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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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April 11, 2002

Darrel V. Leamaster
Castle Valley Special Service District
P.O. Box 877
Castle Dale, Utah 84513

RE: Mill Fork Tract Mining Permit Application, Energy West Company, Deer Creek Mine, C/015/018, outgoing

Dear Mr. Leamaster:

Thank you for your letter of February 21, 2002, in which you commented on the Mill Fork Lease Tract, currently under application by Pacificorp. We also appreciate your participation in the informal meeting we had with Pacificorp on the hydrology of the area on March 6, 2002. That meeting seemed to be quite productive in the way of increasing the knowledge base and dialogue among all parties of interest.

In your letter, you have made a request to OGM that a condition be placed on the mine permit issued for the addition of this lease to the Deer Creek Mine. The stipulation being requested would require that Pacificorp enter into an agreement on the proposed Mitigation Plan for replacement of Little Bear Spring. The Mitigation Plan, as CVSSD states it, would require the construction of a new surface water treatment plant prior to mining operations, so that if any interruptions to the spring occur, the treatment plant could be placed into immediate service.

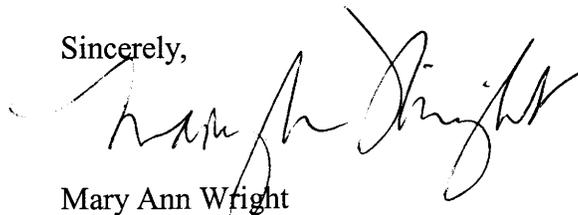
From an initial review of the plan, the Division notes that the applicant commits that "The water will be replaced from an alternate source in sufficient quantity and quality to maintain the current and postmining land uses as stated herein." The plan goes on to describe a course of action to occur within 10 days of loss or diminution at p. 5-28 of the applicant's plan. The Division views these statements as a commitment to water replacement under the rules at R645-301-525.480 and 645-301-731.530.

The Division also understands that the applicant has verbally indicated its intent to sign an agreement with CVSSD six months prior to second mining in the vicinity of the Little Bear Spring. Pacificorp/Energy West has explained that they are not in a funded cycle to put that in writing at this time, but will do so

In summary and in response to your request, the Division understands your real concerns for the water supply that comes from Little Bear Spring and the potential effects which CVSSD believes may occur as a result of nearby coal mining. The Division can, and will, require replacement upon diminution of the resource. Further, we believe that the applicant is committing to abide by the coal rules requiring replacement in their application. Thus, to add a permit stipulation at this point, beyond what is required under the water replacement provisions of the rules, may not only be superfluous but may also be subject to appeal by the applicant as well.

Thank you for your letter of concern. OGM will continue to review the probable impacts of coal mining on the hydrologic balance in the area under application and will pay particular attention to this issue. We look forward to continued cooperation and dialogue as well as the future increased sharing of studies and data conducted by the applicant and water users. It is only with increased knowledge and understanding that the Division can be expected to improve in the area of mining regulation and the protection of resources.

Sincerely,



Mary Ann Wright
Associated Director, Mining

vs
cc Chuck Semborski, Energy West
Kurt Seel
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