-Sampling	:	Storm Water-Non-Construction-Sampling
I	Industrial User (IU) Inspection	\	CAFO-Sampling	~	Storm Water-Non-Construction-Non-Sampling
J	Complaints	=	CAFO-Non-Sampling	<	Storm Water-MS4-Sampling
M	Multimedia	2	IU Sampling Inspection	-	Storm Water-MS4-Non-Sampling
N	Spill	3	IU Non-Sampling Inspection	>	Storm Water-MS4-Audit
O	Compliance Evaluation (Oversight)	4	IU Toxics Inspection		
P	Pretreatment Compliance Inspection	5	IU Sampling Inspection with Pretreatment		
R	Reconnaissance				
S	Compliance Sampling				
U	IU Inspection with Pretreatment Audit				

Column 19: Inspector Code. Use one of the codes listed below to describe the lead agency in the inspection.

A-	State (Contractor)	O-	Other Inspectors, Federal/EPA (Specify in Remarks columns)
B-	EPA (Contractor)	P-	Other Inspectors, State (Specify in Remarks columns)
E-	Corps of Engineers	R-	EPA Regional Inspector
J-	Joint EPA/State Inspectors—EPA Lead	S-	State Inspector
L-	Local Health Department (State)	T-	Joint State/EPA Inspectors—State lead
N-	NEIC Inspectors		

Column 20: Facility Type. Use one of the codes below to describe the facility.

- 1- Municipal. Publicly Owned Treatment Works (POTWs) with 1987 Standard Industrial Code (SIC) 4952.
- 2- Industrial. Other than municipal, agricultural, and Federal facilities.
- 3- Agricultural. Facilities classified with 1987 SIC 0111 to 0971.
- 4- Federal. Facilities identified as Federal by the EPA Regional Office.
- 5- Oil & Gas. Facilities classified with 1987 SIC 1311 to 1389.

Columns 21-66: Remarks. These columns are reserved for remarks at the discretion of the Region.

Columns 67-69: Inspection Work Days. Estimate the total work effort (to the nearest 0.1 work day), up to 99.9 days, that were used to complete the inspection and submit a QA reviewed report of findings. This estimate includes the accumulative effort of all participating inspectors; any effort for laboratory analyses, testing, and remote sensing; and the billed payroll time for travel and pre and post inspection preparation. This estimate does not require detailed documentation.

Column 70: Facility Evaluation Rating. Use information gathered during the inspection (regardless of inspection type) to evaluate the quality of the facility self-monitoring program. Grade the program using a scale of 1 to 5 with a score of 5 being used for very reliable self-monitoring programs, 3 being satisfactory, and 1 being used for very unreliable programs.

Column 71: Biomonitoring Information. Enter D for static testing. Enter F for flow through testing. Enter N for no biomonitoring.

Column 72: Quality Assurance Data Inspection. Enter Q if the inspection was conducted as follow-up on quality assurance sample results. Enter N otherwise.

Columns 73-80: These columns are reserved for regionally defined information.

Section B: Facility Data

This section is self-explanatory except for "Other Facility Data," which may include new information not in the permit or PCS (e.g., new outfalls, names of receiving waters, new ownership, other updates to the record, SIC/NAICS Codes, Latitude/Longitude).

Section C: Areas Evaluated During Inspection

Check only those areas evaluated by marking the appropriate box. Use Section D and additional sheets as necessary. Support the findings, as necessary, in a brief narrative report. Use the headings given on the report form (e.g., Permit, Records/Reports) when discussing the areas evaluated during the inspection.

Section D: Summary of Findings/Comments

Briefly summarize the inspection findings. This summary should abstract the pertinent inspection findings, not replace the narrative report. Reference a list of attachments, such as completed checklists taken from the NPDES Compliance Inspection Manuals and pretreatment guidance documents, including effluent data when sampling has been done. Use extra sheets as necessary.

*Footnote: In addition to the inspection types listed above under column 18, a state may continue to use the following wet weather and CAFO inspection types until the state is brought into ICIS-NPDES: K: CAFO, V: SSO, Y: CSO, W: Storm Water 9: MS4. States may also use the new wet weather, CAFO and MS4 inspections types shown in column 18 of this form. The EPA regions are required to use the new wet weather, CAFO, and MS4 inspection types for inspections with an inspection date (DTIN) on or after July 1, 2005.

INSPECTION PROTOCOL

UPDES Permit #: UT0024368 – Genwal Resources Crandall Canyon Mine
Inspection Type: Reconnaissance Inspection + Compliance Sampling Inspection
Inspection Date: August 18, 2010
Weather Conditions: Sunny and warm ~ 70 °F

Jeff Studenka of the Division of Water Quality (DWQ) visited with Dana Marrelli of the UtahAmerican Energy, Inc., Crandall Canyon Mine Facility (a.k.a. Genwal Resources, Inc.). The purpose for the site visit was to perform reconnaissance and compliance sampling inspections as a result of previous elevated total iron concentrations in the mine water discharge as noted from previous inspections, as well as recent reports of coal fines in the discharge and stream channel from heavy storm events. The new treatment system has been in successful operation since March 2010 to treat and settle out the total iron particulates prior to effluent discharges via Outfall 002.

FACILITY DESCRIPTION

Location: Within Manti-LaSal National Forest, approximately 1.5 miles up Crandall Canyon, off Hwy 31 in Huntington Canyon, ~12 miles northwest of Huntington, Utah.

Coordinates: Outfall 001 – 39° 27' 38" latitude, -111° 09' 38" longitude
Outfall 002 – 39° 27' 38" latitude, -111° 09' 59" longitude

Average Flow: ~ 0.6 to 0.75 MGD (Outfall 002)

Receiving waters: Crandall Creek to Huntington Creek

Process: Former underground coal mining operation. Water from the inactive mine is gravity conveyed to below ground settling areas, where it is then piped out of the mine and then thru a recently installed oxidation unit, flocculant injection system and settling basin before discharging to the Crandall Creek culvert (Outfall 002). Surface water runoff is conveyed to an above ground settling pond with a discharge point (Outfall 001) to Crandall Creek.

INSPECTION SUMMARY

The reconnaissance inspection of the mine site included observing the water collection, distribution and treatment systems, as well as the outfall locations and receiving waters of both Crandall & Huntington Creeks. At the time of the inspection, the main sedimentation pond was temporarily containing the iron treatment waste water, but was no where near discharging levels (outfall 001). The new mine water flow meter for outfall 002 was observed to be functioning properly with an effluent flow reading of 742 gpm, as displayed at the time of the inspection. Above the mine site, Crandall Creek was flowing very clear and steady at the upstream flume location. Below the mine site and immediately adjacent to the Crandall Canyon culvert and Outfall 002 and continuing downstream towards Huntington Creek, the stream appeared to be

mostly clear with only minimal amounts of coal fines and iron staining. The iron staining and discoloration appeared to be significantly improved since the last inspection photos (5-5-2010) at the outfall location itself and was also observed to be not as far down the stream channel itself. The iron treatment facility was observed to be functioning successfully with some pond clean out activities presently on-going. Six photos were collected and are attached hereto with a photo log.

For the compliance sampling inspection, DWQ collected a discharge compliance grab sample @ 1:10 pm from Outfall 002 for TSS, TDS, total iron and total aluminum. An in stream water sample was also collected @ 1:20 pm from Crandall Creek immediately down stream of the outfalls. The results will be compared to the August 2010 compliance samples as soon as both are available.

FINDINGS & DEFICIENCIES

The minimal amounts of coal fines observed in the receiving waters were a result of heavy rainfall transporting the coal fines and debris into the iron treatment discharge (outfall 002). This has been corrected as the facility immediately constructed an improved storm water runoff diversion; however any future discharges of coal fines into Crandall Creek will likely result in a Notice of Violation from DWQ. A complete storm water UPDES inspection will be performed during the next site visit, which will include a Storm Water Pollution Prevention Plan (SWPPP) review. Therefore, no additional deficiencies were noted as a result of this inspection.

The previously cited Numeric Effluent Limitation violations for total iron has been corrected as the total iron concentrations have remained below the permit limit since March 2010, indicating the iron treatment operations are functioning successfully. The previously cited Narrative Water Quality Standard violation for discoloration of the stream channel appears to be an on-going, improving situation and is therefore not being cited once again herein, although both State and Federal agencies will continue to closely monitor the stream channel for condition improvements and for potential impacts to any downstream aquatic wildlife.

REQUIREMENTS & RECOMMENDATIONS

1. Continue treating the mine water for excessive total iron concentrations and keep DWQ informed of your efforts to keep the Genwal facility in full compliance with the provisions of your UPDES permit, as well as State Water Quality Standards, to avoid further enforcement.
2. Continue additional UPDES permit monitoring for total aluminum and report all results to DWQ.
3. Continue regular visual monitoring of the entire stream channel for any impacts to fish and/or other wildlife and report any such impacts to DWQ, DNR and other agencies as appropriate (USFS, etc.).
4. Ensure that your SWPPP is up to date and current, as this will be reviewed during the next inspection.



United States Environmental Protection Agency
Washington, D.C. 20460

Water Compliance Inspection Report

Section A: National Data System Coding (i.e., ICIS)

Transaction Code N	NPDES UT0024368	yr/mo/day 100818	Inspection Type S	Inspector S	Fac. Type 2
1	2	3	11	12	17
Remarks					
21					
Inspection Work Days 2	Facility Self-Monitoring Evaluation Rating 4	BI D	QA N	Reserved	
67	69	70	71	72	73 74 75 80

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Name, Address of Responsible Official/Title/Phone and Fax Number David Hibbs, President & Dave Shaver, Resident Agent UtahAmerican Energy, Inc. P.O. Box 1077 Price, UT 84501 (435) 888-4008	SEE ATTACHED	
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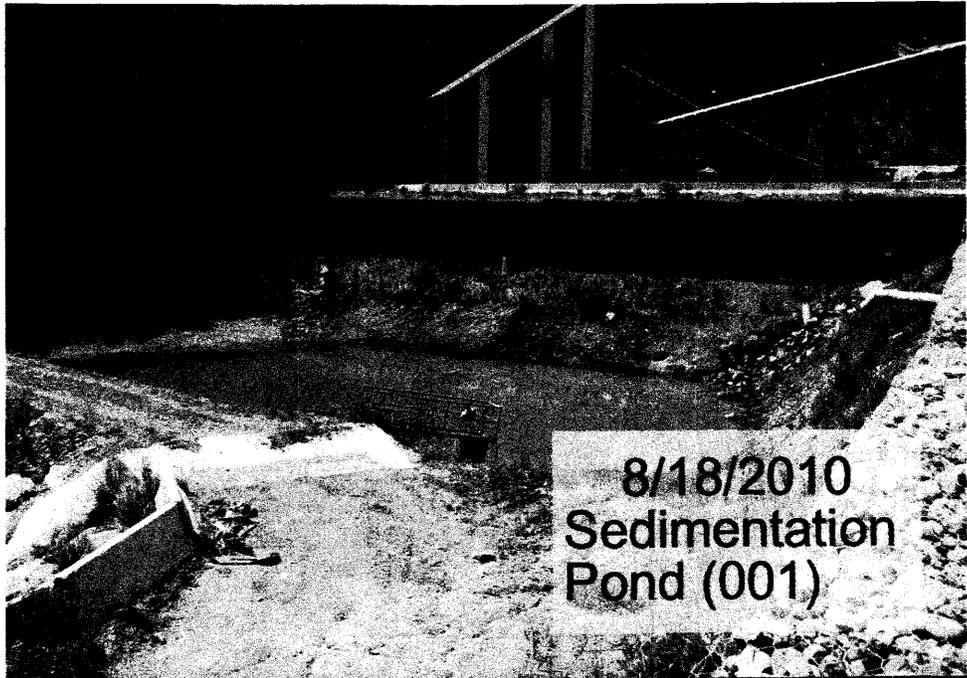
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Genwal Inspection 8-18-2010



8/18/2010
Sedimentation
Pond (001)

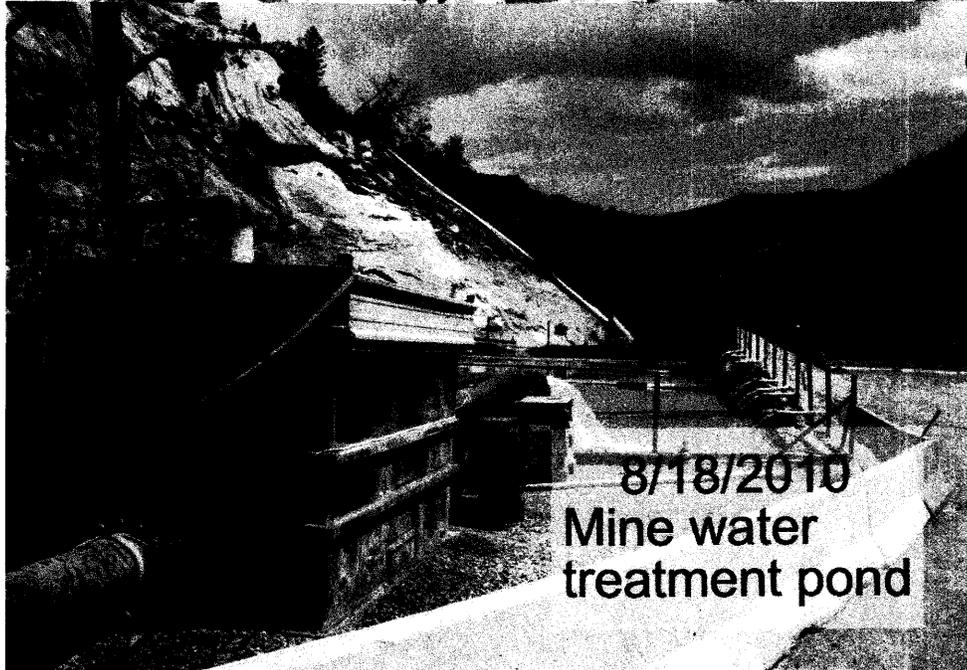


8/18/2010
Crandall Creek
below outfalls



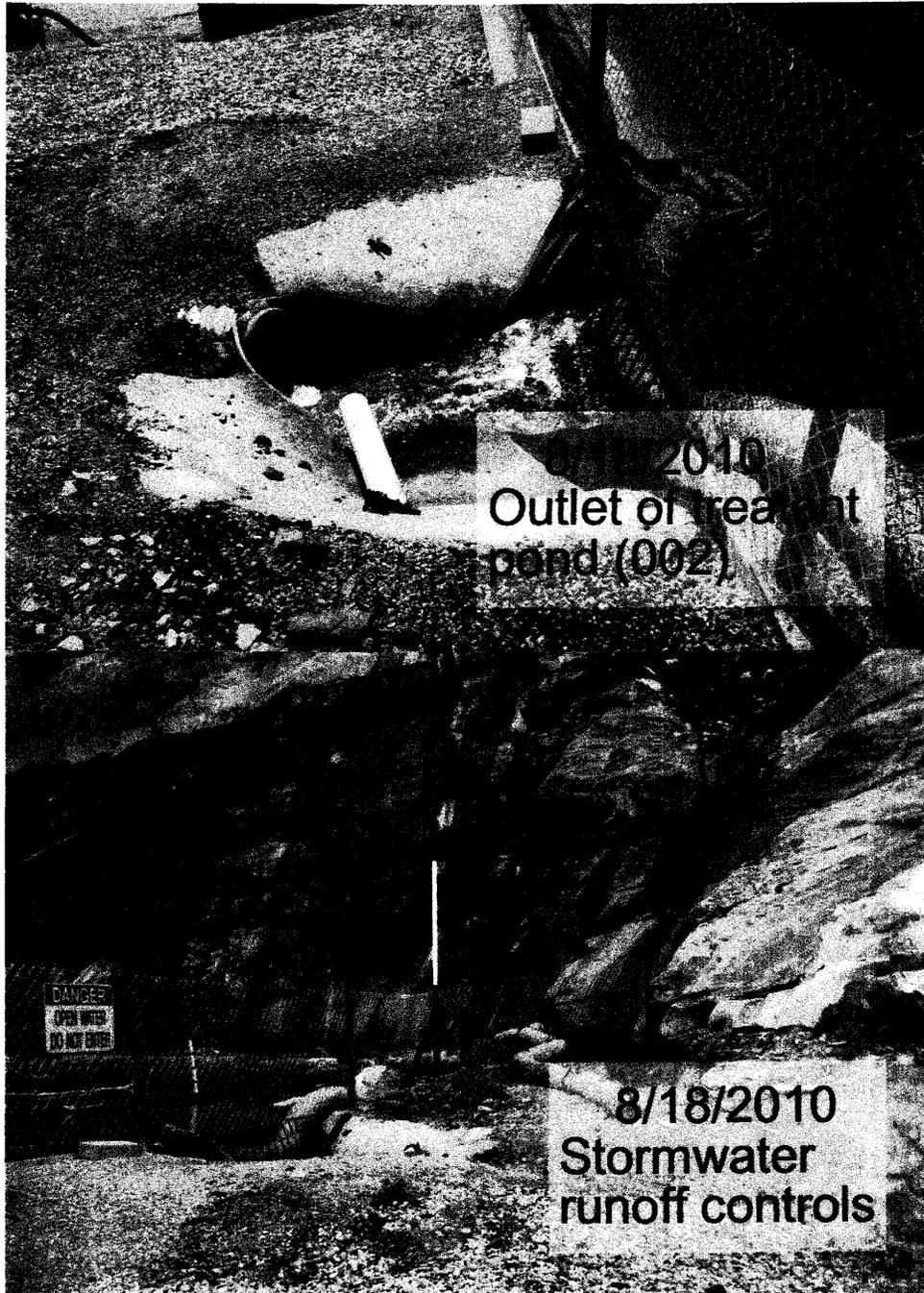
3

8/18/2010
Outfalls & culvert



4

8/18/2010
Mine water
treatment pond



5

8/18/2010
Outlet of treatment
pond (002)

6

8/18/2010
Stormwater
runoff controls

DANGER
OPEN HOLE
DO NOT ENTER