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DEPARTMENT OF NATURAL RESOURCES

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November 30, 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 #3410

Dear Mr. Gefferth:

The Division of Oil, Gas and Mining (the Division) has completed the Midterm Review of the Hidden Valley Mine in accordance with R645-303-211. The items reviewed were identified in our June 4<sup>th</sup>, 2009 letter to Consolidation Coal Company. The results are listed below.

- 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.*

The Division finds that the mine plan has met all permit conditions. The Permittee has complied with all commitments outlined in the approved plan. Legal, Financial information in Chapter 1 Part 1 of the Hidden Valley MRP has been updated. Consolidation Coal Company is wholly owned by CONSOL Energy Inc., which is a publicly traded company. The officers and directors of CONSOL Energy Inc are provided in Appendix 1 of Chapter 1. These officers are listed in the AVS database for this interstate company. The Utah mining permit was issued to Consolidation Coal Co. at their Sesser, Illinois address that is listed in the MRP for the mine operator.

The Hidden Valley Mine permit (issued January 2007) describes a permit area of 960 acres. The permit area is in T23S, R6E Sections 17 & 18. Chapter 1, Attachment C, provides a listing of surface and subsurface ownership that is also portrayed on the Surface and Coal Ownership map.

The Permittee indicates that long-range plans include mining of the A seam in currently held leases. There are no pending bids on adjacent leases.



As part of the approved MRP, the Permittee performs semi-annual surface water monitoring at two surface water sites (Monitoring Site #1 and Monitoring Site #2). The sites are located on Ivie Creek which flows directly adjacent to the reclaimed mine site. The sites are sampled in May and September of each calendar year.

The Permittee has submitted the water quality data to the Division via the electronic database. The last set of sampling data was received on September 10<sup>th</sup>, 2008. As a result of a database error, the Permittee has been unable to submit the first round of sampling from May of 2009. The database error was not the fault of the Permittee. At the time of this mid-term review, the database error has been corrected and the Permittee has been notified that the Hidden Valley monitoring sites have been restored to the water-monitoring database.

- 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 20<sup>th</sup>, 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 bond amount in place at the onset of the midterm review was calculated for 2004 dollars. As a result, 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). A revised bond amount of \$112,000.00 was determined.

On October 5<sup>th</sup>, 2009, the Permittee provided the Division with the revised bond rider and revised Exhibit 'D'. The bond amount has been adjusted to \$112,000.00.

***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

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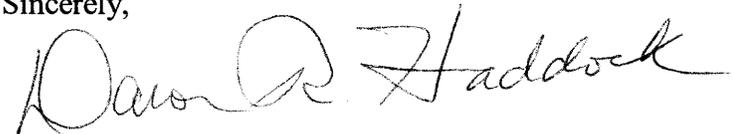
John A. Gefferth

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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.

This concludes the midterm review of the Hidden Valley Mine. Thank you for your cooperation during the review. If you have any questions please don't hesitate to call me (801) 538-5325 or Steve Christensen at (801) 538-5350.

Sincerely,

A handwritten signature in black ink that reads "Daron Haddock". The signature is written in a cursive style with a large, prominent initial "D".

Daron Haddock  
Permit Supervisor

DRH/SKC/sqs

cc: Price Field Office

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