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State of Utah

**Department of
Natural Resources**

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**Division of
Oil, Gas & Mining**

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August 31, 2006

John Gefferth, Environmental Engineer
Consolidation Coal Company
P.O. Box 566
Sesser, Illinois 62884

Subject: Minor Coal Exploration, Consolidation Coal Company, Hidden Valley Mine, C/015/0007, Task ID #2604, Outgoing File

Dear Mr. Gefferth:

The above-referenced Letter of Intent is approved effective August 21, 2006. A stamped approved copy is enclosed for your files.

If you have any questions, please feel free to call me at (801) 538-5268 or Stephen J. Demczak at (435) 613-1146 ex 202.

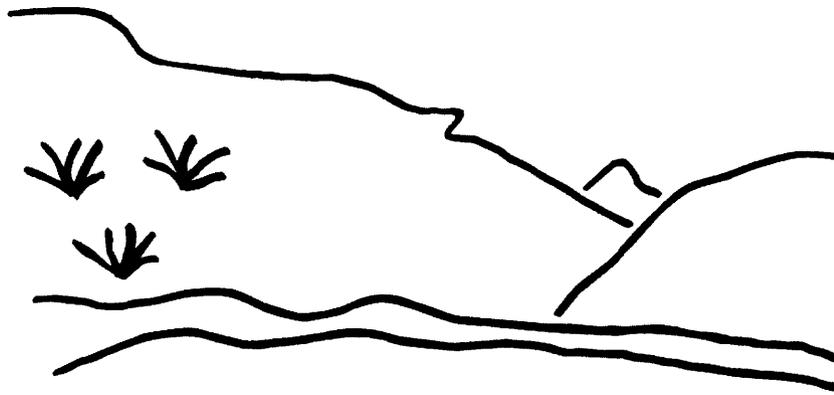
Sincerely,

A handwritten signature in black ink, appearing to read "Pamela Grubaugh-Littig".

Pamela Grubaugh-Littig
Permit Supervisor

SJD/sd
Enclosure
cc: Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Hidden Valley Mine
Minor Coal Exploration
C/015/007
Task ID #2604
Minor Exploration Analysis and Findings
August 9, 2006

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INTRODUCTION

EXPLORATION TECHNICAL ANALYSIS

INTRODUCTION

Minor exploration at Hidden Valley will consist of nine rotary/core air drilled holes on the alluvial fan pediment above the reclaimed mine portals in Section 17 and 18 of Township 23, Range 6 East, SLBM. The area is portrayed on the Walker Flat USGS Quad Map and on Plate 1 of the application.

The surface is owned by Consol. Photographs of each proposed location are provided in Appendix A, Vegetation Survey. These photographs illustrate a range of conditions from desert shale range (Chipeta soils and mat saltbush dominant plant); desert cobbly loam range; semi-desert loam bench range; semi-desert limy loam range site; semi desert stony loam range sites.

Information reviewed in this memo was initially received by the Division on June 19, 2006 and revised by email on August 3, 2006.

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INTRODUCTION

COAL EXPLORATION

COAL EXPLORATION

Regulatory Reference: R645-200.

SCOPE AND RESPONSIBILITIES

Regulatory Reference: 30 CFR 772.1; 30 CFR 772.10; 30 CFR 772.11; R645-100-400; R645-200-100; R645-200-200; R645-201-100.

Analysis:

Consolidation Coal Company has submitted a Letter of Intent to conduct minor coal exploration. The permittee will remove less than 250 tons of coal. The applicant will drill only one hole on Fee Ground.

Findings:

The permittee has met the minimum requirements of this section.

REQUIREMENTS FOR NOTICE OF INTENTION TO CONDUCT MINOR COAL EXPLORATION

Regulatory Reference: 30 CFR 772.10; 30 CFR 772.11; R645-100-412; R645-201-200.

Analysis:

The applicant has given the required name and address and the responsible representative for conducting minor exploration.

Consolidation Coal will extract less than 250 tons of coal.

The permittee plans to conduct exploration on August 15, 2006, and plans to complete the project by December 15, 2006.

The applicant owns the surface of the exploration area including the roads to the site.

Findings:

The permittee has met the minimum requirements of this section.

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COAL EXPLORATION

COMPLIANCE DUTIES

COMPLIANCE DUTIES

Regulatory Reference: 30 CFR 772.13; R645-202.

The applicant will have a copy of the Letter of Intent on hand.

OPERATIONAL STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-100.

Analysis:

Biology

Page 6 section 230 of the application references a vegetation survey of the proposed drill hole locations performed by Mt. Nebo Scientific, (Appendix A). Vegetation communities described in the report include saltbush, shadscale, greasewood, and pinyon-juniper. According to the survey when compared to the current T & E plant species list for Emery County there were no T & E species located within the proposed drill site locations. Wildlife is also described in this section with the proposed drill site locations being categorized by DWR as elk winter range. The application also includes the following wildlife information:

- A map outlining the Elk winter range,
- A current Threatened and Endangered species list for the county where the proposed drilling is located and a brief explanation regarding the presence or absence of T & E species located within the proposed drill site locations,
- A current raptor survey and a discussion regarding the status of any nests located within ½ mile of any of the proposed drill site locations and,
- A commitment to schedule a site visit with the Biologist from the Division and or the DWR in the event drilling activities extend into the elk winter range exclusionary period, approximately November 20 through March 15.

Roads

The application meets the hydrology Operational Standards for roads as provided in R645-202-232 (R645-301-742.410 through R645-301-742.420, R645-301-752.200, and R645-301-762).

The Division finds that the road performance standards are of the coal exploration rules have been met provided the project does not require the construction of significant road access

COMPLIANCE DUTIES

routes. Page 6 of the application states, "Consol will use only existing roads for this project. No new roads will be constructed."

Topsoil

Pre-existing jeep trails will be used. Some grading will be necessary of these trails, but no new roads will be constructed. Figure X provides a typical layout for the drill sites.

Sections 220 and 230 state that most sites on the pediment are flat and will not have topsoil removed. Instead, "brattice cloth under the rig" will be used to protect the topsoil. Where grading is required, the top six inches will be removed and stockpiled as substitute topsoil. This approach is acceptable, because the available information in the 1970 Carbon/Emery Soil Survey indicates the soils likely to be encountered are those of the Ravola-Billings-Penoyer association or the Chippeta-Badlands association, with Ravola, Penoyer and Chipeta soils present to the immediate west of the project (see Sheet 68).

According to the 1970 document, the Ravola is a good source of topsoil. The Penoyer is fair. And the Chipeta is poor. Depth to bedrock is greater than 60 inches for the Ravola and Penoyer, but 10 – 20 in the Chipeta. No extreme pH values are likely for any of the soil types. However, salinity in the form of gypsum is likely in the Chipeta soils below the topsoil horizon. And a band of calcium carbonate (lime) accumulation in the subsoil is probable in the Ravola soils. Even in the poor Chipeta soils, the typical profile has a six-inch surface "A" horizon.

The elevation of all the drill sites is 6,000 – 6,200 ft. According to the 1970 Carbon/Emery Survey, the area has an average total annual precipitation of seven inches, most of it falling in July, August, and September.

Diversions of Overland flows and streams

The application meets the hydrology Operational Standards for diversions of overland flows and streams as provided in **R645-202-234**. The applicant states that no diversions of overland flows or ephemeral, perennial or intermittent streams are anticipated during the minor coal exploration. If diversions become necessary, the Permittee has committed to comply with the diversion regulations outlined in **R645-301-742.300**.

Hydrologic Balance

The application meets the hydrology Operational Standards for hydrologic balance as provided in **R645-202-235**. The application states that the coal exploration will be conducted in a manner that minimizes disturbance to the prevailing hydrologic balance. During exploration, the surface disturbance will be minimal. The surface disturbance will be primarily associated

COMPLIANCE DUTIES

with efforts to level the rig and associated structures. Since surface disturbance will be minimized, no additional runoff during precipitation events is anticipated. No impoundments to contain runoff will be necessary.

Acid- or toxic forming materials

The application meets the hydrology Operational Standards for acid and/or toxic-forming materials as provided in **R645-202-236**. Page 7 of the application states, "no acid- or toxic-forming materials or coal waste will be produced, used or handled during the minor coal exploration activities.

Findings:

The permittee has met the minimum requirements of this section.

RECLAMATION STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

Approximate original contour

The permittee has stated that each drill site will be reclaimed and graded to approximate original contour. The applicant will disturb and grade a minimum amount of area for the drill project. Some road improvements will take place for equipment transportation. Some drill sites will require leveling of the drill rigs. All equipment, facilities and trash will be removed once drilling is completed. No facilities will be left after exploration.

Revegetation

Photographs of each proposed location are provided in Appendix A, Vegetation Survey. These photographs illustrate a range of conditions from desert shale range (Chipeta soils and mat saltbush dominant plant); desert cobbly loam range; semi-desert loam bench range; semi-desert limy loam range site; semi desert stony loam range sites.

Soils are extremely susceptible to sheet erosion and wind erosion as the photograph of drill site HV-06-09 illustrates. The proposed reclamation treatments described in Sec. 240 include roughening compacted soils, grading on the contour, broadcast seeding, and raking. There is no plan to use mulch or tackifier.

COMPLIANCE DUTIES

The plan is to conduct exploration between August 15, 2006, and December 15, 2006. Sections 220 and 240 both state that each drill site will be reclaimed contemporaneously within two weeks of completion the hole.

Boreholes

The permittee plans to reclaim all holes by cementing from ground level to the bottom of the drill hole. A brass tag will be placed in the top of the cement plug.

Facilities and Equipment

The applicant will remove all equipment once drilling is completed. There will be no facilities after drilling ceases.

Findings:

The permittee has met the minimum requirements of this section.

PUBLIC AVAILABILITY OF INFORMATION

PUBLIC AVAILABILITY OF INFORMATION

Regulatory Reference: 30 CFR 772.15; R645-203.

Analysis:

The applicant has requested that the cultural information be kept away from the public.

Findings:

The permittee has met the minimum requirements of this section.