

C/015/009 Incoming

4106

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cc: Ingrid

Joe

From: "Oakley, Dennis" <Dennis.Oakley@PacifiCorp.com>
To: DOGM <OGMCOAL@utah.gov>
CC: "Fleck, Ken" <Kenneth.Fleck@PacifiCorp.com>
Date: 9/5/2012 10:45 AM
Subject: Deficiency Response for Task ID No. 4106, Trail Mountain Mine, C/015/0009
Attachments: Deficiency Response 9_2012.pdf

Please find attached our deficiency response to Task ID No. 4106.

Dennis Oakley
Senior Environmental Engineer I CPESC

[cid:image002.jpg@01CD8B53.805D5880]
1407 West North Temple | Suite 310 | Salt Lake City, Utah 84116

Phone: 801.220.4607 | Mobile: 435.636.5053 | Fax: 801.220.4725
dennis.oakley@pacificorp.com<mailto:dennis.oakley@pacificorp.com>



P.O. Box 310
15 North Main Street
Huntington, Utah 84528

September 5, 2012

Submitted Electronically

Department of Natural Resources
Utah Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116

**Subj: Response to Division's Requests for an Update on the Status of Task ID 3858,
Permit Area Modification, PacifiCorp, Trail Mountain Mine, C/015/0009, Emery
County Utah.**

PacifiCorp, by and through its wholly-owned subsidiary, Energy West Mining Company (Energy West), hereby responds to the requests of the Division of Oil, Gas, and Mining for an update on the status and future plans for Task ID 3858, Permit Area Modification for the Trail Mountain Mine.

On June 9, 2011, Energy West submitted an amendment to the Trail Mountain Mine Mining and Reclamation Plan (MRP) which proposed to modify the current permit boundary to an area surrounding the disturbed area of the mine site. The amendment also proposed delineating the adjacent area boundary, as well as, delineating a potential hydrologic impact area boundary.

Because of recent activities concerning the disposition of the adjacent Cottonwood Lease Tract as related to the Trail Mountain Mine, Energy West decided to postpone any and all permitting actions associated with the mine.

Attached is our response to the deficiency received on August 20, 2012 at the completion of the Divisions mid-term review process of the Trail Mountain Mine. Please feel free to contact myself at (435) 687-4712 or Dennis Oakley at (801) 220-4607 if you have any questions or concerns regarding our response.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Oakley".

for Kenneth Fleck
Geology and Environmental Affairs Manager

Encl

Cc file

Deficiency Response, Task ID No. 4106 – Mid-Term Permit Review

R645-301-521, Energy West applied for a permit area modification for the Trail Mountain mine on June 9, 2011 (Task 3858). This permit area modification delineated the adjacent area and the potential hydrologic impact area. The Division sent a list of deficiencies to Energy West on July 28, 2011. Energy West never responded to this list of deficiencies and the permit area was therefore not altered.

The information in the Mining and Reclamation Plan is adequate to meet the requirements for the Permit Area section of the regulations. However, the Division requests that the permittee provide an update on the status and future plans for Task 3858, Permit Area Modification.

In response to the above information request, PacifiCorp has not yet completely abandoned the idea of pursuing a Permit Area Modification for the Trail Mountain Mine. However, it is evaluating the overall disposition of the coal reserves and its strategic options prior to its moving forward with any Permit Area Modification.

In 2011, PacifiCorp's Fossil Rock Fuel, LLCs (managed through Interwest Mining Company) acquired the Cottonwood Lease Tract from Arch Coal, Inc. The Cottonwood Lease Tract is a 8,803.87 acre coal lease located on the western and northern borders of the current Trail Mountain Mine permit area. This lease tract has the potential of being incorporated into the Trail Mountain Mine MRP. However, Fossil Rock Fuels, LLC (through Interwest Mining Company) is looking at several alternatives for accessing and mining the coal reserves of the Cottonwood Lease Tract. That assessment is still underway. Obviously, one alternative would be to access the reserves through the existing Trail Mountain Mine portals. Accessing through these portals requires a permitting action that would include updating or rewriting the current Probable Hydrologic Consequence (PHC) document for this area since the mine area would expand to the west and north of the existing mine permit boundary.

Prior to acquiring the Cottonwood Tract reserves, Energy West Mining Company on behalf of PacifiCorp proposed (Task ID No. 3858); 1) reducing the Trail Mountain Mine permit area to the area around the disturbed area, 2) delineating an "Affected Area" which would include the area covering the "active" areas of the underground mine, plus, incorporating a one-half mile buffer around those "active" workings of the Trail Mountain Mine, and 3) delineating a potential hydrologic impact area for the proposed mining area which covers lands surrounding the permit and affected areas of the active surface and underground mining operations.

The Division responded that by creating only a one-half mile buffer would require that the PHC for the Trail Mountain Mine be updated. The Division's rationale was that the one-half mile buffer did not

include the Straight Canyon Syncline. The Division discussed with Energy West Mining Company the ideal of creating a two mile buffer around those underground workings. A two mile buffer would not require an update of the PHC. Energy West Mining Company, at that time, decided that it would move the buffer to two miles and pursue its originally proposed Permit Area Modification for the Trail Mountain Mine.

Once the new reserves were acquired, many other alternatives for the mine site and reserve access were presented. It was soon realized that any alternative that Interwest Mining Company pursued in respect to the Cottonwood Lease Tract would affect the Trail Mountain Mine permit area in some way or another and would require a significant change in the MRP. It is PacifiCorp's intention to postpone any permitting actions until a definite direction is determined as to the goals for the Trail Mountain Mine.