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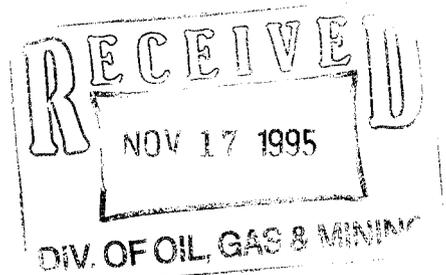


State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RIGHTS

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Southeastern Area
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November 15, 1995



Horizon Coal Corporation
Bradley J. Bourquin, P.E.
1131 South Dover Street
Lakewood, Colorado 80232

Re: Horizon Coal Company Permit Application Package,
Horizon Mines 1 & 2

PD0/007/020

#3

Copy Aaron: RLM

Dear Mr. Bourquin:

I have reviewed the above referenced mine plan, received in this office on October 19, 1995, and offer the following comments for your consideration. The comments from this Division will center around water issues involving water rights, stream channel alteration work, issues related to impoundments, and water monitoring well permits.

- 1) Before any water can be diverted for use by Horizon Coal, we must receive the proper documents pertaining to the acquisition or lease of existing water rights, as mentioned in Chapter 3 OPERATIONS, Section 3.4.3 Protection of Hydrologic Balance, ¶ 2, review the status of the proposed rights, and consider any changes associated with those water rights.

We would like to see a map of the permit area, with contours, streams and roads depicted, with all water rights in listed Appendix 3-3 located and identified by their 91 numbers. Highlight on this map any water rights which may be leased or otherwise used by the mine during pre-mining, mining and post-mining activities.

Chapter 3 OPERATIONS, Section 3.4.3 Protection of Hydrologic Balance, ¶ 3, mentions discharging mine water in excess of that used for in-mine purposes. This water must be returned to the same drainage from which it was diverted by mining operations.

- 2) Stream Alteration Permit #91-91-02SA, was filed in this office by William R. Skaggs for a channel relocation associated with the construction of a sediment pond for Blue Blaze Coal. This permit expired on April 8, 1995. Other permits must be submitted and approved before any alteration can proceed on any natural stream.

Stream Alteration Permit #95-91-13SA was filed and approved by this office for a stream crossing associated with the 1995 drilling program. A final compliance inspection must still be performed by this office.

We would like to preview the disturbed area drainage diversions and channels (see Plate 7-5) to verify their status in regards to stream alteration permitting before any work is started.



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- 3) Five monitoring wells are listed in Chapter 6 GEOLOGY, Section 6.5.1.1 Casing and Sealing, and the following comments are offered on these wells. Holes LMC 1 & 2 will be abandoned and new replacement holes for water monitoring drilled near by, according the above referenced section. Abandonment must be accomplished by a Utah licensed water well driller, and the proper abandonment forms submitted to this office.

Applications to drill new wells to replace LMC 1 & 2 and the additional well within Horizon Mine No. 2 must be submitted to and approved by this office prior to drilling. The improvements to convert existing wells LMC 3 & 4 from exploration wells to monitor wells must also be performed by a Utah licensed water well driller with prior approval from this office.

If any work on these wells has already occurred, the well logs, exact locations of the wells, the driller's license number and any other relevant information must be submitted to this office as soon as possible. A Typical Well Construction drawing should also be included in the Mine Plan.

In October or November of 1995, at least two holes were drilled in Sec. 8, T13S, R8E, SLB&M. If these or any other holes (besides the five commented on above) are to be used as monitor well sites, the proper forms again must be submitted to this office for approval.

- 4) Eight Surface/Ground Water Monitoring Points are identified in Plate 7-1. Because of the abundance of springs in this area, it is felt that the location and monitoring of several more points is needed, especially outside (but in close proximity to) the Mine Plan Area boundaries. We suggest additional monitoring points to the North, East and West of the area boundaries.
- 5) In regards to the sediment pond, because it is entirely incised (no embankment) a Form R-69 Application for A Dam not Requiring Submission of Formal Plans Under Section 73-5A-202 is not required. However, if other ponds are built with embankments or if the current sediment pond is modified with an embankment, forms and drawings should be submitted.

If I can be of further assistance, feel free to contact me at 637-1303.

Sincerely,



Casey Ford
Assistant Regional Engineer

cc: Pamela Grubaugh-Littig, DOGM