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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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bcc

Bill Malencik

(Fax)

December 23, 1999

David Miller, Resident Agent
Lodestar Energy, Inc.
HC 35 Box 370
Helper, Utah 84526

RE: Deficiencies in Division Order Response, Lodestar Energy, Inc., Horizon Mine, ACT/007/020-DO99B, Folder #2, Carbon County, Utah

Dear Mr. Miller:

The Division has analyzed your November 10, 1999 response to Division Order 99B. While many of the order requirements have been completed there still remain some that have not been adequately addressed. The enclosed technical analysis describes the remaining issues that must be addressed in order to satisfy the Division Order. Please provide a response to these remaining deficiencies by no later than January 14, 2000. Until all of these issues have been addressed, the Division Order is still in effect and failure to correct the remaining deficiencies could result in enforcement action.

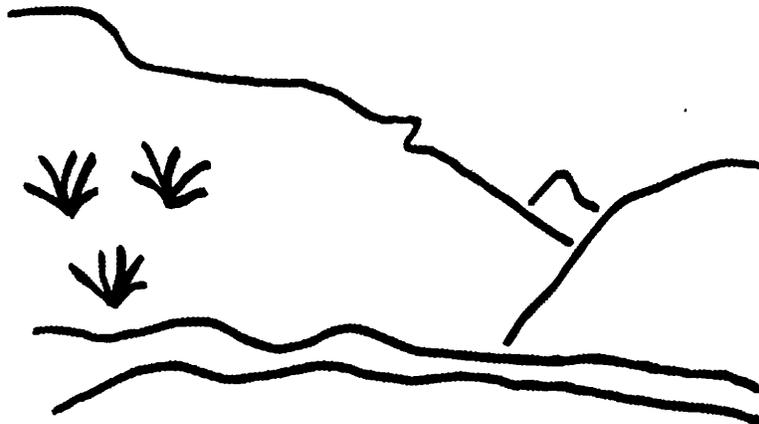
If you have any questions regarding these requirements or the Division Order please call me at (801) 538-5325 or Bill Malencik at (435) 613-5330.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Lodestar Energy, Inc.
Coal Waste Division Order
ACT/007/020-DO99B
Partial Technical Analysis
December 21, 1999

Division Order
ACT/007/020-DO99B
December 21, 1999
Page 2

TECHNICAL ANALYSIS:

OPERATION PLAN

SURFACE FACILITIES

Regulatory Reference: R645-301-512.120

Analysis:

Text

The permittee, on pages 3-4 and 3-5 listed the omitted equipment and facilities in red.

Findings:

The requirement on pages 3-4 and 3-5 this section of the regulations are considered adequate and meets the intent of the Utah Coal Rules.

Analysis:

Map, Plate 3-1

On Plate 3-1 the same hatch marks that are used to identify the coal storage areas and the topsoil storage area. The hatch marks for either the coal storage areas or topsoil storage area must be changed to avoid confusion. The new hatch marks must be identified in the legend.

The Permittee used a dotted and dashed line on Plate 3-1 to show the snow storage area. That line must be identified on the legend.

Findings:

This deficiency must be corrected as noted above.

EXCESS SPOIL

Regulatory Reference: R645-301-528. and -745.

Analysis:

Excess Spoil

The permittee states, on pages 3-10 and 3-11 that there will not be any excess spoil associated with this permit. However, on page 3-10, he states that sediment pond, ditch, and other clean out material will be placed in two areas as shown on the map or the company may elect to take the material to ECDC. The permittee also stated that they will take samples of the clean out material as dictated by the intended use and approved by the Division.

Findings:

The permittee needs to state the maximum amount of sediment pond/ditch clean out material that will be stored. The Division needs that information to calculate the reclamation cost for shipping the material to a state approved disposal site. The material will be placed on the designated areas not to exceed a 2:1 slope, bermed, and seeded in the Fall of 2000.

UNDERGROUND DEVELOPMENT WASTE

Regulatory Reference: R645-301-528. and -746.

Analysis:

The company, on pages 3-14 and 3-35, currently has an approved amendment to take development waste to Sunnyside Cogeneration. This was approved by the Division in October 1998. At the subsequent administrative hearing and ultimately before a hearing before the board, the material that the Division referred to as waste was reconsidered. At the board hearing the Division ruled what was called "coal waste" was "coal". The Board Chairman so ruled. Therefore, the material currently on site is coal and not coal waste. Sunnyside Cogeneration, in their permit, has a provision that they can acquire coal to supplement their refuse. Should the coal material go to Sunnyside Cogeneration, Lodestar will have to pay \$.15 per ton AML fees.

Findings:

The mine is not mining coal nor coal waste. Therefore, the statement about coal waste is not apropos. As related to future mining, the company states that future development waste may be brought to the surface. This is denied until such time that a temporary storage area is approved and a permanent coal waste site is approved by the Division.

AIR QUALITY

Regulatory Reference: R645-301-420.

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Analysis:

The permittee did not show that they are in compliance with the air quality permit. In the air quality permit dated 1991, the permittee is allowed to store up to 2,000 tons of coal on the surface.

Findings:

The permittee must show how the coal storage program will be in compliance with the air quality permit. The permittee needs to give the Division a copy of the approved air quality permit. The permittee must state in the MRP the maximum amount of coal that can be stored on the site.