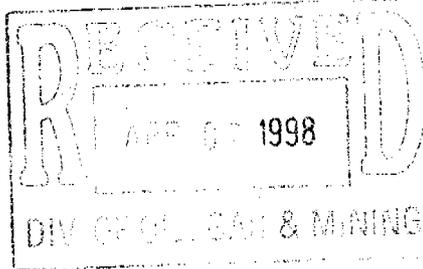


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A Subsidiary of PacifiCorp

March 23, 1998

Rodger C. Fry  
Exploration Administrator  
(801) 220-4610  
FAX (801) 220-4578

Department of Environmental Quality  
Division of Water Quality  
288 North 1460 West  
P. O. Box 144870  
Salt Lake City, UT 84114-4870

*Copy Ken*  
ACT/015/009 #2  
015/017 #2  
*Copy* 015/018 #2  
015/019 #2

Gentlemen:

Enclosed are the monthly discharge reports for the Deer Creek, Des-Bee-Dove, Trail Mountain, and Wilberg mines and the Hunter Coal Preparation and Blending Facility for the month of February 1998.

Please be advised that Trail Mountain Mine, UPDES permit number UTG040003; Cottonwood/Wilberg Mine, UPDES permit number UT0022896; and Deer Creek Mine, permit number UT0023604, have exceeded effluent limitations. Non-compliance occurred on the Trail Mountain Mine discharge 002. The discharge was sampled February 9, 1998, and the analysis report was received on February 25, 1998. Non-compliance was caused by discharging a surplus of intercepted water from the underground mining operations. As you know, PacifiCorp has requested that the Trail Mountain UPDES permit be converted from a General to a Site Specific/Individual permit to allow for water intercepted in the mine to be discharged based on the Total Dissolved Solids instead of the current tonnage limit. PacifiCorp is currently in the process of submitting additional information required by Mr. Steve McNeal, permitting administrator, from its most recent UPDES application renewal. That information is forthcoming.

Non-compliance occurred on the Cottonwood/Wilberg Mine sediment pond discharge 003. The discharge was sampled February 9, 1998, and the analysis report was received on February 19, 1998 with a reported Total Dissolved Solids value of 7210 mg/L. Combined with total discharge from the sediment pond, TDS exceeded the daily maximum of 2000 lbs/day. Non-compliance occurred during the decanting operation at 003, which was performed when 001 was discharging. This procedure is used in order to reduce TDS concentration in Grimes Wash. Elevated TDS concentrations in the sedimentation pond were caused by snowmelt runoff into the pond contributing salt from road deicing.

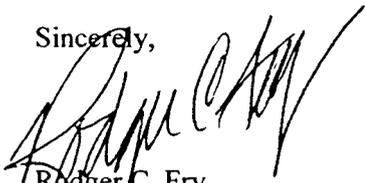
It should be noted that the Deer Creek Mine sediment pond discharge 001 exceeded a daily maximum TDS value of 5000 mg/L. Dennis Oakley of Energy West Mining contacted Mr. McNeal and questioned the exceeded value. Mr. McNeal told Mr. Oakley that since this occurred during a precipitation event, a mass balance calculation of the Deer Creek drainage should be conducted. The TDS should not exceed 1200 mg/L in the creek. Mr. Oakley conducted the mass balance and found that the TDS in the creek was 827.54 mg/L; therefore, no maximum limitation was exceeded.

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Also attached is an amended DMR of the Cottonwood/Wilberg Mine, UPDES permit number UT0022896-003. An error was found in the January report and corrected. This correction resulted in an exceeded value in the daily maximum TDS of 2000 lbs/day. Please make note of this correction and remove the old January DMR report and replace it with the amended report.

If you have any questions, please feel free to call Dennis Oakley at 687-4825 or Chuck Semborski at 687-4720.

Sincerely,



Rodger C. Fry  
Exploration Administrator

RCF/DCO/sh  
Enclosures

cc: United States Environmental Protection Agency, with enclosures  
Region VIII  
Denver Place  
999 18th Street, Suite 500  
Denver, CO 80202-2405  
Utah State Division of Oil, Gas and Mining, without Hunter reports  
Coal Regulatory Program  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801  
C. Semborski, with enclosures  
D. Oakley                   "  
T. Lloyd                   "  
K. Fleck                   "  
J. B. Webster, without enclosures  
C. Pollastro               "