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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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September 10, 1992

David Pearce
Sunnyside Cogeneration Associates
P.O. Box 58087
Salt Lake City, Utah 84158-0087

Dear Mr. Pearce:

Re: Permitting Process for Coarse Refuse Pile at Sunnyside Mine, Sunnyside Cogeneration Associates (SCA), PRO/007/037, Folder #2, Sunnyside Coal Company (SCC), ACT/007/007, Folder #2, Carbon County, Utah

The Division has reviewed the permitting process for the Sunnyside Mine coarse refuse pile and determined that the **permit transfer** process that the Division has discussed in the past is not an option for permitting the coarse refuse pile. The Division apologizes for this inconvenience.

Although the coarse refuse pile is presently incorporated into the Sunnyside Mine mining and reclamation plan (MRP), the Division finds that the issuance of a **new** permit for the coarse refuse pile owned by Sunnyside Cogeneration Associates (SCA) is the only way to proceed in transferring the permit liability for this area. This permit review will allow the parties involved to resolve the issues relative to the Utah Coal Mining Regulations due to the symbiotic relationship between SCA proposed operations of the coarse refuse pile and the current operations at the Sunnyside Mine which is now under the jurisdiction of the Sunnyside Coal Company (SCC). Therefore, this **new** permit review would involve the review of the proposed permit application package (PAP) which was submitted August 20, 1992 to the Division.

This **new** permit review process will include an initial review of the PAP. Upon completion of the initial review, the Division will either find the PAP **administratively complete** or issue a document stating why the PAP is not complete. An "**Administratively Complete Application**" means an application for permit approval which the Division finds

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contains information addressing each permit application requirement of the State Program as well all information necessary to initiate processing and public review.

If the PAP is determined administratively complete, then the permit applicant can place an advertisement in a local newspaper of general circulation in the locality of the proposed operation at least once a week for four consecutive weeks, (R645-300-121). The public may make written comments to the Division within 30 days of the last newspaper publication, (R645-300-122).

During this sixty day time period, the Division is reviewing the PAP for technical adequacy. If there are technical deficiencies in the PAP, a technical deficiency document is issued and the permit applicant responds. When the PAP is technically adequate, the staff prepares a Technical Analysis of the PAP which makes **Findings** as to why the PAP meets the regulations. Additionally, a State Decision Document is prepared which includes: an Administrative Overview, Location Map, Permitting Chronology, Mine Plan Information, Findings, State Permit, Technical Analysis, Cumulative Hydrologic Impact Assessment (CHIA), Letters of Concurrence (from other agencies, if applicable), and Affidavits of Publication.

Once the PAP for the SCA's coarse refuse pile operation and reclamation plan is approved and the permit issued, then the Division will order SCC to submit a permit change to the Division to delete that portion of their permit area. Any issues relative to common use of structures or continued use of the coarse refuse pile must be worked out during the review of the SCA coarse refuse pile review process and should be dealt with through an Operating Agreement between SCC and SCA. Examples of common use structures may be drainage control that initiates in the SCC permit area and terminates on the SCA permit area. Authority for joint use is found at R645-301-117.300.

As stated before, the permit transfer application received August 20, 1992 which included changes for the permit, will be considered the permit application package (PAP) and the initial completeness review will begin immediately. The Division considers the use of the coarse refuse for feed for the power plant as **remining**, and as such, the surface mining regulations will be used. Additionally, the Office of Surface Mining Albuquerque Field Office has verbally advised the Division that surface mining AML fees will be assessed.

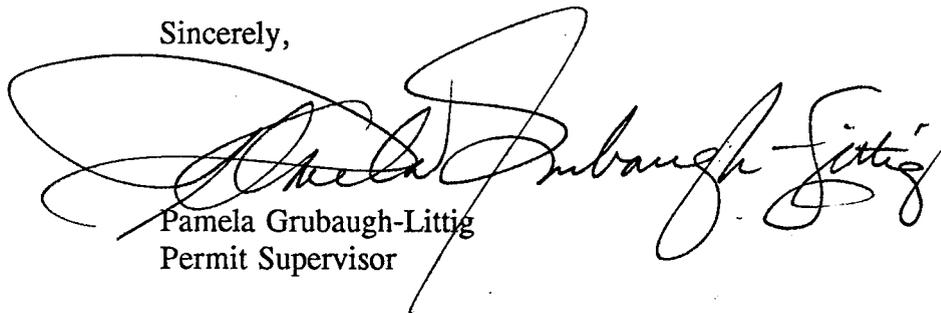
The legal and financial information submitted August 20, 1992 has been reviewed and is not complete. The information relative to the "Owners" and "Controllers" included the officers for Kaiser Power of Sunnyside (KPS) and Kaiser Systems, Inc. (KSI). However, the

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permit applicant is Sunnyside Cogeneration Associates, c/o Environmental Power Corporation. Therefore, please submit the required information for Environmental Power Corporation and Sunnyside Cogeneration Associates pursuant to R645-301-112.300 through R645-301-112.420.

The Division is looking forward to working with you during this permit review process. I would be happy to answer any of your questions at any time.

Sincerely,



Pamela Grubaugh-Littig
Permit Supervisor

cc: Joe Fielder, SCC
Lowell P. Braxton
Brian Burnett, Attorney, Callister, Duncan and Nebeker
Jan M. Bergeson, Attorney, Callister, Duncan and Nebeker