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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

March 29, 2012

TO: Internal File

THRU: Steve Christensen, Permit Supervisor SC

FROM: Amanda Daniels, Environmental Scientist AD

RE: Addition of 50 Acres to Permit Boundary, Canyon Fuel Company, LLC, Dugout Canyon Mine, C/007/0039, Task ID #4054

SUMMARY:

The Division of Oil, Gas and Mining received an amendment on March 14, 2012 to the Dugout Canyon Mining and Reclamation Plan (MRP). The amendment revises the MRP to add 50 additional acres to the permit area for the Dugout Canyon mine. The additional acreage will cover the Gil 4b East and West panels that the company intends to development mine. The panels are located in Sections 23, 25, and 26 of T13SR12E and will be mined with continuous miners as development mining.

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TECHNICAL ANALYSIS:

HYDROLOGIC RESOURCE INFORMATION

Regulatory Reference: 30 CFR Sec. 701.5, 784.14; R645-100-200, -301-724.

Analysis:

Baseline Information

The proposed 50 acre lease expansion adds two areas to the permit boundary in sections 23, 25, and 26 of T13SR12E. These areas are near several baseline monitoring stations on Dugout Creek below the mine as well as station on the right and left fork of Dugout Creek, specifically stream monitoring locations DC-1, DC-2, DC-3, DC-4, and DC-5. In the third quarter of 2011, all of the stream locations above reported flow ranging from 12 to 89 GPM.

Probable Hydrologic Consequences Determination

In the March 14, 2012 letter from the Canyon Fuel Company, LLC it is stated that the mining of Gil 4b East and West panels located in the proposed expansion area will be done with continues miners as development mining, and that pillars will remain following the mining of these panels. The applicant has stated that "...no subsidence is anticipated following the extraction of coal." Without the expectation of probable subsidence issues and because no surface facilities will be developed within the expansion area, there are no significant hydrologic consequences determined at this time.

Groundwater Monitoring Plan

No additional groundwater monitoring is required for the expansion area. The applicant has updated plate 7-3, "Castlegate Potentiometric Surface" and plate 7-1, "Hydrologic Monitoring Stations" to include the expansion area.

Surface-Water Monitoring Plan

No additional surface-water monitoring is required for the expansion area. The applicant has updated plate 7-6, "Dugout Creek Watershed Upstream from Surface Facilities" and plate 7-2, "Water Rights" to include the expansion area.

Findings:

The proposed amendment meets the Hydrologic Requirements of the State of Utah R645-Coal Mining Rules.

RECOMMENDATIONS:

The amendment should be approved at this time.