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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
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OK

November 6, 2002

James T. Jensen, Vice President
Savage Industries, Inc.
6340 South 3000 East, Suite 600
Salt Lake City, Utah 84121

Re: Conditional Approval of Restart Preparation Plant, Savage Industries, Inc., Savage Mine, C/007/022-AM02D, Outgoing File

Dear Mr. Jensen:

The above-referenced amendment is conditionally approved upon receipt of three clean copies prepared for incorporation. Please submit these copies by November 25, 2002. Once we receive these copies, final approval will be granted, at which time you may proceed with your plans.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan. A copy of our Technical Analysis is enclosed.

If you have any questions, please call me at (801) 538-5325 or Dana Dean at (801) 538-5320.

Sincerely,

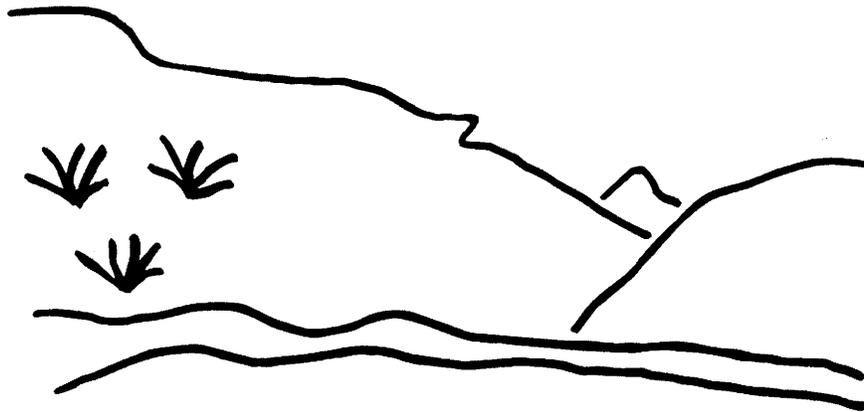
A handwritten signature in black ink that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

an
Enclosure
cc: Price Field Office
O:\007022.SAV\FINAL\COND_APP02D.DOC

Utah!
Where ideas connect

State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Savage Coal Terminal
Restart Preparation Plant
C/007/022-AM02D
Technical Analysis
November 5, 2002

TECHNICAL ANALYSIS

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The Division ensures compliance with the Surface Mining Control and Reclamation Act of 1977 (SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

Page 2
C/007/022-AM02D
November 5, 2002

TECHNICAL ANALYSIS

INTRODUCTION

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The Division received a proposal to restart the preparation plant at the Savage Coal Terminal on October 8, 2002. The proposal involves resuming the use of sizing and processing equipment in the plant, which has been idle since 1984. The washing cycle in the plant will not be utilized and no refuse will be generated.

Information found in the proposal is considered adequate to meet the minimum requirements of the regulations.

The amendment should be approved and incorporated into the current MRP.

Page 4
C/007/022-AM02D
November 5, 2002

INTRODUCTION

OPERATION PLAN

OPERATION PLAN

MINING OPERATIONS AND FACILITIES

Regulatory Reference: 30 CFR 784.2, 784.11; R645-301-231, -301-526, -301-528.

Analysis:

The existing preparation plant will be used for sizing coal and for the production of synfuel, using the proprietary COVOL technology. The process involves sizing and sorting of run-of-mine coal, applying a chemical reagent, and creating briquettes. A flow chart, outlining the process is found in Figure 3-12.

The plant's washing cycle will not be used.

Coal will be stockpiled before and after the COVOL process in areas currently designated for coal storage.

Findings

Information provided in the application is adequate to meet the minimum Mining Operations and Facilities requirements of the regulations.

SPOIL AND WASTE MATERIALS

Regulatory Reference: 30 CFR Sec. 701.5, 784.19, 784.25, 817.71, 817.72, 817.73, 817.74, 817.81, 817.83, 817.84, 817.87, 817.89; R645-100-200, -301-210, -301-211, -301-212, -301-412, -301-512, -301-513, -301-514, -301-521, -301-526, -301-528, -301-535, -301-536, -301-542, -301-553, -301-745, -301-746, -301-747.

Analysis:

Coal Mine Waste

The Covol process generates no coal mining or processing waste.

Refuse Piles

The only material being deposited on the refuse pile is from periodic ditch and pond cleaning. Maintenance of the refuse pile is under the supervision of a registered professional engineer.

Findings:

Information provided in the application is adequate to meet the minimum Spoil and Waste Materials requirements of the regulations.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 773.17, 774.13, 784.14, 784.16, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-300-140, -300-141, -300-142, -300-143, -300-144, -300-145, -300-146, -300-147, -300-147, -300-148, -301-512, -301-514, -301-521, -301-531, -301-532, -301-533, -301-536, -301-542, -301-720, -301-731, -301-732, -301-733, -301-742, -301-743, -301-750, -301-761, -301-764.

Analysis:

Water will be used for dust suppression, processing, and equipment washing. Existing water supply and drainage systems will be used.

Since the preparation plant is an existing structure and lies within the existing disturbed area, all runoff will be directed to an existing sediment pond through existing diversions.

Findings:

Information provided in the application is adequate to meet the minimum Hydrologic Information requirements of the regulations.