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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
Governor
Lowell P. Braxton
Division Director

August 25, 1998

Rick Olsen, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Re: Alternative Waste Rock Storage Location, Canyon Fuel Company, LLC, Dugout Canyon Mine, ACT/007/039-98C, File #2, Carbon County, Utah

Dear Mr. Olsen:

The technical analysis of your proposal has been completed by Priscilla Burton and Wayne Western, (Senior Reclamation Specialists for the Division). Their analyses are provided for your review and comment. Please provide a response by September 3, 1998 or earlier.

TECHNICAL ANALYSIS

OPERATION PLAN

ACID OR TOXIC FORMING MATERIALS

Regulatory Reference: R645-301-731.300

Analysis:

Information on the waste rock storage area to be utilized during site construction is included in Appendix 5-7. Space has been allocated for approximately 1500 CY of rock development waste on the surface as shown on Plate 5-2A. This material will be removed from the Dugout Mine site every 4 months or when 1500 CY accumulates, whichever comes first. Waste rock will then be removed to a DOGM permitted disposal site for final disposal. Quarterly inspections of the temporary waste rock storage area at Dugout Mine will be made by a professional engineer.

Roof and Floor analytical results are found in App 5-7 for the Gilson seam and the Rock Canyon seam. These samples were taken August 24, 1995. This sample of waste rock indicates that the material is not acidic or toxic given the parameters evaluated. However, an ongoing program of sampling the waste rock must be included in the MRP to allow the Division to

evaluate the changing nature of the waste rock to ensure:

- (1) protection of the surface and groundwater at the temporary storage site, and
- (2) impacts on other potential temporary or final storage sites.

Findings:

Approval of this amendment is not recommended at this time.

R645-301-731.300 Sampling and analysis of the material according to Table 6 of the Topsoil and Overburden guidelines is recommended for evaluation of its acid and toxic-forming potential. An on-going plan for testing the material as it is brought to the surface would ensure proper handling and disposal. This submittal does not provide enough information for the purposes of this regulation.

TECHNICAL ANALYSIS:

OPERATION PLAN

General

Regulatory Reference: R645-301-521

The Applicant wants to amend the waste rock disposal plan. The proposed changes are:

- Ship underground development waste from the Dugout Canyon Mine to unnamed waste-rock disposal facilities provided the unnamed facilities are permitted to receive waste rock from the Dugout Canyon mine.
- Delete plans in the approved MRP to use waste rock as fill.
- Increase how much material that can be stored at the temporary waste rock storage site and the holding time.

The R645 regulations do not list specific requirements for shipping waste rock to an offsite disposal facilities. R645-301-521 states that the applicant will have a plan with a narrative stating how the relevant requirements are met. The plan must describe how waste rock will be disposed. The Division requires all permittees that ship waste rock offsite to name the receiving site. That information is needed to track the waste rock from cradle to grave. The Division finds the Applicant's commitment to ship waste rock to unnamed sites is inadequate to meet the requirements of R645-301-521.

The Division approved the use of waste rock as fill material provided all regulations concerning waste rock disposal are met. In the August 7, 1998 amendment the Applicant

proposed amending the MRP so that all references to the use of waste rock as fill material are removed. That action would prohibit the Applicant from using waste rock as fill unless the Division later granted approval. The Division approves the Applicant request to remove the use of waste rock for fill material from the MRP.

The Applicant wants to change the procedures for temporarily storing waste rock on the site. The Applicant wants to allow waste rock to be stored on site for 4 months or until approximately 1,500 cubic yards of material is on the surface whichever comes first. The approved plan allowed the Applicant to store waste rock for 3 months or until one truck load is accumulated whichever comes first.

The Division will approve the Applicant to store waste rock for unto 4 months or until 1,500 cubic yards of material is on the surface whichever comes first. The Division has concern of the word approximate when used to describe the maximum amount of waste rock that can be stored on the site. To avoid confusion the Applicant must remove the word approximate from the description of the maximum amount of waste rock that can be stored on the site. See R645-301-121.200.

On the page number 5-41 of the August 7, 1998 submittal, the Applicant added the words "or use" to the first sentence of the last paragraph. In a phone conversation the Applicant told the Division that the words "or use" were added by error and would be removed. The Applicant must remove the words "or use" from the page number 5-41.

Findings:

Information provided in the proposed amendment is not considered adequate to meet the requirements of this section. Prior to approval, the Applicant must provide the following in accordance with:

R645-301-521, the Applicant must list the offsite locations where waste rock from the Dugout Canyon mine will be sent.

Coal Mine Waste

Disposal of Coal Mine Waste in Special Areas

Underground Disposal

Regulation Reference R645-301-536.520

The Applicant proposes to remove the plan to dispose of waste rock underground. For Phase I the Division granted the Applicant permission to dispose of waste rock underground subject to MSHA approval. The Division approves the Applicant's request to remove

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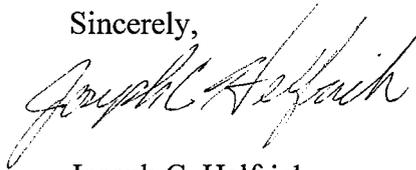
underground disposal from the MRP.

Findings:

The Applicant has met the minimum requirements of this section.

If you have any questions, please call.

Sincerely,



Joseph C. Helfrich
Permit Supervisor

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cc: Ken Payne, Scofield
Chris Hansen, Scofield
Price Field Office
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