

July 2, 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: Canyon Fuel Company, LLC, Dugout Canyon Mine, UPDES Permit UTG-040020

Dear Mr. Ostler:

Canyon Fuel Company, LLC, Dugout Canyon Mine is providing the required written notification of a failure to comply with UPDES Discharge Permit UTG-040020, Part II, Section I and the Utah Mining Rules R645-301-731.223. The failure occurred at Discharge No. 002A, Sediment Pond Discharge. The noncompliance was orally reported July 1, 2003 to the Utah Division of Oil, Gas and Mining and to Mr. Tom Rushing of your office. In addition, the effected downstream water user has been notified by phone of the discharge.

The noncompliance was an Aupset® which occurred on July 1, 2003 and is expected to exceed the allowable permitted discharge for total suspended solids/settleable solids. Samples were taken by both the permittee and Mr. Pete Hess of the Utah Division of Oil, Gas and Mining. The lab results will identify the quantity of solids discharged. The information from the laboratory will be submitted to your office once they have been received and verified.

Description and Cause:

Dugout Canyon Mine hired Nelson Construction Company of Huntington, Utah to clean the sediment from the mine's sediment pond. The treated water from the pond had been sampled at 8:30 a.m. the morning of July 1, 2003 prior to being discharged. Most of the water had been discharged prior to the incident but there was a small amount still in the bottom of the pond. At about 11:00 a.m. a trackhoe was proceeding to remove the sediment from around the pond's primary spillway decant culvert and inadvertently caught a band connecting two pieces of the decant culvert. The two lengths of culvert separated and a portion of the accumulated water/sediment/coal fines were released through the decant culvert into Dugout Creek. The trackhoe operator immediately covered the damaged culvert with soil from the pond bank, stopping the flow. In addition and within a few minutes of damaging the culvert, the discharge end of the decant culvert was plugged with packing material to prevent any additional flow. Three silt fences were constructed at twenty foot intervals downstream from the pond outlet. Unfortunately, the silt fences were not able to retain all the sediment/coal fines and a thin veneer of coal fines have been deposited on the bottom of the channel and on the channel walls two to six inches above the bottom of channel in various locations along Dugout Creek.

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Mine water being discharged at Outfall 001A was immediately shut off, so the only water carrying sediment downstream was the natural water flowing in Dugout Creek.

The water in Dugout Creek is used downstream for stock watering and irrigation. The sediment loaded water had reached the end user who is currently using it to water alfalfa. The water had not progressed past the end user's fields in Clark Valley (July 2, 2003, 10:00 a.m.). At this time of year, water rarely flows beyond the alfalfa fields and therefore had not and will not reach Grassy Trail Creek or the Price River. There are no fish in Dugout Creek or in Grassy Trail Creek (near US Highway 6) where Dugout Creek joins Grassy Trail Creek. Dugout Creek below the mine is normally dry by mid-July as are the majority of the intermittent streams in the area. We feel the impact to the creek is minor and all the sediment/coal fines will drop out within a short period of time. The waters at the decant outlet of the pond had cleared by the afternoon of the 1st.

The discharged volume of the water containing pond sediments and coal fines is estimated at this time to be approximately 600 gallons. Once the results of the laboratory analysis of the samples of contaminated water are received, an estimate of the volume of pond sediment and coal fines can be made.

Period of Noncompliance:

The water and coal fines were released for approximately 15 minutes prior to completely securing the culvert outlet. The culvert outlet has been closed by welding a metal plate with a secured drain over the outlet. The plate will remain in place until the pond cleaning has been completed.

Plans to Reduce, Eliminate and Prevent Recurrence:

To eliminate the potential for damage to the primary spillway decant culvert and the subsequent discharge of untreated water and coal fines in the future, the primary spillway decant culvert will be encased in concrete following the completion of the sediment clean out, a period of approximately one week.

Should you have any questions concerning this information, please call myself at (435)636-2869 or Dave Spillman at (435) 636-2872.

Sincerely yours,

Vicky S. Miller

cc: Dave Spillman
Chris Hansen
Mike Herkimer, DEQ
Tom Rushing, DEQ
Pete Hess, UDOGM
Pam Grubaugh-Littig, UDOGM