

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

January 12, 2004

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

Re: Disturbed Acreage Updates, Chapter 1 MRP Information, Canyon Fuel Company, LLC, Dugout Canyon Mine, C/007/0039, Task ID #1787, Outgoing File

Dear Mr. Olsen:

The above-referenced amendment is approved, effective January 8, 2004, to increase the disturbed acreage to 51.1 acres. A stamped incorporated copy is enclosed for your copy of the Mining and Reclamation Plan. This approval is relative to both Task ID #748 for Well G-3 and Task ID #1758 for Well G-2.

This amendment pertains to information relative to the Reclamation Agreement between the Canyon Fuel and the Division. Please complete Exhibit A and D and return them to the Division by March 1, 2004.

If you have any questions, please call me at (801) 538-5268 or Peter Hess at (435) 613-5622.

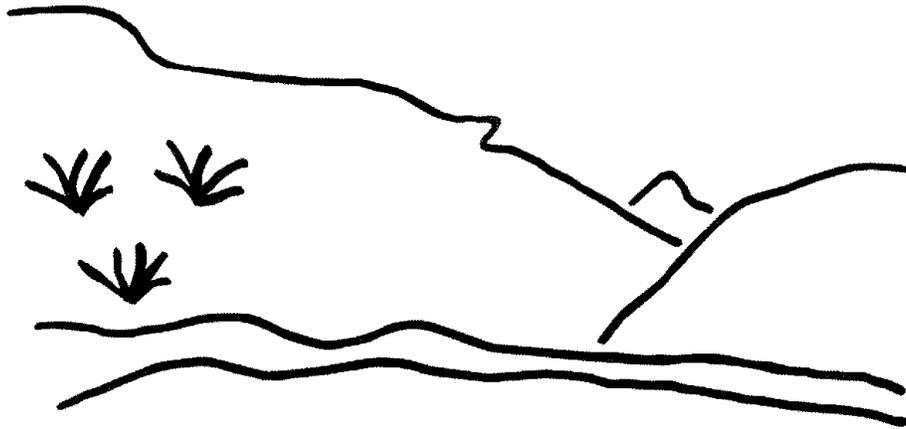
Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

PHH/sd
Enclosure

cc: Ranvir Singh, OSM
Jim Kohler, BLM
Mark Page, Water Rights w/o
Dave Ariotti, DEQ w/o
Derris Jones, DWR w/o
Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Dugout Canyon Mine
Disturbed Acreage Update
C/007/039
Task ID #1787
Technical Analysis
January 6, 2004

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TECHNICAL ANALYSIS

TECHNICAL ANALYSIS

The Division regulates the Surface Mining Control and Reclamation Act of 1977 (SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

INTRODUCTION

INTRODUCTION

The permittee received a Division approval to implement three degasification boreholes at the Dugout Canyon Mine in September 2003. Wells G-3 and G-2 were developed during October of 2003. The permittee submitted information on October 3, 2003 to add the additional disturbance for wells G-3 (0.97 acres, Task ID#1748) and G-2 (1.21 acres, Task ID# 1758) to the previously permitted 48.9 acres. A deficiency document was generated by the Division on December 3, 2003, indicating that the currently approved mining and reclamation plan did not contain a legal description of the surface area disturbed by the main mine facilities area, or the pipeline / leach field area.

The permittee responded to the December 3, 2003 deficiency document on December 24, 2003. This technical memorandum will address the adequacy of that response.

It should be noted that this memorandum will address the same deficiency noted in both technical memos noted as Task ID#1748 (Well G-3) and Task ID# 1758 (Well G-2).

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INTRODUCTION

OPERATION PLAN

OPERATION PLAN

MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

Analysis:

Mining Facilities Maps

This analysis will pertain to the maps that are required under the Minimum Regulatory Requirements for identification of location purposes and their relationship to Bonding and Insurance Requirements. The maps described below reflect both affected area, and the mining facilities that were determined to be necessary.

Minimum Regulatory Requirements (under 30 CFR Sec.800; R645-301-800, et seq.)

“The operator shall identify the initial and successive areas or increments for bonding on the permit application map...”

As part of the permitting process for the development of the degasification wells (Task ID #1642) the permittee submitted a revised Plate 1-4, DUGOUT CANYON MINE PERMIT AREA, which depicts the surface area and topography of all lands which will be potentially impacted by underground coal mining operations (i.e., subsidence, or impacts due to subsidence). Plate 1-4 also identifies the following facilities that are part of the Dugout Canyon Mine operation; the waste rock facility, the pipeline/leach field area, and the three degasification wells permitted via approval of Task ID #1642. Thus, the locations of the two wells (T13S, R13E, Section 19 for G-3, and T13S, R12E, Section 24 for G-2) are accurately depicted on the permit area map.

As part of the Task ID #1642 submittal, the permittee submitted Figure 5-9, Contour Map for well G-3, and Figure 5-5, Contour Map for well G-2. These depict the “affected area” of disturbance created by the development of well G-3, and G-2 respectively.

Page 1-25 of Chapter 1, Legal and Financial Information of the Dugout Canyon mining and reclamation plan describes the acreages associated with the different areas of disturbance of the Dugout Canyon operation. This includes the Main facilities area (20.31 acres), the leach field/pipeline area (1.8 acres), and the waste rock storage facility (26.8 acres). The amendment which has been submitted contains a revised disturbed area acreage which includes the 0.97

acres associated with the disturbance associated with degasification well G-3, as well as the 1.21 acres associated with well G-2.

As part of the reclamation bond requirements, a reclamation agreement has been prepared and signed by both the Division and the Permittee. In order to update the reclamation agreement (to include the additional 0.97 acres associated with degasification well G-3, as well as the 1.21 acres associated with well G-2), it was necessary for the permittee to provide a **legal description of all areas of disturbance** associated with the Dugout Canyon Mine operation.

A legal description of the degasification wells G-3 and G-2 is provided in the degasification well stand-alone document, Chapter 1, page 1-1, **TABLE 1-1**. Well G-3 is described as being located in a portion of the N1/2 SW1/4 NW1/4 Section 19 of T13S, R13E. Well G-2 is described as being located in a portion of the N1/2 SW1/4 NE1/4 Section 24 of T13S, R13E.

Page 1-24 of Chapter 1 of the Dugout Canyon Mine mining and reclamation plan contains a legal description of the Waste Rock Storage Facility. Same is described as existing in “portions of NE1/4 SW1/4 and SE1/4 of the NE1/4 of Section 18, T14S, R12E, SLBM, Utah.”

The permittee’s response to the Division’s December 3, 2003 deficiency document (response received 12/23/2003 @ PFO) contains a legal description for the disturbances associated with the main mine facilities area, and the leach field/pipeline area, (See **APPENDIX 1-4**, Disturbed Area Legal Description). It is now possible for the Division to update the “Exhibit A” page of the reclamation agreement.

Findings:

Information provided in the application is considered adequate to meet the minimum requirements of the Maps, Plans, and Cross Sections of Mining Operations section of the Operation Plan regulations.