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DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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Outgoing
C0070039
#3946
OK

December 20, 2011

Erwin Sass, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: Revision to Chapter 7 Water Monitoring, Canyon Fuel Company, LLC, Dugout Canyon Mine, C/007/0039, Task ID# 3946

Dear Mr. Sass:

The Division has reviewed your application to revise the Dugout Canyon Mine water monitoring program and determined that there are deficiencies that must be addressed before a determination can be made that the requirements of the R645 Coal Mining Rules have been met and approval granted. The deficiencies are listed as an attachment to this letter.

In order to facilitate an expedient response to the deficiencies, the initials of each deficiencies author are provided so that your staff can communicate directly with that individual should questions arise.

The plans as submitted are denied. Please resubmit the entire application.

Please call me (801) 538-5350 with any questions or concerns that you may have.

Sincerely,

Steve Christensen
Permit Supervisor

SKC/sqs
cc: Price Field Office
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Deficiency List

Task No. #3946

Revision to Chapter 7 Water Monitoring

The members of the review team include the following individuals:

Amanda Daniels (AD)

R645-301-731.210: The Permittee must provide additional justification for eliminating monitoring well GW-11-2. As the well is completed within the Price River Formation, the Permittee must discuss how potential mining induced impacts to groundwater resources within that formation would be detected in the absence of GW-11-2.

R645-301-731.210 and -220: The Permittee must provide a more thorough explanation/justification for eliminating the proposed water monitoring sites. The additional narrative must take into account and/or reference data that identifies:

- 1) Proximity of the monitoring sites to future mining activity.
- 2) Proximity of the monitoring sites to mining activity that has already occurred and the date that mining activity was completed.
- 3) Survey data that would indicate that areas within the projected subsidence impact zone are stable and/or that potential subsidence related impacts to hydrologic resources are minimal.

R645-301-731.210 and -220: The Permittee must provide a commitment that in the late spring/early summer of 2012 (as weather and accessibility permit) an additional spring/seep survey will be conducted in the areas identified for future mining activity (See Plate 5-7). The survey will be done in consultation with the Division of Water Rights (DWRi) and the Division in an effort to identify potential hydrologic resources that may require monitoring prior to coal mining activity in the area.

R645-301-731.210 and -220: The Permittee must provide a commitment that if mining activity was to be expanded towards the water monitoring sites that are designated for elimination, water monitoring activity at those sites would be reinitiated no less than one year prior.