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United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
Western Region Office
1999 Broadway, Suite 3320
Denver, CO 80202-3050



June 1, 2011

John Baza, Director
Department of Natural Resources
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

RECEIVED

JUN 06 2011

DIV. OF OIL, GAS & MINING

RE: Partial Phase II, and III Bond Release, Sunnyside Refuse and Slurry Site, Permit No. UT-007-035, DOGM Proposed Decision and Findings of Compliance, May 18, 2011

Dear Mr. Baza,

This letter acknowledges the Office of Surface Mining (OSM), Denver Field Division's (DFD) receipt and review of the above Phase II, and III Bond Release Proposed Decision document prepared by the Division of Oil, Gas, and Mining dated May 18, 2011. DFD agrees with the findings and decision document and hereby provides OSM concurrence for the above bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 906.30, Article IX, Section 24, of the State-Federal Cooperative Agreement.

DOGM's Proposed Decision documents the applicant's compliance with the Utah approved regulatory program at Rule R645-301-880.

This Phase II, and III bond release requests applies to 5.35 acres located on the south facing slope of the ridge which borders the south side of excess spoil disposal area No. 1. The reclaimed area was the "Old Coarse Refuse Road" which was constructed by the prior permittee, Sunnyside Coal Company, and was used for hauling refuse material to stabilize the lower bank of the refuse pile. In 1994, use of this road segment was ceased and the site was reclaimed that fall.

OSM participated in the bond release inspection held April 26, 2011. The inspection report is included for your records.

OSM finds that Sunnyside Cogeneration Associates has met or exceeded the requirements for Phase II, and III bond release on the 5.35 acres of land as described above. DOGM currently holds a performance bond in the amount of \$1,609,000.00. This action will release \$40,000.00. DOGM has determined that the remaining bond amount of \$1,569,000 is sufficient to complete all remaining reclamation obligations at this site if the work had to be completed by a third party contractor. OSM concurs with the proposed bond release amount.

Thank you and your staff for coordinating this Federal mine bond release action through the DFD. Please direct any questions concerning this action to Elizabeth Shaeffer, Environmental Protection Specialist at eshaeffer@osmre.gov or (303) 293-5025.

Sincerely,

Elizabeth Shaeffer acting for

Kenneth Walker, Chief
Denver Field Division

cc: Daron Haddock, DOGM
Sunnyside Cogeneration Associates

Attachment



U. S. DEPT. OF THE INTERIOR

OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program



1. Person/Permittee <input style="width: 90%; height: 20px;" type="text" value="SUNNYSIDE COGENERATION ASSOCIATES"/>		9. Permit Number <input style="width: 90%; height: 20px;" type="text" value="UT-007-035"/>	10. Permit Type <input style="width: 30px; height: 20px;" type="text" value="PP"/>
2. Address <input style="width: 90%; height: 20px;" type="text" value="P.O. BOX 159"/>		11. Field Visit Date <input style="width: 60%; height: 20px;" type="text" value="04/26/2011"/> <small>mm - dd - yyyy</small>	12. Purpose <input style="width: 60%; height: 20px;" type="text" value="OB3"/>
3. City <input style="width: 80%; height: 20px;" type="text" value="SUNNYSIDE"/>	4. State <input style="width: 30px; height: 20px;" type="text" value="UT"/>	14. Permit Status <input style="width: 30px; height: 20px;" type="text" value="A"/>	15. Site Status <input style="width: 30px; height: 20px;" type="text" value="AN"/>
5. Zip Code <input style="width: 60%; height: 20px;" type="text" value="84539"/>	6. Phone Number <input style="width: 60%; height: 20px;" type="text" value="(435) 888 - 4476"/>	17. OSM Office # <input style="width: 30px; height: 20px;" type="text" value="140"/>	18. CCID # <input style="width: 60%; height: 20px;" type="text"/>
7. Operator Name (if different than Permittee) <input style="width: 90%; height: 20px;" type="text"/>		20. M.S.H.A. ID # <input style="width: 60%; height: 20px;" type="text" value="42-01813"/>	21. State Code <input style="width: 30px; height: 20px;" type="text" value="UT"/>
8. Mine Name <input style="width: 90%; height: 20px;" type="text" value="SUNNYSIDE REFUSE/SLURRY"/>		23. AVS Permittee Entity ID Number <input style="width: 60%; height: 20px;" type="text" value="128991"/>	22. County Name <input style="width: 60%; height: 20px;" type="text" value="CARBON"/>
		13. SRA Present <input style="width: 30px; height: 20px;" type="text" value="Y"/>	16. Facility Type <input style="width: 60%; height: 20px;" type="text" value="ACDE"/>
		19. Land Code <input style="width: 30px; height: 20px;" type="text" value="S"/>	24. State Office <input style="width: 60%; height: 20px;" type="text"/>

25. Hours <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"><input style="width: 80%; height: 20px;" type="text" value="4.00"/></td> <td>a. Permit Review</td> </tr> <tr> <td><input style="width: 80%; height: 20px;" type="text" value="3.00"/></td> <td>b. Site Visit Time</td> </tr> <tr> <td><input style="width: 80%; height: 20px;" type="text" value="15.00"/></td> <td>c. Travel Time</td> </tr> <tr> <td><input style="width: 80%; height: 20px;" type="text" value="3.00"/></td> <td>d. Report Writing</td> </tr> </table>	<input style="width: 80%; height: 20px;" type="text" value="4.00"/>	a. Permit Review	<input style="width: 80%; height: 20px;" type="text" value="3.00"/>	b. Site Visit Time	<input style="width: 80%; height: 20px;" type="text" value="15.00"/>	c. Travel Time	<input style="width: 80%; height: 20px;" type="text" value="3.00"/>	d. Report Writing	26. Signature Block <div style="border-bottom: 1px solid black; text-align: center; margin-bottom: 5px;"> </div> <p style="text-align: center;">Signature</p> <p style="text-align: center;">Elizabeth Shaeffer ID # 377</p> <hr style="border: 0.5px solid black;"/> <p style="text-align: center;">Printed Name</p> <p>Date: <input style="width: 60%; height: 20px;" type="text" value="05/23/2011"/></p>	27. Reviewing Official: <div style="border-bottom: 1px solid black; text-align: center; margin-bottom: 5px;"> </div> <p style="text-align: center;">Signature</p> <p style="text-align: center;">Kenneth Walker</p> <p>Review Date: <input style="width: 60%; height: 20px;" type="text" value="5/23/11"/> <small>mm - dd - yyyy</small></p> <p>Is Supplemental MSE Page Used Y?N <input style="width: 20px; height: 20px;" type="text" value="Y"/></p>
<input style="width: 80%; height: 20px;" type="text" value="4.00"/>	a. Permit Review									
<input style="width: 80%; height: 20px;" type="text" value="3.00"/>	b. Site Visit Time									
<input style="width: 80%; height: 20px;" type="text" value="15.00"/>	c. Travel Time									
<input style="width: 80%; height: 20px;" type="text" value="3.00"/>	d. Report Writing									

Permit Type - Item 10 IP = Interim Program, PP = Permanent Program, NP = No Permit

Purpose Type Codes - Item 12

Oxx... Oversight	RFx... Reclamation Fees	CCR... Citizen Compliant Referral (non site)
Axx... Assistance	Fxx... Federal Actions	CC... Citizen Complaint (initial site visit)
		CCF... Citizen Complaint Follow-up

Joint Inspection - Item 13 A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

Permit Status - Item 14

A.... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed.	AB.... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g)	
IN.... Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated	AB1.. Bond Forfeiture: Bond forfeiture officially in process or completed, and reclamation in progress or not yet commenced.	
BR.. Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release).	AB2.. Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.	
	AB3.. Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.	
	NA.... Not Applicable: When site is unpermitted.	

Site Status Codes - Item 15

ND.. No Disturbance: No coal mining and reclamation operations have been started.	MC.. Mining Complete: No mining activity on site, site regraded and awaiting phase bond release.	NS.. Non-Site Visit: Status of site not determined.
EX.. Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.	TC.. Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.131(b).	FP.. Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
AP.. Active Coal Producing: Coal surface mining activities are occurring	P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.	FR.. Forfeited and Reclaimed: Forfeiture reclamation completed.
AN.. Active Non-Producing: Active non-producing facility such as tippie or preparation plant.	P2... Phase II Release: At least Phase II bond release for the entire permitted area.	FO.. Abandoned Site: Abandoned site that is permitted but there is no bond.
NM.. No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.	P3... Phase III Release: Reclamation completed and the RA has released all bond.	WC.. Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes - Item 16

A... Surface	D... Ancillary (Haulroad, Conveyor, and/or Rails)	H... Exploration Permits
B... Underground	E... Refuse and/or Impoundment	I... Notice of Intent to Explore
C... Preparation Plant	F... Loading Facility and/or Tippie	J... Exempt 16 and 2/3
	G... Stockpiles	K... Government Financed Construction Exemption
		L... Remining site permitted under 30CFR785.25

Small Business Regulatory Enforcement Fairness Act (SBREFA) Your Comments Are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program

Permittee/
Person

SUNNYSIDE COGENERATION ASSOCIATES

Permit
Number

UT-007-035

Field Visit
Date

04/26/2011

Continuation Page

28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

- | | | |
|---|--|---|
| <p>A. Administrative</p> <ol style="list-style-type: none"> 1. ___ Mining within Valid Permit 2. ___ Mining within Bonded Area 3. ___ Terms & Conditions of Permit 4. ___ Liability Insurance 5. ___ Ownership and Control 6. ___ Temporary Cessation 7. ___ AML Rec. Fees -- Non-Respondent 8. ___ AML Rec. Fees -- Failure to Pay <p>B. Hydrologic Balance</p> <ol style="list-style-type: none"> 1. <u>1</u> Drainage Control 2. ___ Inspections & Certifications 3. <u>1</u> Siltation Structures 4. ___ Discharge Structures 5. ___ Diversions 6. ___ Effluent Limits 7. ___ Ground Water Monitoring 8. ___ Surface Water Monitoring 9. ___ Drainage -- Acid-Toxic Materials 10. ___ Impoundments 11. ___ Stream Buffer Zones <p>C. Topsoil & Subsoil</p> <ol style="list-style-type: none"> 1. <u>1</u> Removal 2. <u>1</u> Substitute Materials 3. ___ Storage and Protection 4. <u>1</u> Redistribution | <p>D. Backfilling & Grading</p> <ol style="list-style-type: none"> 1. ___ Exposed Openings 2. <u>1</u> Contemporaneous Reclamation 3. <u>1</u> Approximate Original Contour 4. ___ Highwall Elimination 5. <u>1</u> Steep Slopes (includes downslope) 6. <u>1</u> Handling of Acid & Toxic Materials 7. <u>1</u> Stabilization (rills and gullies) <p>E. Excess Spoil Disposal</p> <ol style="list-style-type: none"> 1. ___ Placement 2. ___ Drainage Control 3. ___ Surface Stabilization 4. ___ Inspections & Certifications <p>F. Coal Mine Waste (Refuse Piles/Impoundments)</p> <ol style="list-style-type: none"> 1. ___ Drainage Control 2. ___ Surface Stabilization 3. ___ Placement 4. ___ Inspections and Certifications 5. ___ Impounding Structures <p>G. Use Of Explosives</p> <ol style="list-style-type: none"> 1. ___ Blaster Certification 2. ___ Distance Prohibitions 3. ___ Blast Survey/Schedule 4. ___ Warnings & Records 5. ___ Control of Adverse Effects | <p>H. ___ Subsidence Control Plan</p> <p>I. Roads</p> <ol style="list-style-type: none"> 1. ___ Road Construction 2. ___ Certification 3. <u>1</u> Drainage 4. <u>1</u> Surfacing and Maintenance 5. <u>1</u> Reclamation <p>J. Signs & Markers</p> <ol style="list-style-type: none"> 1. ___ Signs 2. ___ Markers <p>K. ___ Distance Prohibitions</p> <p>L. Revegetation</p> <ol style="list-style-type: none"> 1. <u>1</u> Vegetative Cover 2. <u>1</u> Timing <p>M. <u>1</u> Postmining Land Use</p> <p>N. Other</p> <p style="text-align: center;">General
Category
Performance</p> <p>___ ___ 1) _____</p> <p>___ ___ 2) _____</p> <p>___ ___ 3) _____</p> |
|---|--|---|

Performance Standard Categories 30 CFR Counterparts

<p>A. Administrative (S16/817.71-74)</p> <ol style="list-style-type: none"> 1. Valid Permit 773.11 2. Mining within Bonded Area 773.11 3. Terms & Conditions of Permit 773.17 4. Liability Insurance \$00.60 5. Ownership and Control 778.13 6. Temporary Cessation \$42.11(e) & \$16.817.131 7. AML Rec. Fees -- Non-Respondent \$70.15(b) 8. AML Rec. Fees -- Failure to Pay \$70.15(a) <p>B. Hydrologic Balance (S16/817.41-57)</p> <ol style="list-style-type: none"> 1. Drainage Control 45 2. Inspections & Certifications 49(a)(10) 3. Siltation Structures 46 4. Discharge Structures 47 5. Diversions 43 6. Effluent Limits 42 7. Ground Water Monitoring 41(c) 8. Surface Water Monitoring 41(e) 9. Drainage--Acid - Toxic Materials 41(f) 10. Impoundments 49 11. Stream Buffer Zones 57 <p>C. Topsoil & Subsoil (S16/817.22)</p> <ol style="list-style-type: none"> 1. Removal 22(a) 2. Substitute Materials 22(c) 3. Storage and Protection 22(c) 4. Redistribution 22(d) <p>D. Backfilling & Grading S16/817.95-107</p> <ol style="list-style-type: none"> 1. Exposed Openings \$16.817.13, 14, 15, & \$23.11 & 21 2. Contemporaneous Reclamation 100 3. Approximate Original Contour 102(a)(1) 4. Highwall Elimination 102(a)(2) 5. Steep Slopes (includes downslope) 107 6. Handling of Acid & Toxic Materials 102(c) 7. Stabilization (rills and gullies) 95(b) 	<p>E. Excess Spoil Disposal (S16/817.71-74)</p> <ol style="list-style-type: none"> 1. Placement 71(e) 2. Drainage Control 71(f) 3. Surface Stabilization 71(g) 4. Inspections & Certifications 71(h) <p>F. Coal Mine Waste (Refuse Piles/Impoundments) S16/817.81-84</p> <ol style="list-style-type: none"> 1. Drainage Control 83(a) 2. Surface Stabilization 83(b) 3. Placement 83(c) 4. Inspections and Certifications 83(d) 5. Impounding Structures 84 <p>G. Use of Explosives (S16/817.61-68)</p> <ol style="list-style-type: none"> 1. Blaster Certification 61(c) 2. Distance Prohibitions 61(d) 3. Blast Survey Schedule 62-64 4. Warnings & Records 66 & 68 5. Control of Adverse Effects 67 <p>H. Subsidence Control Plan (S17.121-122)</p> <p>I. Roads (S16/817.150-151)</p> <ol style="list-style-type: none"> 1. Road Construction 150(c) 2. Certification 151(a) 3. Drainage 150(b)-151(d) 4. Surfacing and Maintenance 150(e)-151(d) 5. Reclamation 150(f) <p>J. Signs & Markers S16/817.11</p> <ol style="list-style-type: none"> 1. Signs 11(a),(b), & (c) 2. Markers 11(a),(b),(d),(e), & (f) <p>K. Distance Prohibitions (761.11)</p> <p>L. Revegetation (S16/817.111-116)</p> <ol style="list-style-type: none"> 1. Vegetative Cover 111 & 116 2. Timing 113 <p>M. Postmining Land Use (S16/817.133)</p>
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Sunnyside Refuse and Slurry, Sunnyside Cogeneration Associates (SCA)
Utah Division of Oil, Gas, and Mining (DOGGM) Permit No. UT-007-035
Phase II and III Bond Release Inspection

April 26, 2011

Participants: Daron Haddock, DOGM
Priscilla Burton, DOGM
James Owen, DOGM
Pete Hess, DOGM
Karl Houskeeper, DOGM
Joe Helfrich, DOGM
Scott Carlson, SCA
Rusty Netz, SCA
Elizabeth Shaeffer, Office of Surface Mining

Weather Conditions: mild and windy, 40 degrees F

By letter dated May 17, 2010, Sunnyside Cogeneration Associates, permittee for the Sunnyside Refuse and Slurry, applied for Phase II and III bond release for the Old Coarse Refuse Road (OCR). DOGM determined the bond release application administratively complete by letter date January 18, 2011. The refuse and slurry site is located approximately 25 miles east of Price, UT, adjacent to the Book Cliffs Coal Field. This cogeneration facility utilizes excavated slurry fines and coarse refuse from the old Sunnyside Mine by blending and burning this material in the cogeneration power plant. Mining ceased at the Sunnyside mine in 1994. The cogeneration facility started in 1993 and is expected to continue operating through 2013.

The current total bond amount held by DOGM is approximately \$1,609,000.00 of which \$40,000.00 is being requested for release. This bond release inspection focuses on 5.35 reclaimed acres located on the south facing slope of the ridge which borders the south side of excess spoil disposal area No. 1. This road was constructed by the prior permittee, Sunnyside Coal Company, and was used for hauling refuse material to stabilize the lower bank of the refuse pile. In 1994, use of this road segment was ceased and the site was reclaimed that fall. The ownership of the land and minerals includes Federal and private entities.

Inspection:

The group began the inspection at the mine office. Mr. Carlson briefed us on the reclamation efforts regarding this 5.35-acre area and answered questions. We then drove to the OCR and began walking the length of the reclaimed road. All bridges and culverts were removed from the road. The slopes were regraded to blend with the natural drainage pattern of the surrounding area (see Photos 1 and 2). The road was backfilled using material that had previously been

pushed over the edge of the road. It was placed on the inside cut of the road in one-foot lifts. This material was shown to be acid-forming and the mining company was therefore required to cover this material with four feet of non-hazardous borrow material. Later, another foot of soil was placed on the out slopes of the road for additional cover. The road slope appeared stable.

The vegetation along the reclaimed road was well established (see Photo 3). The land surface was roughened, thus providing sediment control and a good environment for successful vegetative growth. There is no indication of erosion in this area. The bond release area has a variety of shrubs with fewer grasses (due to the timing of the inspection). There is a high occurrence of four-wing salt brush. The cheat grass in this area helps with erosion control on the steep slopes. Vegetation sampling occurred in the early seasons of 2006 and 2007. The group observed the vegetation reference area, which consisted of more grasses than shrubs (see Photo 4). Vegetation of the reclaimed road was proven to be higher in woody plant density and total percent cover than the reference area.

There was evidence of wildlife in the area, and it can be assumed that the reclaimed road acts as a corridor for wildlife.

There were still remnants of silt fences on the down-slope portion of the OCRR (see Photo 5). This fence was previously used to control drainage and catch sediment. The group agreed that SCA must remove all remnants of the silt fence and rebar before bond release can be granted. An inspector from DOGM will verify that this occurs before DOGM proposes their decision regarding this bond release request.

Inspection Photographs:

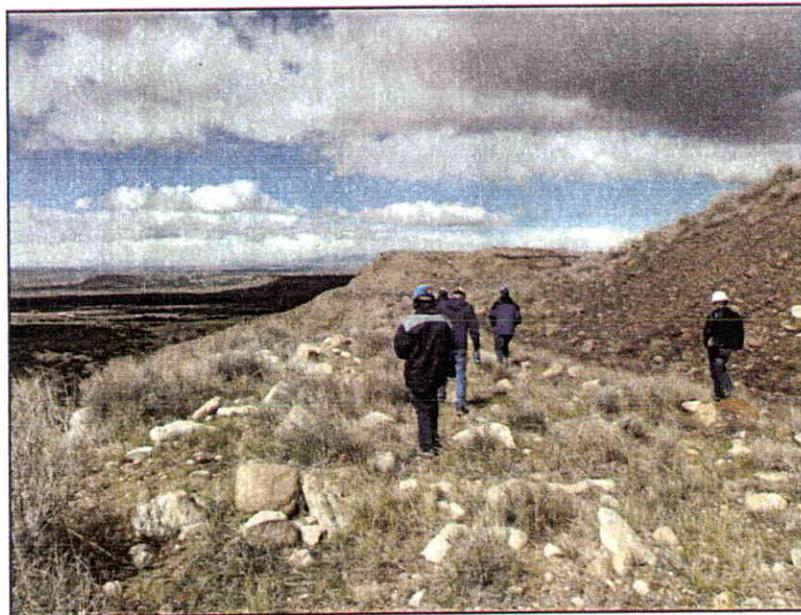


Photo 1 – portion of reclaimed road

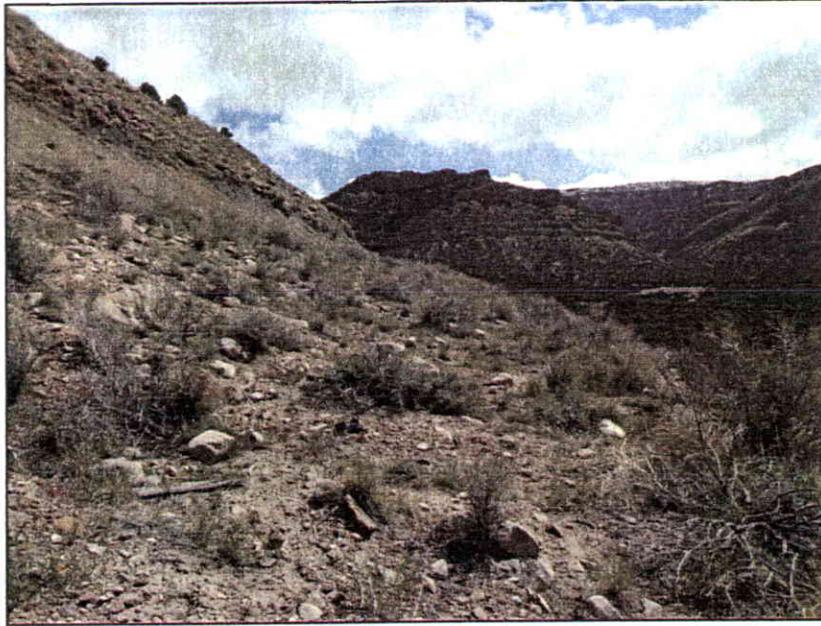


Photo 2 - portion of reclaimed road

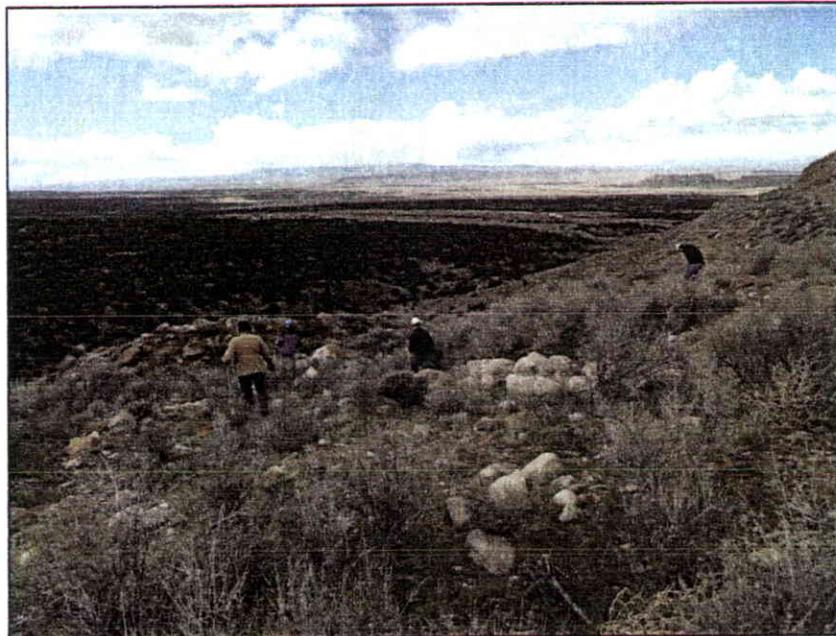


Photo 3 – well established vegetation



Photo 4 – Vegetation Reference Area



Photo 5 – Silt Fence remnants that must be removed