

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

#4/42
R

July 30, 2012

TO: Internal File

THRU: Steve Christensen, En Sci III, Permit Supervisor, Task Manager 

FROM: Peter Hess, En Sci III, Project Lead

RE: MIDTERM REVIEW COMPLETION RESPONSE, Intermountain Power Agency, Wildcat Loadout, C/007/0033, Task ID # 4142

SUMMARY:

The Division initiated a mid-term permit review of the Wildcat Loadout mining and reclamation plan on September 29, 2011. That review was labeled Task ID # 3931.

The Division transferred the State of Utah mining and reclamation permit from the previous holder, UtahAmerican Energy to Intermountain Power Agency on June 27, 2011.

TECHNICAL ANALYSIS:

OPERATION PLAN

ROAD SYSTEMS AND OTHER TRANSPORTATION FACILITIES

Regulatory Reference: 30 CFR Sec. 701.5, 784.24, 817.150, 817.151; R645-100-200, -301-513, -301-521, -301-527, -301-534, -301-537, -301-732.

Analysis:

The Division approved mining and reclamation plan for the Wildcat Loadout contains a commitment in Appendix "P", "Response to Division Order DO-04, Wind Blown Fines Accumulation" on Page 6 to gravel a 570 foot segment of primary road PR-5 from the top of the access ramp on the main coal stockpile area to a point directly NNW of the center of sediment pond "A".

This requirement is based upon:

- 1) the need for coal trucks to access this area for loading /export of coal from the site to various customers, and

- 2) The need to minimize coal dust being thrown into suspension by the wheels of the coal trucks accessing the main stockpile area.

PR-5 was constructed directly on Mancos shale when new sales were obtained by a previous Permittee (Andalex Resources, Inc.). Coal volumes were transported from the site by truck, and direct truck loading by FEL's was done on the main stockpile pad.

The fines which were thrown into suspension affected the volumes of fines accumulating in the Pond #5 area, and the area adjacent to the disturbed area perimeter. These fines were airborne, and thus increasing the sediment storage capacity of Pond "B", (which will be done by constructing Pond "G") will have no affect on airborne fines. Thus, surfacing of this road with gravel is necessary before the current Permittee, Intermountain Power Agency allows trucks to access this area. Watering of PR-5 will also be necessary, in accordance with the State approved air quality Approval Order.

Representatives of IPA, America West and the Division met on December 13, 2011, to discuss the requirements of DO-04, and how the Division would require meeting of those requirements. It was agreed by the attending parties that the Division would not require graveling of the 570 feet of primary road #5 (PR-5) until coal sales requiring shipment by trucks being loaded from the main stockpile area were made.

Task ID # 4142 Midterm Review Completion Response was submitted with the intent of that document being a red line strike out version of the text. However, line item #5 on page 2 of Appendix "P" (as submitted by the Permittee in Task ID # 4142) states, quote, "5) Gravel the portion of access road PR-5 leading to and ramping up to the coal storage pad at such time as the construction of Pond G becomes necessary".

Line item #5 (Task ID #4142) does not agree with the approved permit, and it does not agree with the commitment made by the representatives of the Operator, or IPA to the Division on December 13, 2011.

The Permittee and Operator must gravel the length of PR-5 committed to prior to coal trucks accessing the main coal storage pad via PR-5.

Page 2 of the Task ID # 4142 submittal must be revised to reflect the commitment made by AmericaWest and IPA on December 13, 2011.

Findings:

The current mine plan with the aforementioned permit commitment was approved on October 18, 2010, which was prior to the transfer of the permit from UtahAmerican Energy, LLC to the Intermountain Power Agency, (LADWP). America West Resources is the operator of the Wildcat Loadout for IPA.

This permit commitment must be honored by America West and IPA that the 570 foot segment of PR-5 be graveled before coal trucks are allowed to use this road for access up onto the primary coal stockpile pad.

Page 2, Appendix "P", line item #5, Task ID # 4142 must be corrected to state that PR-5 will be graveled prior to coal trucks accessing the main stockpile loading area from the East side of the property, (i.e., by primary road PR-5).

In accordance with the requirement of;

R645-301-534.300 / 534.320, Primary Road PR-5 will "be surfaced with rock, crushed gravel, asphalt or other material approved by the Division as being sufficiently durable for the anticipated volume of traffic and the weight and speed of vehicles using the road".

RECLAMATION PLAN

GENERAL REQUIREMENTS

Regulatory Reference: R645--301-830

Analysis:

Chapter 5, Page 5-15 contains a brief description of primary road PR-5. "This is a single lane road, approximately 2100 feet long and runs on an average grade of 2.5 %. The finished road width is approximately 16 feet as shown on Plate 17.

Plate 17, TYPICAL SINGLE-LANE GRAVEL ROAD, is a P.E. certified drawing (David W. Hibbs, Utah P.E.) which was incorporated into the Wildcat mining and reclamation plan on September 16, 2010. The approved design shows road surfacing using 12 inches of native gravel topped with six inches of road base material.

The Division has calculated that 327 Tons (4800 CF) of road base material and 569 Tons (10,830 CF) of native gravel would be required to surface the 570 feet of PR-5 required by Division Order DO-04.

R645-301-542.640 requires that road surfacing materials that are incompatible with the post mining land use and revegetation requirements be removed and disposed of. Therefore the removal of the road base and native gravel must be bonded. The Division has determined that a disposal cost of \$ 23,187 is needed to dispose of the road surfacing material on site, (could be used as backfill for Pond "A" (this would be the shortest haul distance to disposal)).

The Division noted in the Task ID # 3931 (the first review conducted by the Division as part of the Midterm Permit Review) that the Permittee had an excess of \$ 60,000 between the bond amount that is posted (\$ 1, 144,000) and the Division determined reclamation cost estimate to 2016 of \$ 1,084,333.

Therefore, the excess amount of bond which will be in place will be reduced to \$37,000. The total demolition cost for the Wildcat site is now \$ 235,052.00.

The Division will provide a cost estimate of the gravel removal and disposal cost to the Permittee upon request.

Findings:

The Permittee has enough bond in place to cover the reclamation costs for the Wildcat site through 2016.

However, in accordance with the requirements of:

R645-301-830.140, Detailed Estimated Cost Sheets, the Permittee must include a detailed reclamation cost estimate for the recovery and disposal of the PR-5 road surfacing material (R645-301-542.640). All assumptions must be noted on the cost estimate sheet.

This line item cost is to be included in the demolition section of the reclamation cost estimate in the MRP. The Division can provide its cost estimate for this phase of the demolition.

RECOMMENDATIONS:

The application is not recommended for approval at this time.