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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil, Gas and Mining

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January 31, 2012

Outgoing
0150017
#3982
K

Kenneth S. Fleck, Manager of Geology and Environmental Affairs
Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528

Subject: Midterm Review, Des Bee Dove Mine, C/015/0017, Task ID #3982

Dear Mr. Fleck:

On December 1, 2011, the Division of Oil, Gas and Mining (the Division) commenced a midterm permit review for the Des Bee Dove Mine. The following items were reviewed:

- A. Review of the Plan to ensure that the requirements of all permit conditions, division orders, notice of violation (NOV), abatement plans, and permittee-initiated Plan changes approved subsequent to permit approval or renewal (whichever is the most recent) are appropriately incorporated into the Plan document.
- B. Ensure that the Plan has been updated to reflect changes in the Utah Coal Regulatory Program which have occurred subsequent to permit approval or renewal.
- C. Review applicable portions of the permit to ensure that the 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.
- D. Evaluate the compliance status of the permit to ensure that all unabated enforcement actions comport with current regulations for abatement; verify the status of all finalized penalties levied subsequent to permit issuance or permit renewal, and verify that there are no demonstrated patterns of violation (POV). This will include an AVS check to ensure that Ownership and Control information is current and correct.
- E. Evaluate the reclamation bond to ensure that coverage adequately addresses permit changes approved subsequent to permit approval or renewal, and to ensure that the bond amount is appropriately escalated in current-year dollars.



F. Evaluate the permit for compliance with variances or special permit conditions.

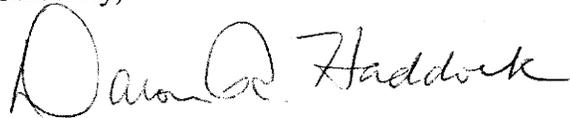
G. Optional for active mines, mandatory for reclamation only sites: conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness for operational, reclamation, and contemporaneous reclamation practices undertaken on predetermined portions of the disturbed area to minimize, to the extent practicable, the contribution of acid or toxic materials to surface or groundwater, and to otherwise prevent water pollution.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author for each of the respective deficiencies has been provided.

Your response to these deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1 and C2 forms by no later than March 1, 2012.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5325 or Steve Christensen at 801-538-5350.

Sincerely,



Daron R. Haddock
Permit Supervisor

Deficiency List
Task No. 3982
Midterm Permit Review

The members of the review team include the following individuals:

April Abate (AA)
Pete Hess (PH)
Ken Hoffman (KH)
Angela Nance (AN)

R645-301-632 and -642: Volume 8 of the MRP does not contain a subsidence monitoring plan as specified in the above regulation. If there is a subsidence monitoring plan currently in place but addressed under a different section of the MRP, please provide a reference to the plan in this section as well as a reference to the subsidence monitoring point map. If subsidence monitoring has/is currently occurring at the site, then this should also be referenced/discussed in this section. **(AA)**

R645-301-800: The Permittee must post an additional \$ 41,000 bond to effectively sustain the permit through 2016. The MRP must be updated to reflect updated bond costs. **(PH)**

R645-301-731.220: The Permittee must submit updated Volume 9 Appendix A. Specifically, references to UPDES sampling of the reclaimed sedimentation pond for which a UPDES permit no longer exists. **(KH)**

R645-301-728: On page 129 of the Mining Method section the Permittee states "Des-Bee-Dove area permit has been and will be mined utilizing continuous miners exclusively" this language shall be updated to indicate mining has been completed. **(KH)**

R645-301-112.330: The following deficiencies must be addressed-

PPW Holdings LLC

1. The following individuals show a Begin Date of 5/18/06 in the MRP. However, the AVS database shows these same individuals with a Begin Date of 3/15/06.
 - a. Steven R. Evans, Vice President
 - b. Wayne F. Irmiter, Vice President
 - c. Mitchell F. Ludwin, Vice President
 - d. James C. Galt, Assistant Treasurer

This discrepancy should be addressed by either correcting the MRP or providing a Secretary's Certificate to correct the AVS. (AN)

PacifiCorp

1. The AVS shows Mark C. Moench as a Vice President and General Counsel with a Begin Date of 2/01/10. This information is not in the MRP. *This discrepancy should be addressed by either correcting the MRP or providing a Secretary's Certificate to remove this information from the AVS. (AN)*