



# U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

## Mine Site Evaluation State Program

0004

*Jerry*  
1/007/0045 JK



<p>1. Permittee/Person <b>COVOL ENGINEERED FUELS, LC</b></p> <p>2. Address <b>10653 S. RIVER FRONT PARKWAY, STE 30D</b></p> <p>3. City <b>SOUTH JORDAN</b></p> <p>4. State <b>UT</b></p> <p>5. Zip Code <b>84095</b></p> <p>6. Phone Number <b>(801) 984-3777</b></p> <p>7. Operator Name, if Different than Permittee  </p> <p>8. Mine Name <b>COVOL DRY-COAL CLEANING PLANT</b></p>	<p>9. Permit Number <b>UNKNOWN</b></p> <p>10. Permit Type <b>NP</b></p> <p>11. Field Visit Date <b>01/17/2008</b> mm - dd - yyyy</p> <p>12. Purpose <b>O</b></p> <p>13. SRA Present <b>Y</b></p> <p>14. Permit Status <b>A</b></p> <p>15. Site Status <b>AP</b></p> <p>16. Facility Type <b>CFG</b></p> <p>17. OSM Office # <b>140</b></p> <p>18. CCID #  </p> <p>19. Land Code <b>S</b></p> <p>20. M.S.H.A ID # <b>42-02398</b></p> <p>21. State Abrev. <b>UT</b></p> <p>22. County Name <b>CARBON</b></p> <p>23. AVS Permittee Entity ID Number  </p> <p>24. State Office  </p>
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<p>25. Hours</p> <p><b>2.0</b> a. Permit Review</p> <p><b>3.0</b> b. Site Visit Time</p> <p><b>1.0</b> c. Travel Time</p> <p><b>2.0</b> d. Report Writing</p>	<p>26. Signature Block</p> <p style="text-align: center;"><i>Henry Austin</i> Signature: <b>2/13/08</b></p> <p style="text-align: center;">HENRY AUSTIN ID # 116</p> <p>Printed Name:</p> <p>Date: <b>02/13/2008</b></p>	<p>27. Reviewing Official:</p> <p style="text-align: center;"><i>J. Felt</i> Signature:</p> <p>Review Date: <b>2/14/08</b> mm - dd - yyyy</p> <p>Is Supplemental MSE Page Used Y/N <b>Y</b></p>
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**Permit Type — Item 10** IP = Interim Program, PP = Permanent Program, NP = No Permit

**Purpose Type Codes Item 12**

Oxx.... Oversight	Rfx.... Reclamation Fees	CCR.... Citizen Complaint Referral (non site visit)
Axx.... Assistance	Fxx.... Federal Actions	CC..... Citizen Complaint (initial site visit)
		CCF.... Citizen Complaint Follow-up

**Joint Inspection — Item 13** A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

**Permit Status — Item 14**

<p>A.... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed.</p> <p>IN.... Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated.</p> <p>BR... Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release.)</p>	<p>AB.... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g)</p> <p>AB1.. Bond Forfeiture: Bond forfeiture officially in process or completed, and reclamation in progress or not yet commenced.</p> <p>AB2.. Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.</p> <p>AB3. Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.</p> <p>NA... Not Applicable: When site is unpermitted.</p>
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**Site Status Codes — Item 15**

<p>ND... No Disturbance: No coal mining and reclamation operations have been started.</p> <p>EX.. Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.</p> <p>AP.. Active Coal Producing: Coal surface mining activities are occurring.</p> <p>AN.. Active Non-Producing: Active non-producing facility such as tipple or preparation plant.</p> <p>NM.. No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.</p>	<p>MC.. Mining Complete: No mining activity on site, site regraded and awaiting phase bond release.</p> <p>TC.. Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.131(b).</p> <p>P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.</p> <p>P2.. Phase II Release: At least Phase II bond release for the entire permitted area.</p> <p>P3.. Phase III Release: Reclamation completed and the RA has released all bond.</p>	<p>NS.. Non-Site Visit: Status of site not determined.</p> <p>FP.. Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.</p> <p>FR.. Forfeited and Reclaimed: Forfeiture reclamation completed.</p> <p>FO.. Abandoned Site: Abandoned site that is permitted but there is no bond.</p> <p>WC.. Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.</p>
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**Facility Type Codes — Item 16**

<p>A... Surface</p> <p>B... Underground</p> <p>C... Preparation Plant</p>	<p>D... Ancillary (Haulroad, Conveyor, and/or Rails)</p> <p>E... Refuse and/or Impoundment</p> <p>F... Loading Facility and/or Tipple</p> <p>G... Stockpiles</p>	<p>H... Exploration Permits</p> <p>I... Notice of Intent to Explore</p> <p>J... Exempt 16 and 2/3</p> <p>K... Government Financed Construction Exemption</p> <p>L... Remining site permitted under 30 CFR 785.25</p>
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### Small Business Regulatory Enforcement Fairness Act (SBREFA)

#### Your Comments Are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

# U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

## Mine Site Evaluation

State Program

Permittee/  
Person

**COVOL ENGINEERED**

Permit  
Number

**UNKNOWN**

Field Visit  
Date

**01/17/2008**

Continuation Page

### 28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

<p><b>A. Administrative</b></p> <ol style="list-style-type: none"> <li>1. ___ Mining within Valid Permit</li> <li>2. ___ Mining within Bonded Area</li> <li>3. ___ Terms &amp; Conditions of Permit</li> <li>4. ___ Liability Insurance</li> <li>5. ___ Ownership and Control</li> <li>6. ___ Temporary Cessation</li> <li>7. ___ AML Rec. Fees -- Non-Respondent</li> <li>8. ___ AML Rec. Fees -- Failure to Pay</li> </ol>	<p><b>D. Backfilling &amp; Grading</b></p> <ol style="list-style-type: none"> <li>1. <u>3</u> Exposed Openings</li> <li>2. <u>3</u> Contemporaneous Reclamation</li> <li>3. <u>3</u> Approximate Original Contour</li> <li>4. <u>3</u> Highwall Elimination</li> <li>5. <u>3</u> Steep Slopes (includes downslope)</li> <li>6. <u>3</u> Handling of Acid &amp; Toxic Materials</li> <li>7. <u>3</u> Stabilization (rills and gullies)</li> </ol>	<p><b>H. <u>3</u> Subsidence Control Plan</b></p> <p><b>I. Roads</b></p> <ol style="list-style-type: none"> <li>1. ___ Road Construction</li> <li>2. ___ Certification</li> <li>3. <u>1</u> Drainage</li> <li>4. <u>1</u> Surfacing and Maintenance</li> <li>5. ___ Reclamation</li> </ol> <p><b>J. Signs &amp; Markers</b></p> <ol style="list-style-type: none"> <li>1. ___ Signs</li> <li>2. ___ Markers</li> </ol> <p><b>K. ___ Distance Prohibitions</b></p> <p><b>L. Revegetation</b></p> <ol style="list-style-type: none"> <li>1. ___ Vegetative Cover</li> <li>2. ___ Timing</li> </ol> <p><b>M. ___ Postmining Land Use</b></p> <p><b>N. Other</b></p>
<p><b>B. Hydrologic Balance</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Drainage Control</li> <li>2. ___ Inspections &amp; Certifications</li> <li>3. ___ Siltation Structures</li> <li>4. ___ Discharge Structures</li> <li>5. ___ Diversions</li> <li>6. <u>1</u> Effluent Limits</li> <li>7. ___ Ground Water Monitoring</li> <li>8. ___ Surface Water Monitoring</li> <li>9. ___ Drainage -- Acid-Toxic Materials</li> <li>10. ___ Impoundments</li> <li>11. <u>3</u> Stream Buffer Zones</li> </ol>	<p><b>E. Excess Spoil Disposal</b></p> <ol style="list-style-type: none"> <li>1. <u>3</u> Placement</li> <li>2. <u>3</u> Drainage Control</li> <li>3. <u>3</u> Surface Stabilization</li> <li>4. <u>3</u> Inspections &amp; Certifications</li> </ol> <p><b>F. Coal Mine Waste (Refuse Piles/Impoundments)</b></p> <ol style="list-style-type: none"> <li>1. <u>3</u> Drainage Control</li> <li>2. <u>3</u> Surface Stabilization</li> <li>3. <u>3</u> Placement</li> <li>4. <u>3</u> Inspections and Certifications</li> <li>5. <u>3</u> Impounding Structures</li> </ol> <p><b>G. Use Of Explosives</b></p> <ol style="list-style-type: none"> <li>1. <u>3</u> Blaster Certification</li> <li>2. <u>3</u> Distance Prohibitions</li> <li>3. <u>3</u> Blast Survey/Schedule</li> <li>4. <u>3</u> Warnings &amp; Records</li> <li>5. <u>3</u> Control of Adverse Effects</li> </ol>	<p style="text-align: center;">General Performance Category</p> <p><b>B</b>    <u>1</u> 1) <u>Offsite impacts evaluation</u></p> <p>          ___    2) _____</p> <p>          ___    3) _____</p>
<p><b>C. Topsoil &amp; Subsoil</b></p> <ol style="list-style-type: none"> <li>1. ___ Removal</li> <li>2. ___ Substitute Materials</li> <li>3. ___ Storage and Protection</li> <li>4. ___ Redistribution</li> </ol>		

### Performance Standard Categories 30 CFR Counterpart

<p><b>A. Administrative.....(816/817.22)</b></p> <ol style="list-style-type: none"> <li>1. Valid Permit.....773.11</li> <li>2. Mining within Bonded Area.....773.11</li> <li>3. Terms &amp; Conditions of Permit.....773.17</li> <li>4. Liability Insurance.....800.60</li> <li>5. Ownership and Control.....778.13</li> <li>6. Temporary Cessation.....842.11(e) &amp; 816/817.131</li> <li>7. AML Rec. Fees -- Non-Respondant.....870.15(b)</li> <li>8. AML Rec. Fees -- Failure to Pay.....870.15(a)</li> </ol> <p><b>B. Hydrologic Balance.....(816/817.41-57)</b></p> <ol style="list-style-type: none"> <li>1. Drainage Control.....45</li> <li>2. Inspections &amp; Certifications.....49(a)(10)</li> <li>3. Siltation Structures.....46</li> <li>4. Discharge Structures.....47</li> <li>5. Diversions.....43</li> <li>6. Effluent Limits.....42</li> <li>7. Ground Water Monitoring.....41(c)</li> <li>8. Surface Water Monitoring.....41(e)</li> <li>9. Drainage--Acid - Toxic Materials.....41(f)</li> <li>10. Impoundments.....49</li> <li>11. Stream Buffer Zones.....57</li> </ol> <p><b>C. Topsoil &amp; Subsoil.....(816/817.22)</b></p> <ol style="list-style-type: none"> <li>1. Removal.....22(a)</li> <li>2. Substitute Materials.....22(c)</li> <li>3. Storage and Protection.....22(c)</li> <li>4. Redistribution.....22(d)</li> </ol> <p><b>D. Backfilling &amp; Grading.....(816/817.95-107)</b></p> <ol style="list-style-type: none"> <li>1. Exposed Openings.....816/817.13, 14, 15, &amp; 823.11 &amp; 21</li> <li>2. Contemporaneous Reclamation.....100</li> <li>3. Approximate Original Contour.....102(a)(1)</li> <li>4. Highwall Elimination.....102(a)(2)</li> <li>5. Steep Slopes (includes downslope).....107</li> <li>6. Handling of Acid &amp; Toxic Materials.....102(c)</li> <li>7. Stabilization (rills and gullies).....95(b)</li> </ol>	<p><b>E. Excess Spoil Disposal.....(816/817.71-74)</b></p> <ol style="list-style-type: none"> <li>1. Placement.....71(e)</li> <li>2. Drainage Control.....71(f)</li> <li>3. Surface Stabilization.....71(g)</li> <li>4. Inspections &amp; Certifications.....71(h)</li> </ol> <p><b>F. Coal Mine Waste (Refuse Piles/Impoundments) .....(816/817.81-84)</b></p> <ol style="list-style-type: none"> <li>1. Drainage Control.....83(a)</li> <li>2. Surface Stabilization.....83(b)</li> <li>3. Placement.....83(c)</li> <li>4. Inspections and Certifications.....83(d)</li> <li>5. Impounding Structures.....84</li> </ol> <p><b>G. Use of Explosives.....(816/817.61-68)</b></p> <ol style="list-style-type: none"> <li>1. Blaster Certification.....61(c)</li> <li>2. Distance Prohibitions.....61(d)</li> <li>3. Blast Survey/Schedule.....62-64</li> <li>4. Warnings &amp; Records.....66 &amp; 68</li> <li>5. Control of Adverse Effects.....67</li> </ol> <p><b>H. Subsidence Control Plan.....(817.121-122)</b></p> <p><b>I. Roads.....(816/817.150-151)</b></p> <ol style="list-style-type: none"> <li>1. Road Construction.....150(c)</li> <li>2. Certification.....151(a)</li> <li>3. Drainage.....150(b)-151(d)</li> <li>4. Surfacing and Maintenance.....150(e)-151(d)</li> <li>5. Reclamation.....150(f)</li> </ol> <p><b>J. Signs &amp; Markers .....(816/817.11)</b></p> <ol style="list-style-type: none"> <li>1. Signs.....11(a),(b),&amp;(c)</li> <li>2. Markers.....11(a),(b),(d),(e),&amp;(f)</li> </ol> <p><b>K. Distance Prohibitions.....(761.11)</b></p> <p><b>L. Revegetation.....(816/817.111-116)</b></p> <ol style="list-style-type: none"> <li>1. Vegetative Cover.....111 &amp; 116</li> <li>2. Timing.....113</li> </ol> <p><b>M. Postmining Land Use.....(816/817.133)</b></p>
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January 28, 2008 (finalized February 8, 2008)

COVOL Engineered Fuels, LC (COVOL-permit applicant)  
10653 South River Front Parkway, Suite 300  
South Jordan, Utah 84095  
(801) 984-3777

COVOL Engineered Fuels, LC (Dry-Coal Cleaning Facility location)  
1865 West Ridge Road  
Wellington, Utah 84654  
(435)613-1631

EY 2008 OSM Evaluation: Permitting Status of Coal - Waste Processing Operations  
January 17, 2008

Participants:

Mike Gipson, Plant Manager  
Pete Hess, Utah Division of Oil, Gas, and Mining (DOG M)  
Christine Belka & Henry Austin, Office of Surface Mining (OSM)

We conducted an oversight evaluation of the COVOL dry-coal cleaning facility south of Price, UT. This evaluation is included under the "Permitting Status of Coal – Coal Waste Processing Operations" evaluation topic selected for OSM Oversight Evaluation Year (EY) 2008 in Utah.

The primary purpose of this evaluation is to document any offsite impacts, and the potential for offsite impacts from this facility. No offsite impacts were identified during the evaluation. This evaluation also documents the DOGM permitting process for this coal processing plant.

A potential for offsite impacts (uncontrolled surface water runoff from the disturbed area) was discussed briefly with Mr. Gipson during our field evaluation regarding the disturbed area perimeter diversion ditch on the south east perimeter of the facility. The diversion at this location intercepts a small depression, and the small depression is almost contiguous to an irrigation ditch. The diversion is almost inundated at this location, it was difficult to determine with frozen ground, snow, and water in the depression at this location. (This perimeter diversion diverts all the disturbed area, surface water runoff at the facility into 2 sediment ponds.) There does not appear to be a great deal of surface water runoff from the actual coal preparation, coal stockpiles, truck loading facilities, and roads draining toward this area of the diversion at this time.

We identified ourselves to Mr. Gipson and described the purpose of our oversight evaluation. I telephoned Mr. Mike Edwards and Ms. Gina Rau representing HEADWATERS, Inc. and provided notice of our oversight evaluation schedule. The officers and directors of HEADWATERS, Inc. (FEIN 87-0547337) are listed as the Board of Directors in the COVAL Engineered Fuels, LC dry-coal cleaning facility permit application submitted to DOGM on or about January 15, 2008.

This 2008 OSM Evaluation finds that this facility was constructed (beginning 2005) and has been operated since as a "Coal Processing Plant" identified under the State of Utah R645 Coal Mining Rules at R645-100-200 Definitions.

During my January 10 telephone notification to Ms. Rau, we briefly discussed the DOGM permit application logistics, and the purpose of the oversight evaluation. Ms. Rau intended to participate in the evaluation, but was unavailable due to weather related travel difficulty. Ms. Rau was very informative and helpful to me describing the dry-coal cleaning facility start-up, and briefed me on the DOGM permit application. Ms. Rau is the Environmental Manager and designated agent for this facility.

Ms. Belka and I administratively reviewed the COVOL permit application at the DOGM Price Field Office on January 15, and Mr. Hess led the inspection participants in an administrative review of the permit application during the on-site evaluation. Mr. Gipson provided a thorough operations history of the facility to date, and was very helpful with our questions and comments. The facility has been in construction and / or operating for approximately 2 years. This site has processed coal refuse from the Savage Coal Terminal, and is currently processing run of mine coal from the West Ridge Mine.

Coal processing operation permits already issued and in force to COVAL for this facility include UPDES Permit No. UT000685, Utah DEQ-Division of Air Quality Approval Order DAQE # AN2952001-03, and a Utah Industrial Development Commission, Certificate of Insurance and Business Authorization. The Price, UT, Mine Safety and Health Administration (MSHA) staff inspects this facility as a coal processing operation (telephone conversation with Mr. Ted Farmer, MSHA, on January 10, 2008).

Mr. Hess and Mr. Gipson led us on a field inspection of the fenced disturbed areas and plant facilities that include the entrance haul road, office trailer, coal and/or coal refuse stockpiles, coal handling and processing conveyors, primary crusher, sizing screens, pneumatic coal - rock processing cyclones, truck loadout facility and road loop, topsoil stockpiles (most or all of the fenced in area is on Mancos shale derived soils, with saline playas common adjacent to the fenced in disturbed areas), a surface water runoff diversion ditch that diverts surface water from the entire fenced in disturbance into two incised sedimentation ponds, equipment storage, portable and self-contained fuel storage units, and a bone yard-scrap storage area.

The site does not have any on-site coal refuse disposal pile, and a coal refuse facility is not planned for the site. We discussed coal refuse disposal options.

Coal refuse from the processing operation here is currently being hauled to the Sunnyside CoGen Power plant; and presumably either used for fuel or disposed at the Sunnyside Refuse / Slurry Operation. It appears the long term operations and profitability of this coal processing facility will depend in large part on handling and disposal of the coal refuse being generated here.

Generally, the site is well organized and maintained. All roads are functional and water runoff is not a problem on the roads at this time. Most areas were frozen and snow covered so it was impossible to judge durable surfacing of the roads.

Fugitive dust from the disturbed areas and coal stockpiles-handling facilities was not a problem during the evaluation. We discussed fugitive dust issues on other coal mining operations in the area with Mr. Gipson. Mr. Gipson discussed dust suppression practices here.

See discussion above for surface water runoff control and the diversion maintenance necessary. We discussed soil stockpile protection, and the required signs and markers throughout the proposed permit area and entrance road with Mr. Gipson. We also discussed the potable water line, and water wells. This concluded our evaluation of the disturbed areas.

No offsite impacts were identified during our evaluation. See above for discussion of the potential offsite impact from the surface water runoff diversion.

The DOGM permitting process for this coal processing plant will be discussed with DOGM, and documented in the OSM EY 2008 Annual Evaluation Summary Report.

Please address any questions concerning this evaluation report to Henry Austin, Senior Reclamation Specialist, at [haustin@osmre.gov](mailto:haustin@osmre.gov) or to (303) 844-1400 x1466.