



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 2, 2013

James Hewlett, General Manager
Intermountain Power Agency
10653 S. River Front Parkway, Suite 120
South Jordan, Utah 84095

Subject: Conditional Approval of Response to NOV #10129, Oil Transloading Terminal, Intermountain Power Agency, Wildcat Loadout, C/007/0033, Task ID #4378

Dear Mr. Hewlett:

The Division received IPA's response to the Notice of Violation # 10129, Conducting Non-permitted Activities (date of issue 6/20/2013) on July 1, 2013. Due to your request for an expedited review of the submittal and the Divisions knowledge of the urgency of the situation, the review of the submittal has been completed.

The Division hereby conditionally approves the Task ID #4378 which allows the transfer loading from semi-truck tankers to frac tanks and/or semi-truck to railroad tank cars within the Utah Railway right-of-way which is within the permit area regulated by the Utah Division of Oil, Gas and Mining under the R645 Coal Mining Rules. The conditions for Final Approval of the application are as follows:

- 1) IPA must submit 2 clean copies for incorporation by no later than August 5, 2013. PLATE 1, Wildcat Loadout Existing Surface Facilities Map must be legible and must be stamped and dated by a professional engineer.

You will find enclosed a copy of the Termination of the Notice of Violation #10129 for your Company's records, as well as a copy of the technical memo addressing your response.

Once we receive the clean copies, the Division will send a FINAL Approval for the submittal.

The R645 Coal Mining Rules do not regulate the petroleum industry. As I am sure you are aware, it is Intermountain Power Agency's responsibility to comply with all State and federal regulations relative to transfer loading of petroleum products.

Should you or your staff have any questions, please call me (801) 538-5320 or Peter Hess at (435) 613-3731.

Sincerely,



Dana Dean
Associate Director

DD/PHH/ss
Enclosures
cc: Lance Lee, LADWP
Minh T. Le, LADWP
William W. Engels, LADWP
Tom Paluso, Environmental Industrial Services
O:\007033.WCL\WG4378\N10129CondApp.docx



**Action Taken on Existing Citation
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10129**
Permit Number: **C0070033**
Date Cit. Issued: **06/20/2013**

- MODIFICATION of
 TERMINATION of
 VACATION of
 NOTICE OF VIOLATION
 CESSATION ORDER (CO)
 FAILURE TO ABATE CO

Permittee Name: INTERMOUNTAIN POWER AGENCY	Inspector Number and ID: 67 ADANIELS
Mine Name: WILDCAT LOADOUT	Date and Time of Action: 07/02/2013 11:30 am
Certified Return Receipt Number:	Date and Time of Service: 07/02/2013

In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:

Modified as follows:

Reason for modification:

Terminated because:
The Permittee performed all required actions noted in the NOV. The trans-loading of oil at the facility stopped and an amendment to the MRP was submitted to the Division for review. The amendment included a description of activities, an updated map of the facility and provided the Division a copy of an updated Spill Prevention, Control and Countermeasure (SPCC) plan to comply with the Clean Water Act.

Vacated because:

LANCE LEE

(Print) Permittee Representative

Permittee Representative's Signature - Date

AMANDA DANIELS

(Print) DOGM Representative
Amanda Daniels 7/2/13

DOGM Representative's Signature - Date

Refer to the "Citation For Non-Compliance" for additional information

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

July 2, 2013

TO: Internal File

THRU: Pete Hess, Lead *PHH km SAS*

FROM: Amanda Daniels, Environmental Scientist *SKC*

RE: Oil Transloading Terminal, Intermountain Power Agency, Wildcat Loadout, C/007/0033, Task ID #4378

SUMMARY:

The Utah Division of Oil, Gas & Mining (Division) issued Notice of Violation (NOV) #10129 on June 20, 2013 following an inspection of the Wildcat Loadout facility on June 19, 2013. The NOV was issued for conducting non-permitted activities, specifically the trans-load of oil within the permit area, and for failing to provide an updated copy of the Spill Prevention, Control and Countermeasure (SPCC) plan.

On July 1, 2013 the Permittee submitted an amendment to their MRP to permit oil trans-loading activity at the loadout facility. This memo addresses the application's response to the NOV and compliance with the hydrology (R645-301-700) section of the Utah Coal Mining Rules. Contents and information provided are sufficient to meet the requirements of this section of the Utah Coal Mining Rules and the NOV should be terminated.

The amendment is recommended for approval.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

OPERATION PLAN

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:

The Permittee has submitted an updated copy of the Wildcat Loadout facility's SPCC plan. This plan has been updated to reflect the information of the new operator, Wild West Equipment & Hauling, LLC, and has been updated to include required information about the trans-loading of oil.

This plan gives a description of facility operations and specifies operational details of the Associated Energy Services (AES) oil loading facility within the Wildcat Loadout. AES proposes to bring crude oil from the Uintah Basin and Central Utah to load into rail tankers. These tanks hold 560-650 barrels and the plan details that some oil may be stored in mobile tanks if rail tankers are not immediately available. The loading terminal will load approximately 2,000 barrels per day which is anticipated to eventually increase to 3,000-6,000 barrels per day.

The Permittee has indicated that the oil loading and potential oil storage will take place in the depression area just to the west of the railroad tracks, which is shown on Plate 1. The SPCC plan lists procedures implemented to maximize the prevention of spills and response to spills should they occur. This plan has been certified by Utah Professional Engineer, Tom Paluso.

Findings:

Contents and information provided are sufficient to meet the minimum requirements of the hydrology section of the Utah Coal Mining Rules.

MINING OPERATIONS AND FACILITIES

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

Analysis:

TECHNICAL MEMO

In response to NOV #10129, the Permittee has submitted an amendment to their MRP for review by the Division. The Permittee submitted an update surface facility map, Plate 1, indicating where the trans-loading of oil will take place. This map is sufficient for the needs of this review, but a better resolution map should be submitted to the Division for other inspection and permitting activities.

Also, an updated copy of the SPCC plan was submitted, as discussed previously, as well as a description of activities to be included in the MRP.

Findings

Contents and information provided are sufficient to meet the requirements outlined in NOV #10129 and the NOV should be terminated.

RECOMMENDATIONS:

The amendment is recommended for conditional approval, based on the Permittee submitting a more legible map of the surface facilities, Plate 1.