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State of Utah

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GARY HERBERT
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Department of
Environmental Quality

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Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

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Executive Secretary

September 2, 2008

Vicky S. Miller
Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, UT 84542

Subject: Upset Condition Demonstration Correspondence Received
UPDES Permit No. UT0025593 - Dugout Canyon Mine

Dear Ms. Miller:

We are in receipt of your letter correspondences dated July 11 and August 6, 2008 regarding the upset condition which caused an unanticipated discharge of coal fines to Pace Canyon Creek at the UPDES Permit facility referenced above. In the letters, you describe the cause of the upset as a failed pump suspension system which occurred on July 9, 2008. You also noted that the facility was at the time being properly operated and that the appropriate notifications were made as required in *Part III.H.2* of your UPDES Permit No. UT0025593 (Permit). Proper remedial measures, as documented in your letters include immediately stopping the discharge on July 9th once coal fines were observed in the receiving stream, permanent pipeline changes, management and training of personnel involved, and continued visual inspections of the discharge and downstream waters to the cultivated fields in Clarks Valley.

Also indicated in your letter, is that all of the discharge water is currently diverted to the cultivated fields or storage pond and thus does not reach downstream waters for most of the year, excepting winter months or severe runoff events. On August 12, 2008 DWQ staff visited with you and inspected your facility to verify these conditions and demonstrations. Separate DWQ inspection correspondence dated August 14, 2008 indicates that minor amounts of coal fines were observed along the stream's edge proximal to the discharging outfall and that no ill effects to wildlife or crops were observed from the Pace Canyon discharge downstream to the cultivated fields.

Based upon the available information referenced herein, your demonstration and claim for an upset condition has been evaluated pursuant to *Part III.H.1* of the Permit. At this time a determination has been made by the Executive Secretary that the Canyon Fuel Company, LLC Dugout Mine Facility has adequately demonstrated the appropriateness for making a claim of

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DIV. OF OIL, GAS & MINING

upset. Therefore, please continue to implement your remediation plan and keep DWQ informed of the situation. We understand that installing turbidity monitoring equipment at the facility is under consideration as well, which we would support and encourage to better monitor discharge conditions.

The Division of Water Quality appreciates your continued willingness and cooperation regarding compliance with the provisions of your UPDES permit. If you have any questions, please contact Jeff Studenka of this office at (801) 538-6779 or by e-mail at jstudenka@utah.gov.

Sincerely,

Utah Water Quality Board



Walter L. Baker, P.E.
Executive Secretary

WB/JS/mc

cc: Jennifer Meints, EPA Region VIII
Claron Bjork, SE District Health Department
Dave Ariotti, SE District Engineer
Daron Haddock, Utah Division of Oil Gas & Mines
Jim Karpowitz, Utah Division of Wildlife Resources
Nathan Darnall, U.S. Fish & Wildlife Services