

INCOMING
C100511039



Canyon Fuel Company, LLC
Soldier/Dugout Canyon Mine
P.O. Box 1029
Wellington, Utah 84542
(435)637-6360 Fax: (435)636-2897

Post-It* Fax Note	7671	Date	6/2/03	# of pages	1
To	Pam Grubbaugh	From	Pete Hess		
Co./Dept	LITTLE	Co.	PEO		
Phone #	SLO-DOGMA	Phone #			
Fax #		Fax #			

May 28, 2003

Mr. Don Ostler, P.E. Director
Department of Environmental quality
Division of Water Quality
288 North 1460 West
Salt Lake City, UT, 84114-4870

RE: UPDES Permit UTG-040020 - Gilson Seam, Old Knight Mine Workings

Dear Mr. Ostler:

Canyon Fuel Company, LLC, Dugout Canyon Mine needs to discharge approximately nine million gallons of water from the old workings of the Knight Ideal Mine (Gilson Seam). We initially drained these workings during an emergency situation in August of 2002. It was presumed at that time, that the workings would fill again, but we were unsure as to what the inflow rate might be.

In the past, we've been able to maintain acceptable water levels in the old workings while complying with our UPDES permit limitations. However, our current active mine workings have expanded and are now producing more water with higher TDS concentrations. This inflow will only allow us to discharge at a rate of approximately 70 gpm to remain in compliance with our UPDES permit. At this limited rate, we've had to discontinue drainage from the old workings in order to remain in compliance with our permit limitations. To address this issue in the future, we are preparing an individual permit application, which hopefully will enable us to discharge sufficient water to handle both the in-mine inflow and the recharge from the old Knight Mine workings. By continuously removing water in the future at a consistent rate from the old Knight Mine workings, Dugout Canyon Mine will avoid similar compliance situations.

The water in the old workings is rapidly approaching an unsafe level, creating a safety hazard to the personnel working in the Dugout Mine. We propose to initiate a discharge the nine million gallons as soon as possible and complete this discharge within a 30-day period. We would appreciate your acknowledgment of our proposed discharge at your earliest convenience.

Sincerely,

Reid W. Olsen
General Manager

cc: Dave Spillman
Vicky Miller
Pete Hess

RECEIVED

JUN - 2 2003

OGM PRICE FIELD OFFICE

RECEIVED

JUN 02 2003

DIV. OF OIL, GAS & MINING