



**State of Utah**  
**DEPARTMENT OF NATURAL RESOURCES**

**MICHAEL R. STYLER**  
*Executive Director*

**Division of Oil, Gas and Mining**

**JOHN R. BAZA**  
*Division Director*

September 18<sup>th</sup>, 2015

Kirk Tatton, General Manager  
Canyon Fuel Company, LLC  
P.O. Box 1029  
Wellington, Utah 84542

Subject: Midterm Permit Review, Canyon Fuel Company, LLC., Dugout Canyon Mine, C/007/0039, Task ID #4961

Dear Mr. Spillman:

On August 4<sup>th</sup>, 2015, the Division of Oil, Gas and Mining (the Division) commenced a midterm permit review of the Dugout Canyon Mine's mining and reclamation plan (MRP). The Division has completed its review.

The Division staff has identified deficiencies that must be addressed. The deficiencies have been included with this letter. The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. Your response to the deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1/C2 forms by October 31<sup>st</sup>, 2015.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock  
Coal Program Manager

DRH/sqs

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## Technical Analysis and Findings

### Utah Coal Regulatory Program

**PID:** C0070039  
**TaskID:** 4961  
**Mine Name:** DUGOUT CANYON MINE  
**Title:** MIDTERM PERMIT REVIEW

#### General Contents

##### Identification of Interest

###### Deficiencies Details:

R645-301-112: The Permittee must revise the last paragraph of page 1-3 in Chapter 1 of the Dugout Canyon MRP and remove the reference to Arch Coal, Inc and replace it with Bowie Resources, LLC.

schriste

#### Operation Plan

##### Fish and Wildlife Endangered and Threatened

###### Deficiencies Details:

The permittee must update the MRP (including additional volumes) to include an updated T&E species list and also update the protection and enhancement plan to account for any species that has the potential to be impacted from the mining operation in accordance with: R645-301-322. Species that are currently listed and not analyzed in the MRP include Greater sage-grouse and Yellow-Billed Cuckoo. Mexican spotted owl has been adequately addressed. A USFWS consultation letter and official species list is available upon request for assistance.

The northern portion of the permit area lies within the Carbon County Sage Grouse Management Area (DWR) and is within close proximity (within 5 miles) of known sage-grouse leks, breeding, and nesting habitat. Consultation with DWR is recommended. The decision on listing the Greater sage-grouse will be revealed later this month and that decision should be incorporated into the discussion.

Habitat for the Western Yellow-billed cuckoo should be evaluated using the USFWS Guidelines for the Identification of Suitable Habitat for WYBCU in Utah, which is available upon request.

The only current T&E or sensitive species occurrence records within the permit area are Golden Eagle and Northern Goshawk. Both of which are protected but are not listed under the ESA. None of these locations are within the disturbance area or 5 year mine plan and therefore any impact is unlikely.

Irinhart

#### Topsoil and Subsoil

*Deficiencies Details:*

**Findings:**

R645-301-121.200, MRP Section 233.200 states that Pace Canyon topsoil will be sampled and analyzed at the time of stockpiling. Please bring this narrative up to date which the Division believes is as follows: the Pace Canyon topsoil was sampled on June 1, 2005 and the analysis is found in Appendix 2-4.

R645-301-121.200, There are two topsoil stockpiles for the Pace Canyon fan facility stored in Pace Canyon: the portal pile and the shaft pile. However, Plate 2-3A shows a third stockpile location for the Pace Canyon facility soils, that is location G-3. Is this correct? Please verify the G-3 location and if necessary, make the appropriate corrections to the narrative and/or to Plate 2-3A.

R645-301-231.400, Table 2-2 (dated January 2011) states that the two Pace Canyon stockpiles hold 3,159 CY. No as built or narrative description could be found for the stockpiles in Pace Canyon. Please provide the narrative description or an as-built of each stockpile to confirm the volume.

R645-301-234.220, Section 234.200 describes the weed problem at the topsoil stockpile location. This section states that proper treatment will be discussed with the Division. Please update this narrative with the current status of the weed situation at the topsoil storage site (dominant weeds and a rough assessment of percent cover by weeds) and provide a summary of weed control efforts completed recently, if any.

pburton

## **Hydrologic Ground Water Monitoring**

*Deficiencies Details:*

R645-301-731 Groundwater monitoring well GW-11-2 has been non functioning since 2009. This well should be removed from the water monitoring program, and justification should be given for not replacing the well if it is no longer necessary.

adaniels

## **Reclamation Plan**

### **Bonding Determination of Amount**

*Deficiencies Details:*

The application does not meet the minimum requirements of R645-301-830.140 as the Permittee has not submitted detailed bond information. The Permittee must provide updated information for estimated bonding costs with supporting calculations for the estimates. This includes updated unit costs (to be used to update bond calculation spreadsheets) and updated escalation factors. Updates should be provided using the 2015 data from R.S. Means Heavy Construction Cost data manual and the Caterpillar Handbook or other appropriate resources. The bond summary and corresponding bond calculation sheets in the MRP need to be updated and appropriately escalated to 2020 dollars using Division's approved 1.2% and 5 year escalation.

cparker