



WEST RIDGE
RESOURCES, INC.

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Utah Division of Oil, Gas & Mining
Utah Coal Program
1594 West North Temple, Suite 1210
P.O.Box 145801
Salt Lake City, UT 84114-5801
Attn: Daron Haddock
Permit Supervisor

March 27, 2009

Utah Division of Water Quality
288 North 1460 West
PO Box 144870
Salt Lake City, UT 84114-4780
Attn: Jeff Studenka
Environmental Scientist

Re: DOGM Citation No.10033
DWQ Violation & Order, Docket No. I09-01

Dear Mr. Haddock and Mr Studenka:

This letter is provided in response to the above-referenced violations. These violations were issued as a result of excessive coal fines in the discharge water from the West Ridge Mine, and subsequent accumulations in the C Canyon drainage beyond the permit area below the minesite. Due to the common nature of these violations, both are addressed herein under a common response.

PLAN NARRATIVE

1) Introduction

As you know from previous correspondence, both verbal and written, we became aware of the accumulations in late January, 2009, and immediately notified the various state and federal agencies involved, namely Division of Oil, Gas & Mining (DOGM), Division of Water Quality (DWQ), Bureau of Land Management (BLM), Utah School & Institutional Trust Lands Administration (SITLA), and Utah Division of Water Rights (DWRights). Subsequent to the notification, there have been a number of on-site meetings to assess the situation, followed by several planning meetings designed to come to a consensus agreement among all the agencies as to the best plan to mitigate the discharge problem from the mine and the accumulations problem

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Dr 032709 For additional information

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in the drainage. Samples of the material were collected and analyzed to make sure the material was not hazardous, toxic or acid-forming. These analyses were then factored in formulation of an acceptable containment and clean-up plan. Based on these site inspections and planning meetings, a conceptual plan has been agreed upon. This plan consists of an initial containment phase (Phase 1), followed later by a clean-up phase (Phase 2). The elements of this plan are described below.

2) Phase 1 Containment:

Containment is to be accomplished by constructing four or five catchment structures at selected locations within the C Canyon drainage below the mine. These catchments are located at various intervals over a seven-mile stretch of the drainage, and all are accessible by way of existing roads. The location of these structures, at sites A, B, C, E and F, is shown on the attached map. It has subsequently been determined that site D will not be utilized at this time.

Each catchment structure will consist of a small stilling basin excavated out of the natural drainage channel, a small low-lying impoundment dam, and a series of siltation filtering devices installed below the dam. Therefore, each catchment is designed to employ elements of both settling and filtration. A bypass culvert will be constructed around each unit to allow the stream flow to be diverted around the stilling basin and filters at times when the basins are being cleaned or the filters are being replaced. A depiction of a typical catchment structure is shown on the attached drawing.

As coal-fines material accumulates in the stilling basins it will be cleaned out using a backhoe and/or a slurry pump. The material will then be hauled off-site and disposed of at an approved facility. The filtration devices consist of a series of excelsior log sediment traps, contained within steel holding boxes. These boxes are designed to hold the logs firmly in place and prevent the streamflow from bypassing under the logs or around the ends. The holding boxes are also designed to allow the logs to be quickly and easily replaced as needed with new ones as they fill up with accumulations. All clogged up, dirty logs will be removed from the site and will be disposed of at an approved facility, as part of a regular on-going maintenance program.

Due to the urgency of the situation, it was agreed early-on by all parties that a containment plan should be implemented as soon as possible in order to prevent the coal-fines material from migrating any further down the C Canyon drainage. Towards this end, BLM, DWRights, and SITLA have all issued expedited approvals to allow immediate construction of the catchment structures. BLM issued a right-of-way for catchment Site A on Feb. 9, and for the other sites and access roads on Feb. 23; DWRights issued channel alteration permits on Feb. 3; and SITLA issued right-of-entry agreements for the access roads on Feb. 17. It was also determined by DOGM that no SMCRA permits would be required for the catchments because they would be installed as part of the violation abatement process. Therefore, all necessary approvals are now

in place to complete the installation of catchments at all locations.

Because of prior road authorizations, work was commenced at Site A on Feb. 11. This facility is now complete and functioning. Work then moved to Site F, the lowest unit downstream. It was felt that this site represented the last line of defense against future downstream fines migration, and was therefore assigned an elevated priority. This facility was completed on March 16. Construction at Site E was completed on March 23, and construction is now in progress at Site C. All containment catchments are expected to be complete by mid-early April, 2009. (Site B will be constructed only if needed as part of the Phase 2 clean-up operations as discussed below.)

It should be noted that these Phase 1 containment structures are temporary installations. They will be utilized as part of the Phase 2 clean-up operations, but under the current plan, the catchments will be reclaimed following the completion of the clean-up later this summer/fall. To aid in the future reclamation process, pre-construction digital photographs have been taken of all sites. Final reclamation will be done to restore the areas to their pre-construction status to the extent practicable. All reclamation will be done in accordance with the terms of the BLM right-of-way grant.

3) Phase 2 Clean-up:

Prior to clean-up operations, the entire C Canyon drainage channel will be inspected by representatives of the various state and federal regulatory agencies and company representatives. It is anticipated that this inspection tour will take place sometime in mid-late April, after all the catchment structures are in place, and after the banks of the drainage channel have had a chance to dry out as part of the emergence of springtime weather. The purpose of this inspection tour is to assess the extent and magnitude of the coal-fines accumulation material, and to map the distribution as part of formulating the final clean-up plan. The accumulations are obviously greater closer to the West Ridge minesite and lessen exponentially downstream. At present there is some discussion among the various agencies that active cleaning techniques may be more appropriate in certain areas of higher concentrations, while passive, non-invasive natural processes may be more appropriate in areas of lesser accumulations. Following the inspection tour, a final consensus determination can then be made as to which areas should be actively cleaned, and which areas may be more suitable for passive cleaning.

The coal-fines accumulations are generally confined to a band along the outer edges of the channel, especially around rocks and other irregularities, where the water velocity is somewhat less. Based on previous preliminary field testing conducted with representatives of DOGM, the most effective method of cleaning would appear to be manual cleaning using soft-bristle household brooms. It is anticipated that the active clean-up would begin at the minesite where the accumulations are greatest, and gradually proceed downstream. By utilizing the existing

mine discharge water in the channel, which flows at a consistent rate of about 800 gpm, the accumulations can be easily dislodged from the edge of the channel by a gentle swirling action of the brooms. The streamflow should then be sufficient to transport the dislodged material downstream to the nearest catchment structure, in this case Site A. It is possible that certain stretches of channel may require several passes of broom sweeping to be cleaned effectively. After the upper segment is cleaned, work will proceed downstream.

It is hoped that a majority of the material will be captured at the first (up-stream) catchment site through a combination of settling in the stilling basin and filtration in the excelsior log sediment traps. As the stilling basin fills up and/or as the excelsior logs become loaded, upstream cleanup efforts will be temporarily halted until the basin has been cleaned out and/or the loaded logs have been replaced with new ones. The operation will be finely co-ordinated to make sure that the rate of cleaning does not overwhelm the ability of the catchment units to process the suspended material. As mentioned previously, the collected material from the basins and the sediment logs will be hauled offsite to an approved disposal facility.

The clean-up operations will be conducted under complete oversight from the various regulatory agencies, at least initially when the operating parameters of the clean-up are being developed. Various test sections will be evaluated to determine the effectiveness of the in-stream clean-up techniques within differing channel morphologies, as well as the effectiveness of the catchment structures to capture the coal-fines for ultimate disposal. Alterations and adjustments to the cleanup plan can be made based on the results of the test sections.

The coal-fines have a variable size distribution so that the larger particles should be more easily captured through settling and filtration. A more problematic situation may involve the ultra-fine particles that naturally stay in suspension longer and may be more difficult to capture. Fortunately, since the heaviest cleanup will be focused closest to the mine, there will be a total of four catchment unit poised to assist in capturing the material. Material not contained at Site A can hopefully be contained at site C, and/or perhaps Site E, or ultimately at Site F, as the cleanup proceeds downstream. It is impossible to tell at this time how well the ultra-fine material can ultimately be contained, but agency representatives will be constantly apprised of the status of the effort, and condition-specific measures and adjustments can be made as warranted.

It is anticipated that cleanup operations will begin in late April or early May, after the interagency tour, and after a consensus has been reached as to the areas of active vs. passive treatment described above. This would allow cleanup operations to proceed through the remaining summer months, and allow for final reclamation to be completed in the September/October timeframe.

4) Sediment Pond Contingency Plan:

As stated previously, the biggest uncertainty at this time is how well the ultra-fine material can

be contained and captured for disposal. As a final method of fines treatment, West Ridge Resources commits to a contingency plan of constructing a series of sediment ponds. If needed, these ponds would be constructed on SITLA land in Section 36 (near Site E) as shown on the attached location map. This installation would consist of a series (four or more) of large, shallow settling ponds located on the flats south of the drainage channel, and is generally depicted on the attached drawing. Water would be taken out of the channel through a gravity-flow diversion structure installed in the drainage channel, and would conveyed to the ponds through a set of large transport pipes. The ponds would each be approximately 60' wide, up to 300' long, and about 4'-6' deep. Diverted stream water would slowly circulate from one pond to the next, and would ultimately discharge back into the channel. The treated discharge water would be subject to a UPDES permit issued by DWQ. The ponds could be equipped with internal filtering structures (filter cloth, excelsior logs, straw bales, or some combination thereof) to assist the capture of ultra-fine particles. The pond inlet could also be equipped with a chemical injection system to allow flocculant and/or coagulant agents to be utilized as part of the capture system if needed. It is hoped that the combination of settling, filtration and chemical treatment would be adequate to reduce the ultrafines to acceptable levels. The diversion structure would be design so that only mine discharge clean-up water would be routed into the ponds for treatment, while flash-flow runoff from summer thunder storm events would be allowed to bypass the inlet and not report to the ponds.

It should be noted that this sediment pond facility would be constructed only if the regulatory agencies determined that such a facility is needed based on the results of the initial clean up effort. The company is proceeding with the necessary permits and approvals for this facility so that, in the event it is determined to be needed as a final part of the cleanup effort, all approvals will be in place at the time, and construction can start immediately. In this manner, the sediment ponds should be able to be in place and operational in time to allow the clean-up project to be completed by late summer or early fall. A Special Use Lease application for this facility was submitted to SITLA on March 3rd, and A Channel Alteration permit application will be submitted to DWRights in the near future for the inlet structure.

As with the Phase 1 catchment structures, the sediment pond facility (if constructed) would be a temporary installation and would be utilized only for the duration of the clean-up operation, after which it will be reclaimed. Because the facility would be installed as part of abating the violation, rather than as part of the long-term mining operation, the site will not require DOGM approval or amendment to the existing West Ridge Mine SMCRA permit. However, if constructed, the sediment pond facility will be installed as per the current DOGM guidelines, as well as any other SITLA requirements, regarding topsoil removal and storage, interim sediment control, reclamation, etc., to make certain that all environmental protection performance standards are complied with.

5) Status Reports:

West Ridge proposes to provide updates to all relevant state and federal agencies regarding the status of permitting issues, construction progress, and anticipated near-term actions regarding the Phase 1 Containment and Phase 2 Clean-up operations, as well as plans, schedules, and progress updates on efforts being taken in the underground mining operations designed to bring the TSS and iron levels of the mine discharge water into long-term UPDES compliance. These updates would be provided every two weeks, or as often as needed, to make sure that all parties are kept informed and updated about the progress of the mitigation effort.

6) Underground Water Treatment:

Much of the mitigation plan involves activities within the underground mining operation. These actions must be co-ordinated with the overall development plans of the mine production. Because of the degree of variability inherent in the day-to-day mining operations, the best source of updates should come directly from the mine engineer and superintendent responsible for the underground mine planning. Therefore, the company proposes to submit a separate mine update from the operations managers as part of the regular status reports. Their initial report is attached to this submittal.

It should be noted that the company has already initiated a short-term re-routing of the underground piping system to enhance the retention time. Also, the Nalco Chemical Co. representative, who provides the chemicals for treating the iron, suggested that by increasing the application rate of the flocculant, that it should help drop out the TSS as well. Between the pipe rerouting and the increased chemical application, both the iron and TSS levels of the mine discharge water have come back into compliance levels from over the past two months (February and March, 2009) as shown on the attached water quality graph.

7) Attachments:

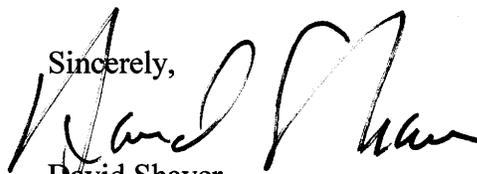
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| a) Plan Narrative, i.e., this letter | Exhibit 1 |
| b) Copies of DOGM and DWQ Violations | Exhibit 2 |
| c) Location Map | Exhibit 3 |
| d) Typical Catchment Structure
(Phase 1) | Exhibit 4 |

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| e) Sediment Pond Layout (generalized view)
(Phase 2) | Exhibit 5 |
| f) Laboratory Analysis of Coal-Fines Material | Exhibit 6 |
| g) Mine Discharge Water Quality Graph | Exhibit 7 |
| h) Underground Mine Status Report | Exhibit 8 |
| i) Underground Mine Status Report Drawings
(Six each separate drawings) | Exhibit 9 |

Please note that the intent of this submittal is that it be reviewed by all parties involved, and can be altered as needed to make sure it comports to the general plan that was agreed upon earlier by the various state and federal regulatory and land management agencies. Once we have received everyone's comments and concurrence we will consider it a firm plan going forward. Copies of all approved rights-of-way, permits, and agreements from BLM, SITLA and DWRights are available upon request. If you have questions or comments please contact me at (435) 888-4017.

Sincerely,



David Shaver
Resident Agent

cc: Mike Robinson, BLM
Kurt Higgins, SITLA
Marc Stilson, DWRights