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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

February 7, 2012

Outgoing  
C0070022

#3953

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Garth Nielsen, General Manager  
Savage Services Corporation  
2025 East 5000 South  
Box 1001  
Price, Utah 84501

Subject: Completion of Midterm Review, Task ID #3953, Savage Services Corporation, Savage Coal Terminal, C/007/0022

Dear Mr. Nielsen:

On November 23, 2011, Savage Services Corporation was informed that the Division of Oil, Gas and Mining (the Division) had commenced a midterm permit review for the Savage Coal Terminal. The following items were reviewed:

- A. Review of the Plan to ensure that the requirements of all permit conditions, division orders, notice of violation (NOV), abatement plans, and permittee-initiated Plan changes approved subsequent to permit approval or renewal (whichever is the most recent) are appropriately incorporated into the Plan document.
- B. Ensure that the Plan has been updated to reflect changes in the Utah Coal Regulatory Program which has occurred subsequent to permit approval or renewal.
- C. Review applicable portions of the permit to ensure that the Plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
- D. Evaluate the compliance status of the permit to ensure that all unabated enforcement actions comport with current regulations for abatement; verify the status of all finalized penalties levied subsequent to permit issuance or permit renewal, and verify that there are no demonstrated patterns of violation (POV). This will include an Applicant Violator System (AVS) database check to ensure that no outstanding violations exist and that Ownership and Control information is current and correct.
- E. Evaluate the reclamation bond to ensure that coverage adequately addresses permit changes approved subsequent to permit approval or renewal, and to ensure that the bond amount is appropriately escalated in current-year dollars.



F. Evaluate the permit for compliance with variances or special permit conditions.

G. Optional for active mines, mandatory for reclamation only sites: conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness for operational, reclamation, and contemporaneous reclamation practices undertaken on predetermined portions of the disturbed area to minimize, to the extent practicable, the contribution of acid or toxic materials to surface or groundwater, and to otherwise prevent water pollution.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author for each of the respective deficiencies has been provided.

Your response to these deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1 and C2 forms by no later than March 1, 2012.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5262 or April Abate at 801-538-5214.

Sincerely,



Steve Christensen  
Permit Supervisor

SKC/AAA/sqs  
cc: Price Field Office  
H. Benson Lewis, Resident Agent  
Dan Guy, Blackhawk Engineering  
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**Deficiency List**  
**Task No. 3953**  
**Midterm Permit Review**

The members of the review team include the following individuals:

April A. Abate (AAA)  
Priscilla Burton (PB)  
Joe C. Helfrich (JCH)  
Pete Hess (PH)  
Angela Nance (AN)

**[R645-301-100]:** Approval of the Midterm Review is recommended. The Operator should submit an amendment if any of the officers and directors for Savage Services Corporation or Savage Companies has changed since 2009. (AN)

**[R645-301-100]:** Ownership and Control meets the R645 Utah Coal Rules. If any known transfer of surface or mineral ownership has occurred, than an updated Plate 1-1 and Table 1-1 should be submitted to the Division. (AAA)

**[R645-301-121.100]:** Inspection Reports indicate that refuse or high-ash coal material haulage varies from none at all during the wet winter months (Inspection Report # 2608), to more than 320 Tons/day (8 truck loads), during the dry, summer months (Inspection Report #2832). Figure 1 of Attach.1 of App. 5-1 illustrates the Refuse Pile removal plan for the years 2000- 2004. An update to Figure 1 should be provided to project removal from the refuse pile in the current year and over the remainder of permit term, with current pile topography shown and the volume of refuse noted on the Figure. In addition, please update the language in Appendix 5-1 under Part III. Timing. This section contains out of date language that final removal of the refuse pile will be completed by 2004. (PB)

**[R645-301-341]:** A site visit should be scheduled at the appropriate time of 2012 to determine the effectiveness of the interim seed mix on the topsoil and subsoil piles and the spraying of noxious weeds. The midterm review is recommended for approval. [JCH]

**[R645-301-728 & -765]:** Currently, groundwater conditions at the site are monitored from two monitoring wells. One well CV-1-W, the French drain located near the northeast corner of the property and monitoring well S-2-GW near the southeast boundary of the property. Groundwater flow direction has been determined by previous studies to flow in a northeasterly direction. With the absence of data from groundwater monitoring well S-1-GW there is no groundwater delineation representative for the eastern boundary of the property. The Division recommends installing plugging S-1-GW in accordance with the -301.765 rule and installing a replacement well for S-1-GW. (AAA)

**[R645-301-728]:** The Probable Hydrologic Consequences (PHC) section of the Mining and Reclamation Plan should be updated to be more reflective of current operational conditions at the existing wash plant (as opposed to language in the plan discussing the wash plant as proposed). The PHC also discusses refuse storage as being temporary, not to exceed one year from start up. **(AAA)**

**[R645-301-724.100]:** Groundwater water quality tables are summarized for each data point at/related to the site in Tables 7-4 through 7-14c. Water quality data from the French drain should be updated on Table 4a and a new table summarizing water quality data should be added for monitoring well S-2-GW. **(AAA)**

**[R645-301-800]:** Updated unit cost information was prepared by the Division and sent to the Permittee for verification. Please verify the accuracy of this information and if necessary, provide corrections in your midterm response letter to the Division. **(PHH)**