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Outgoing
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August 3, 2009

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

Subject: Completion of Midterm Permit Review, Consolidation Coal Company, Hidden Valley Mine, C/015/0007, Task ID #3302

Dear Mr. Gefferth:

In a letter dated June 4, 2009, the Division informed you that we were initiating the midterm review of the Hidden Valley Mine permit. The Division has completed the Midterm Review. As identified in the June 4th correspondence, seven items were examined as part of the midterm review. Deficiencies have been identified in items #1 and #5 as outlined in the June 4th letter (See Below). The name of the reviewer who identified the deficiencies has been provided to facilitate an expeditious review.

1. A review of the mine plan to ensure that the requirements of all permit conditions, division orders, notice of violation abatement plans, and Permittee initiated plan changes are appropriately incorporated into the mine plan document.

R645-301-121.100, Legal, Financial information in Chapter 1 of the Hidden Valley MRP is outdated for the address and telephone number of the Permittee and operator. The Permittee should evaluate the information provided in Chapter 1 and Appendix 1-1 for accuracy. • MRP Chapter 1, Attachment C, provides a listing of surface and subsurface ownership that may be outdated and should be evaluated by the Permittee for accuracy. If revisions are necessary, please include the information in the map format required by R645-301-521.130. • Amendment 97B to the MRP was approved September 22, 1997. Reclamation activity on the B seam side of the site commenced in 1997. Page 2 of the approved amendment states that the A seam side would be reclaimed in a similar manner in a couple of years after the evaluation of the B-seam side. In 2005, Consolidation Coal Co. stated that the reclamation of the A seam side would depend upon the decision by the Board of Directors whether portal development would be pursued through the A seam (Inspection Report #787). The Permittee should complete the work on the A seam side or alter the reclamation plan to reflect current intentions. If you have any questions please call Priscilla Burton (435) 613-3733.



R645-301-112.800, A meeting was held between the Division and Consolidation Coal Co. on March 21, 2007, after the January 2007 permit renewal. DOGM meeting notes describe Consolidation Coal Company's interest in adjacent fee and SITLA lands: Consol fee – 480 acres, and SITLA 1120 acres. A statement of interest in these lands, options or pending bids should be included in Section 112.800 of the MRP. If you have any questions please call Priscilla Burton (435) 613-3733.

2. A review to ensure that the mine plan has been updated to reflect changes in the Utah Coal Regulatory Program that have occurred subsequent to permit approval (example: compliance with U.S. Fish and Wildlife Department - Colorado River Endangered Fish Recovery Program).

Water consumption within the Colorado River Basin is considered by the USFWS to adversely affect endangered fish within the Colorado River basin. As the Hidden Valley Mine was reclaimed in 1986 and is not operating at this time, no water is being depleted from the Colorado River Watershed. As a result, the Division finds that there is no need to re-visit/re-evaluate the water depletion calculations relative to the Colorado River Endangered Fish Recovery Program at this time.

3. A review of the applicable portions of the permit to ensure that the mine plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.

As part of the July 20th, 2009 site visit, the sediment control measures utilized at the mine site as well as the three exploration holes were inspected.

The mine site access road utilizes surface roughening and water bars to control storm water runoff. At the time of the field inspection, the water bars were found to be in working order. The outlets of the water bars were unclogged and free of debris. The riprap placed at the outlet of the water bars was also observed. The riprap was placed on the outslope of the access road and was observed to be intact and functioning as designed. No signs of excessive erosion, gullies or rills were observed on the outslope of the access road or on the road surface itself.

The mine site showed no signs of excessive erosion. The silt fence located directly adjacent to Ivie Creek was observed. The silt fence has been properly installed and was functioning as designed.

The three exploration holes have been partially reclaimed with surface roughening and re-vegetation. At the time of the field inspection, evidence of new vegetation (as a result of the seeding efforts by the Permittee) was observed. No signs of excessive erosion or instability of the drill hole pads was observed.

4. An Applicant/Violator System (AVS) check to insure that Ownership and Control Information is current and correct, verify compliance status of unabated enforcement actions, determine status of any outstanding finalized penalties, and verify that there are no demonstrated patterns of violation.

The Division performed an AVS database evaluation of Consolidation Coal Company. No outstanding/un-resolved violations were identified.

5. A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate current-year dollars.

As part of the midterm review, the Division evaluated/revised the reclamation cost estimate. According to Division records, the current bond was calculated for 2004 dollars. As such, the 2004 bond amount of \$95,501.00 was revised to reflect 2009 dollars and then escalated by the current factor of 1.3% per year for five years (2010-2014). The minimum amount of bond that must be posted for the site is now \$112,000.00. Please update the bond amount within 60 days. If you have any questions please call Pete Hess (435) 613-3731.

6. A review of the mining and reclamation plan for compliance with operator commitments related to variances or special permit conditions (including but not limited to subsidence control/monitoring plans and reporting requirements, variances to AOC, experimental practices, electronic database water monitoring reporting, raptor surveys, revegetation test plots, etc.).

A review of the MRP for operator commitments relative to variances or special permit conditions was conducted. As outlined in the approved MRP, the Permittee has submitted water-monitoring data to the electronic water-monitoring database. No outstanding commitments or requirements were identified.

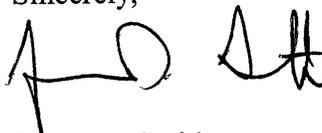
7. The Division may conduct a technical site visit, in conjunction with the assigned compliance inspector, to document the status and effectiveness of operational, reclamation, and contemporaneous reclamation practices.

The Division conducted a field visit on July 20th, 2009. The main mine facility as well as the three exploration sites were inspected. No signs of excessive erosion or slope instability were observed at the main surface facility or the three exploration sites. The sediment controls in place at the sites were functioning as designed at the time of the field visit.

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John A. Gefferth
August 3, 2009

Please respond to the aforementioned deficiencies outlined in items #1 and #5 within 60 days of receipt of this letter. If you have any questions regarding the Midterm Review process please call me at (801) 538-5262 or Steve Christensen at (801) 538-5350.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDS', written over a horizontal line.

James D. Smith
Permit Supervisor

JDS/SKC/ss
cc: Price Field Office
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