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Pages: 4 (including this one)

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Colorado River Salinity Offset Program Participation Plan

Canyon Fuel Company, LLC
Skyline and Dugout Canyon Mines

Introduction

Both Skyline Mine and Dugout Mine have had difficulties recently meeting the TDS (salt) loading limits set forth in their respective UPDES permits. A meeting was requested with the appropriate DWQ staff to discuss a plan for the CFC mines to participate in a salinity offset program consistent with permit requirements. This meeting was held on September 30, 2004 at the DWQ offices. A general plan was verbally presented to the DWQ staff members in attendance with a written copy of the plan sent to DWQ shortly thereafter. Several of the suggestions made by the DWQ staff were included in this plan. A second meeting was held with the DWQ staff and a representative of the Utah Department of Agriculture and Food (UDAF) on November 17, 2004 to clarify the costs associated with the salinity offset program CFC would be participating in and how the monies would be paid. The plan presented in this document includes all of the original plan points, changes discussed in the November 17th meeting, and adjustments to the total plan cost as determined by the UDAF on December 30, 2004. This document discusses the mines' participation in a salinity offset program and includes this Introduction, Discharge History, Plan Elements, and Plan Monitoring Schedule.

History

Dugout Mine

Dugout Mine began to periodically discharge mine water shortly after longwall coal production began in 2001. The rate of discharge increased in 2002 to between 60 and 100 gpm when the mine drained the abandoned east Gilson seam workings to maintain safe working conditions for mine personnel. The steady inflow of ground water to the abandoned Gilson workings and Dugout longwall gob required continuous discharge of water at a rate that caused the mine to exceed its UPDES permit tons/day TDS limit. The DWQ was notified of the exceedance in the appropriate time frame as put forth in the permit. As a result of the steady inflow of groundwater, Dugout produces between 1.0 and 3.5 tons/day of TDS. CFC determined the mine would need to obtain an Individual permit with water quality parameter limits that were better suited to the mine discharge and receiving waters rather than continue to operate under a General discharge permit. A tentative agreement between CFC and DWQ was reached on a one ton/day limit of TDS provided the mine was able to participate in a salinity offset project. The new Individual permit for Dugout was issued on December 1, 2004. The Individual permit has similar requirements as the Skyline Mine UPDES permit for participating in a salinity offset program if the daily TDS tonnage limit is exceeded.

Plan Elements

The CFC Skyline and Dugout Mines will participate in the proposed salinity offset program to remain in compliance with their respective UPDES permits. To institute the program, CFC will contribute monies through the DWQ to a fund to be established by the Colorado River Basin Salinity Control Forum for the purpose of defraying the costs of construction and operation of specific salinity offset projects within the Colorado River Basin. The funds will be dispersed to offset projects approved by both the DWQ and the Colorado River Basin Salinity Control Forum. The mines will have no control over the distribution of the funds or involvement in the offset projects.

The amount of the contribution to the proposed salinity offset program fund is based on the concept of offsetting the net discharge of TDS (salt) from the Skyline and Dugout mines (total number of tons of TDS (salt) minus the permitted TDS tons Skyline and Dugout Mines anticipate discharging on a daily basis) against a "bank" of tons of TDS (salt) determined by the cost of removal of a similar number of tons of TDS (salt) from the Colorado River system. DWQ, UDAF and Utah's Colorado River Basin Salinity Control Forum representatives have determined and agreed the cost per ton allocated to the bank will be based on the cost of removing a ton of salt from the Price River Drainage through the construction and implementation of improved irrigation and irrigation water delivery systems. CFC money will fund salinity-offset projects with a 15-year life expectancy and will be credited with the equivalent number of TDS (salt) tons assigned to the investment in the projects.

CFC will contribute sufficient funds to cover the cost of removing approximately 18 tons of TDS/day from the Colorado River system for a period not to exceed 15 years. This number of tons is based on the assumption that Skyline Mine could produce for the next 15 years an average of 20 tons of TDS/day, 12.9 tons over its permitted ton/day limit of

7.1 tons and Dugout Mine could produce approximately six tons of TDS/day, five tons over its permitted ton/day limit of one ton. CFC will offset the excess discharged TDS against credit/tons in a "bank account" of tons of TDS (salt) depleted over a period not exceeding 15 years. The rate of depletion will depend upon the 30-day average daily rate of discharge of tons/day of TDS (salt) from Skyline and Dugout Mines to their receiving streams.

Because the two mines are owned and operated by CFC, a contribution to the salinity offset fund in an amount covering the anticipated combined discharge of salt from both mines is both efficient and desirable. This will allow the mines to "trade" tons between operations if needed but still maintain compliance.

Plan Monitoring Schedule

CFC will continue to monitor TDS concentrations in its mine discharge waters at the scheduled rate specified in the UPDES permits. The mines will continue to monitor the discharge water for compliance with TDS concentration limits set forth in the individual UPDES permits. The monthly average tons will be reported on each mine's UPDES Discharge Monitoring Reports (DMR) that are submitted monthly to the DWQ. CFC will also submit a form that illustrates the number of tons discharged versus the number of tons present in the salinity offset "bank account" of TDS (salt) tons. The initial number of tons in the fund "bank" is based on the assumption that Skyline and Dugout Mines combined will produce an average of 18 tons/day of TDS above their combined permitted tonnage limits for a period not to exceed 15 years.

DWQ and CFC personnel will evaluate the depletion of the tons of TDS (salt) "account" on an annual basis. In the event additional discharge ton credits are required beyond those initially funded, additional contributions to the account may be necessary. The contribution will be determined on the basis of cost data current at the time of the increase.

The amount of tons of TDS discharged to the Colorado River system by CFC is based on assumptions of the volume of water each mine will be discharging. Unforeseen circumstances may result in higher volumes of water discharged from the mining operations than were originally anticipated. **The UPDES permits for both mines currently allow or will allow each operation to discharge higher than presently anticipated volumes of water that may result in increased tons of TDS discharged to their respective receiving streams. These discharges will not violate the mines' UPDES permits provided the concentration of all water quality parameters remain within the permit limits and sufficient funds are placed in the TDS (salt) "bank account" to fund the removal of the additional tons of TDS.**