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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

January 31<sup>st</sup>, 2019

Karin Madsen, Resident Agent  
Utah American Energy, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Subject: Division Order DO-19A, Utah American Energy, Inc., Centennial Mine, C/007/0019

Dear Ms. Madsen:

Per the Amended Stipulation and Joint Motion to Stay Proceedings on Utah American Energy, Inc.'s Request for Agency Action and Stipulation to Amend Cessation Order, the Division of Oil, Gas and Mining is issuing Division Order DO-19A (See attached).

If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen  
Permit Supervisor

SKC/sqs

**STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING**

<u>PERMITTEE</u>  CENTENNIAL MINE UTAHAMERICAN ENERGY, INC.  PERMIT NUMBER <u>C/007/0019</u> DIVISION NUMBER <u>DO-19A</u>	DIVISION ORDER TO ADDRESS ABATEMENT FOR NOTICE OF PERMIT VIOLATIONS ISSUED JUNE 1, 2018
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This Division Order is issued to address abatement as required by a Cessation Order (CO) issued for certain gob-gas vent wells at the Centennial Mine found to be in violation of the permit requirements, as amended. The CO was field-issued to Utah American Energy, Inc. (UEI) on June 1, 2018. An informal conference was requested on June 6, 2018 and held on June 28, 2018. The Division issued an Informal Conference Order on August 27, 2018 upholding the CO in part and vacating it in part. UEI filed a Request for Agency Action, Docket No. 2018-021 (RAA) on October 15, 2018 appealing the Division's Informal Conference Order and asking the Board to vacate the Cessation Order.

The parties entered into an Amended Stipulation and Joint Motion to Stay Proceedings on Utah American Energy, Inc.'s Request for Agency Action and Stipulation to Amend Cessation Order (Stipulation), which was approved by a Board Order on November 27, 2018. Pursuant to the Stipulation and Order, the Division terminated the imminent harm CO on October 24, 2018 and terminated the remaining portion of the CO on December 12, 2018 because wells 5A, 7 and 9 had been capped and were no longer leaking, and agreed to issue a Division Order "which will include the abatement measures as contained in the amended CO addressing degas wells 3, 4, 5A, 6, 7, 7A, 11, 12, 13, 16, and 17 with an abatement deadline of August 1, 2019."

Following the receipt by UEI of this Division Order, the Stipulation includes procedures for: UEI to demonstrate that its activities are consistent with the approved Mining and Reclamation Plan (MRP) and otherwise not in violation of the Act; for the Division to consider this new information and modify the DO if appropriate; for UEI to request the stay be lifted and amend its RAA if it does not agree with the DO as amended or otherwise; and providing that, if the abatement required by the DO (as amended or not) is not completed by August 1, 2019, the Division may proceed with enforcement actions under Utah Code 440-10-22(1)(c) which will be subject to appeal by UEI to the Board without requiring an informal conference by a motion to lift the stay entered pursuant to the Stipulation.

Now therefore, subject to the provisions of the Stipulation and incorporating by reference the CO, Informal Conference Order, and Stipulation referenced above, the Division issues the following Order.

## Division Order

1. The Informal Conference Order required UEI to take the following actions to address the violations listed in the CO:

"a. UEA [UEI] I shall cap and seal (where necessary), remove all equipment, complete final reclamation, and provide an expert's plugging report for the wells and well sites above the area where it has relinquished its leases from the BLM, specifically degas wells 3, 4, 5A, 6, 7, 7A, 11, 12, 13, 14, 15, 16, and 17 as soon as possible but no later than August 1, 2019.

b. The CO's requirement to cap and seal the wells and reclaim the well sites above the Mathis Fee Lease, specifically degas wells 8, 8A, and 9 is vacated."

2. This list of wells to be capped, sealed, plugged and reclaimed includes wells 14 and 15. These two wells were not included in the Stipulation's list of wells to be addressed by a Division Order. These wells which were shown on the mine plans were not ever drilled, but the well pads had disturbances associated with the collector stand pipes and valves. Their inclusion in the Informal Conference Order is was due to this disturbance. This Division Order requires UEI to remove all equipment from these well pads and complete final reclamation or provide documentation that reclamation of the collector pipes, valves, and standpipes will be reclaimed by the gas subcontractor.

3. The Informal Conference Order requires wells 5, and 5A to be plugged and reclaimed in addition to the requirement that they be repaired so as to prevent leaking. The CO was terminated as to these two wells so far as the obligation to stop gas from leaking, but the termination of that aspect of the CO was not intended, and did not, alleviate the obligation under the informal conference order to plug the wells and reclaim the well sites. The Division Order requires these two wells to be included in the wells capped, sealed plugged, and reclaimed.

4. Well 9 which was leaking and included in the requirement to repair and prevent leaking of gas is among the wells above the Mathis lease and so the informal conference order did not require it to be plugged and reclaimed. This Division Order does not require the operator to take any additional actions to abate the CO.

5. The requirements as set forth above are subject to the provisions of the Stipulation to allow UEI 45 days to provide technical engineering information regarding the wells, updated information on the mineral estate ownership, alternative long-term plans and post-mining use of the vent wells, in order to demonstrate that its activities in maintaining the wells and not plugging and reclaiming them as required by this DO are:

- a. consistent with the approved MRP;
- b. needed for de-gasification of mine workings; and

c. consistent with to surface and mineral estate owners' long-term plans and operating agreements for production and sale of the vent gas.

6. This Division Order further incorporates the provisions of the Stipulation which provides that the Division shall have 45 days from receipt of UEI's response to consider it and may modify or reaffirm this Division Order and shall establish a time schedule for submitting plans for plugging the wells, and a deadline to plug the wells as the Division finds reasonable and appropriate but no later than August 1, 2019.

7. Plans for the plugging and reclamation for each of the above wells shall comply with the requirements set forth in the approved MRP. The reclamation and revegetation shall be done in conformity with the MRP and the Division's standards and guidelines for reclamation and revegetation as required by the Coal Act and its regulations.

8. UEI shall not proceed with any plugging or reclamation work until plans have been approved in writing by the Division.

9. After the plans have been approved UEI shall provide Notice of its plans to begin work at least 14 days prior to the date work is to begin for each well and shall provide a schedule for the work for each well. Regardless of the schedule, the Division will be provided reasonable notice in advance of all plugging, grading and seeding work and opportunity for the Division to monitor work.

10. This Division Order provides the full and complete requirements for UEI to abate the violations identified by the June 1, 2018 CO as modified by the Informal Conference Order of August 27, 2018 and the Stipulation to Stay the RAA, and is not subject to or conditional upon any additional documents, agreements, or actions except as referenced herein, and may not be modified except by a written amendment signed by the Division and delivered to UEI.

Dated this 31<sup>st</sup> day of January, 2019



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Division of Oil, Gas and Mining  
Dana Dean, Associate Director