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File PRO/007/034

SOLDIER CREEK COAL CO.

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May 13, 1987

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DIVISION OF
OIL, GAS & MINING

Ms. Susan Linner
Reclamation Biologist/Permit Supervisor
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: Banning Loadout
Permit Application
PRO/007/034

Dear Susan:

This letter is to confirm the items that were discussed during the May 6, 1987 meeting between the Utah Division of Oil, Gas and Mining (UDOGM) and Soldier Creek Coal Company (SCCC). Also, I have listed the mutually agreed approach for several of the permitting aspects. I would like you to review each item and confirm, with a letter, the agreed approach to the permitting of the items.

The persons attending the Banning Loadout meeting were:

UDOGM - Susan Linner,
James Leatherwood,
Randy Harden,
Rick Summers,
Lynn Kunzler,
Holland Shepherd,
SCCC - J. Thomas Paluso,
Christopher Allen.

The meeting was requested by SCCC so as to familiarize UDOGM's permit review staff with the project site and to develop a scope of work for SCCC.

Item #1 - Permit Term - 5 Year versus Life-of-Mine
Susan Linner, in discussions with SCCC, stated that she would research the subject and implications further and get back with SCCC at a later date. Initially, she thought that this site might prove to be

ideal for a life-of-mine permit term. Lynn Kunzler stated that even if SCCC is granted a life-of-mine permit term, they will have, at a minimum, 5 year permit reviews.

Item #2 - Hydrology

A. Surface Water - Discussions between Rick Summers and SCCC centered on the effect SCCC's operation would have on any surrounding surface water. If SCCC controls all surface runoff and complies with the limitations of their NPDES permit, Rick Summers stated that this would suffice for the surface water section.

B. Groundwater - Rick Summers and SCCC discussed the effect SCCC's operation would have on the groundwater at Banning Loadout. The conclusion of this discussion was that the only effect SCCC would have is the leaching of harmful constituents from the coal into the groundwater. In order to suffice the groundwater requirements, Rick stated that SCCC would need to monitor the toxicity of their coal on a yearly basis and when they change the general location of their mining operation.

C. Drainage Control

i. Haulage Road - UDOGM and SCCC agreed that the drainage from the haul road would be controlled by directing the runoff through straw bales, through silt fences and toward the loadout site and its sedimentation ponds. SCCC will commit to collecting and analyzing a sample of runoff passing through the silt fences and/or straw bales.

ii. Banning Loadout Site - UDOGM and SCCC agreed that SCCC win control the runoff from inside the fence line. This will be accomplished by using berms around the fence and placing sedimentation ponds where needed to contain all runoff.

D. NPDES Discharge - SCCC will monitor every month there is a discharge. All discharges will be analyzed to insure they meet the limitation of SCCC's NPDES permit.

Item #3 - Soils

A. Baseline Information - The general description of the soils in and around the loadout has been detailed by the Soil Conservation Service (SCS) and SCCC will provide UDOGM with this information.

B. Topsoil - James Leatherwood and SCCC agreed to having SCCC sample and test the soils within the loadout site that will be used as substitute topsoil. Mr. Leatherwood, using the available information (SCS's report), will make recommendations to SCCC on the number and placement of the sample sites. He will also provide a list of the testing to be performed on each sample.

C. Test Plots - UDOGM and SCCC agreed to set aside a small area for use as a test plot. The area, approximately 30' X 30' or larger, will test the soils ability as a substitute soil for reclamation.

Item #4 - Vegetation

A. Baseline Information - The vegetation at Banning Loadout cannot be collected because the site was cleared of all vegetation at the time of construction. Information on the vegetation and reclamation success standards at the site will be developed by other means.

B. Reference Area - Lynn Kunzler and SCCC agreed that SCCC will establish a reference area similar in nature to the disturbed site. This site will be used as the standard for comparisons with the reclaimed site. Lynn will come back out in approximately one month to help choose a representative site. At this time, SCCC and Mr. Kunzler will determine the exact sampling procedure.

C. Test Plot - The small test plot that will be set aside to test the soils in the area will also be used to test the seed mixture for final reclamation. The test plot will be planted with a recommended seed mixture and sampled periodically to determine the success of the planting.

Item #5 - Fish and Wildlife - The Utah Division of Wildlife Resources provided SCCC with information on wildlife within the area and a mitigation and impact avoidance

plan. In a discussion with Lynn Kunzler, SCCC agreed to reclaim the site so as to restore its beneficial use for wildlife. SCCC has no power lines and plans no further disturbance outside the fence line so reclaiming the land for wildlife use will complete the permitting needs of this item. Also, SCCC will continue to educate their employees as to the intricate values of the wildlife resources associated with its operation.

Item #6 - Disposal of Non-coal or Waste Rock - Any disposal of non-coal or waste rock will be handled by either returning the waste to underground workings or disposal into SCCC's waste rock disposal site.

Item #7 - Disposal of Sediment from Ponds - SCCC will handle the disposal of sediment cleaned from their sedimentation ponds by processing it back into the coal for sale to consumers.

Item #8 - Air Quality and Cultural Resources

A. Air Quality - UDOGM and SCCC agreed that SCCC would follow their air quality approval order and this would suffice for this item.

B. Cultural Resources - SCCC prior to construction of the main facilities contracted a company to survey the lands for potential cultural resources. A copy of the report will be included in the permit application.

Item #9 - Operation Monitoring Plans

A. Water - The only monitoring will be:

i. Monthly NPDES if we discharge;

ii. Yearly coal toxicity test or when we change the general locations of our mining activities.

B. Soil - Initial sampling of the soil to determine its quality and then prior to reclamation to determine the nutrients SCCC will add to the soil.

C. Vegetation - The only monitoring will be:

i. Initial sampling of the reference area if the site is in fair or better condition;

if the site is in poor condition, sampling will be done when it is in fair or better condition;

ii. Monitoring the test plot at specific intervals which will be determined during the permitting process.

Item #10 - Reclamation - SCCC and UDOGM agreed on the following:

A. All structures within the fenced area will be removed prior to reclamation;

B. The haulage road will remain intact following reclamation;

C. The rail line will not change following reclamation.

The above listed items were the major issues discussed during the meeting. I would appreciate your response as soon as possible and if you feel there is some discrepancies, please contact me.

Sincerely,

SOLDIER CREEK COAL COMPANY

Christopher P. Allen
Mine Engineer

CPA:pp