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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 12, 2016

Karin Madsen, Resident Agent
West Ridge Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Completion of Midterm Permit Review, Task ID #5268, West Ridge Resources, Inc., West Ridge Mine, C/007/0041

Dear Ms. Madsen:

On September 1, 2016 the Division of Oil, Gas and Mining had commenced a midterm permit review for the West Ridge Mine.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author for each of the respective deficiencies has been provided.

Your response to these 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 and C2 forms by no later than November 30, 2016.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5350.

Sincerely,

Steve Christensen
Permit Supervisor

SKC/sqs
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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070041
TaskID: 5268
Mine Name: WEST RIDGE MINE
Title: MIDTERM PERMIT REVIEW

General Contents

Identification of Interest

Deficiencies Details:

The MRP does not meet the State of Utah R645 requirements for Identification of Interest. The following deficiency must be addressed prior to final approval

R645-301-112 The Permittee must update Section 112.220 with correct current contact information.

Ireinhart

Violation Information

Deficiencies Details:

The amendment does not meet the State of Utah R645 requirements for Identification of Interest. The following deficiency must be addressed prior to final approval

R645-301-113: The Permittee must disclose the AVS violation and provide evidence of resolution to the Division. Appendix 1-2 must be updated to include the AVS violation and NOV 21156 and NOV 21186.

Ireinhart

Permit Term

Deficiencies Details:

The MRP does not meet the State of Utah R645 requirements for providing a correct permit term.

R645-301-116: The Permittee must update the Permit Term as outlined in Section 116.100 to reflect the current plans and intentions.

Ireinhart

Operation Plan

Hydrologic Water Quality Standards

Deficiencies Details:

The West Ridge Mining and Reclamation Plan (MRP) does not meet the State of Utah R645 requirements for Water Quality Standards and Effluent Limitations.

The Permittee must update Appendix 7-10 (and cover page) with the up to date UPDES Permit (#UTU0025640). It's is the Division's understanding that the Division of Water Quality (DWQ) is currently working on finalizing the renewal of the permit. Once DWQ has completed that process, the current UPDES Permit can be submitted for inclusion into the West Ridge MRP.

schrister

Reclamation Plan

Topsoil and Subsoil

Deficiencies Details:

R645-301-250,

(1) MRP Vol. 2, Appendix 5-15, Attachment 9 (p. 13 & 14) states that catch basins would no longer be needed after completion of down dip long wall panels in 2012, since water would be allowed to accumulzte in the lower mine. The status of the catch basins should be updated in Appendix 5-15.

(2)The status of the Bear Cyn Gob Vent Hole and potential reclamation should be described in Appendix 5-14.

(3)The status of the temporary re-opening of the B Cyn portal (construction/reclamation) should be described in Appendix 5-19.

pburton

Revegetation Standards for Success

Deficiencies Details:

The MRP does not meet the State of Utah R645 requirements for providing adequate reference areas to be used to measure reclamation success.

The Permittee must relocate the Maple/Aspen reference site to a new location that meets the objectives of a reference area. This reference area must be approved by the Division and incorporated into the MRP.

lreinhart

Bonding Determination of Amount

Deficiencies Details:

The Mid-term does not meet the minimum requirements of R645-301-830.140 as the Permittee failed to submit detailed bond information in regards to the Mid-term.

The Division requires an evaluation of the reclamation cost estimate during each midterm permit review. This cost estimate is then escalated for five years or until the next midterm review. In accordance with the requirements of R645-301-830, and -301-830.140, it is the Permittee responsibility to provide detailed estimated cost sheets to support the reclamation cost estimate.

The Permittee must update the unit cost data used in the 2011 Midterm Permit Review reclamation cost estimate to 2016 unit costs using the 2016 R.S. Means Heavy Construction Cost Data manual. All computation sheets for demolition, earthwork and re-vegetation must be updated and submitted to the Division so the Division can determine the required bond amount needed through 2021.

The total 2016 reclamation cost for the West Ridge Mine (sum of the direct and indirect costs) must be escalated from 2016 to 2021 (5 years) using an escalation factor of 1.007 % (the 2015 escalation factor)

This escalated cost is rounded to the nearest \$ 1,000 to determine the amount of required bond which must be posted with

the Division by the Permittee.

Please submit the Mid-term updates.

bwiser

Special Categories

Experimental Practices Mining

Deficiencies Details:

R645-302-210,

(1) A commitment to quantitatively evaluate the experimental practice for five years is found in MRP, Vol. 1, Section 231.100 (p. 2-11) and in App. 2-6 (page 21). Based upon the successful revegetation reported over the last ten years, the MRP narrative in Chapter 2 and Appendix 2-6 should state that this monitoring commitment has been fulfilled.

(2) A second commitment to monitor the fill to protect buried topsoil is found in App. 2-8 addendum. The results of this analysis over the last eight years demonstrate that at locations T1 & T3, the fill is accumulating salt from road de-icing. Consequently, the permittee should commit to an alternative de-icing treatment for treating roads in winter.

pburton