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

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

OK

February 21, 2003

Chuck Semborski, Environmental Supervisor
Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528

Re: Modify Exploration EX01J, PacifiCorp, Deer Creek Mine, C/015/018-02E, Outgoing File

Dear Mr. Semborski:

The above-referenced Notice of Intent has been reviewed. There are deficiencies that must be adequately addressed prior to approval. A copy of our Technical Analysis is enclosed for your information. In order for us to continue to process your application, please respond to these deficiencies by May 21, 2003.

If you have any questions, please call me at (801) 538-5268 or Stephen J. Demczak at (435) 613-5242.

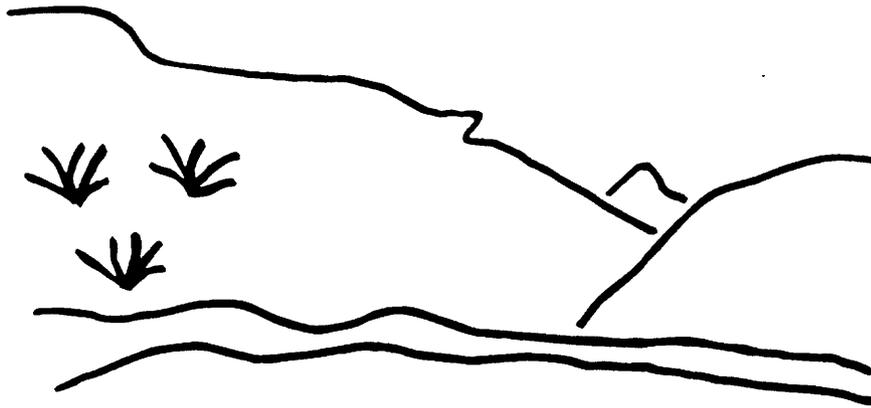
Sincerely,

A handwritten signature in cursive script, appearing to read 'Pamela Grubaugh-Littig'.

Pamela Grubaugh-Littig
Permit Supervisor

SJD/sd
Enclosure
cc: Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Deer Creek Mine
Modify Exploration
C/015/018-EX02E
Minor Exploration Analysis and Findings
February 21, 2003

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INTRODUCTION

EXPLORATION TECHNICAL ANALYSIS

INTRODUCTION

Energy West is proposing to conduct a helicopter-assisted minor coal exploration drilling during the year 2003. The permittee has plans to core-drill five holes by using this method. Three drill holes EM180, EM181, and EM183 were approved under EX01J in December 2001. The permittee could not drill these holes last year due to the dry weather conditions. The permittee is requesting to drill these hole and two additional holes EM186 and EM187 in 2003. All five-drill holes are located in the Mill Fork Lease. The proposed drill is located within the current Utah State Coal Lease ML-48258, and the United States Forest Service administrates the surface land. This project is to analyze seam characteristics and coal thickness.

The holes will be drilled using a helicopter-transported drill rig in accordance with the Utah State Coal Lease ML-48258 application for the Notice of Intention of Conduct Minor Coal Exploration. Less than 250 tons of coal will be removed. The permittee has recently conducted minor exploration using this method at Mill Fork Canyon and adjacent areas. The permittee plans to conduct exploration by July 15, 2003.

The School and Institutional Trust Lands Administration concur with EX01J and EX02E notice of intent to conduct minor coal exploration on coal lease ML 48258. A letter dated November 21, 2001 (EX01J) and January 13, 2003 (EX02E) was sent to Mr. Semborski of Energy West Mining Company.

The review will consist of combining both EX01J and EX02E as one complete document.

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C/015/018-EX02E
February 21, 2003

INTRODUCTION

SUMMARY OF PERMIT CONDITIONS

SUMMARY OF OUTSTANDING DEFICIENCIES

The Technical Analysis regarding the proposed permit changes is not complete at this time, pending submittal of additional information by the Permittee and further review by the Division, to address outstanding deficiencies in the proposal. A summary of those outstanding deficiencies is provided below. Additional comments, concerns, and deficiencies may also be found within the analysis and finding make in the Draft Technical Analysis which have not been presented in this summary. Upon finalization of this review, any outstanding deficiencies will be evaluated for compliance with the regulatory requirements. Such deficiencies may be conditioned to the requirements of the permit issued by the Division, result in denial of the proposed permit changes, or may result in other executive or enforcement actions as deemed necessary by the Division at that time to achieve compliance with the Utah Coal Regulatory Program.

Accordingly, the permittee must address those deficiencies as found within this Draft Technical Analysis and provide the following, prior to approval, in accordance with the requirements of:

Regulations

R645-202-231, habitats of unique or unusually high value for fish, wildlife, and other related environmental values and critical habitats of threatened or endangered species identified pursuant to the Endangered Species Act of 1973 will not be disturbed during coal exploration. The permittee must address the following: (1) The permittee will implement a special monitoring program for active Golden Eagle nests that are within ½ mile of proposed drill holes EM180, EM181, EM186, and EM187. (2) The permittee must give raptor information to DOGM biologist and include the consultation regarding the nests near the drill holes EM186 and EM187. (3) The permittee will need to identify the observer (Energy West biologist) and explain their background and experience in raptors protection. (4) The permittee must address apparent impacts in greater detail. What will constitute apparent impact? (5) If apparent impacts occur, what action will PacifiCorp take?..... 10

SUMMARY OF PERMIT CONDITIONS

As determined in the analysis and findings of this Technical Analysis, approval of the plan is subject to the following Permit Conditions. The applicant is subject to compliance with the following Permit Conditions and has committed to comply with the requirements of these conditions as referenced in the approved permit.

Accordingly, the permittee has committed to comply with the requirements of the following Permit Conditions, as specified, and in accordance with the requirements of:

Regulations

R645-202-232, Prior to conducting minor exploration, the applicant must renew or receive Special Road Use Permits from the U. S. Forest Service.

COAL EXPLORATION

COAL EXPLORATION

Regulatory Reference: R645-200.

SCOPE AND RESPONSIBILITIES

Regulatory Reference: 30 CFR 772.1; 30 CFR 772.10; 30 CFR 772.11; R645-100-400; R645-200-100; R645-200-200; R645-201-100.

Analysis:

PacifiCorp has proposed to conduct minor exploration by drilling five holes within the Mill Fork Coal Lease ML-48258 in the year 2003.

The permittee has committed to comply with the requirements of R645-200 through R645-203.

This minor coal exploration will be conducted on Utah State Coal Lease ML-48258 and the United States Forest Service administers the surface land; therefore, 43 CFR Part 3480-3487 does not apply.

Findings:

The information given is to address the requirement of the State program and Regulations R645-200 through R645-203.

REQUIREMENTS FOR NOTICE OF INTENTION TO CONDUCT MINOR COAL EXPLORATION

Regulatory Reference: 30 CFR 772.10; 30 CFR 772.11; R645-100-412; R645-201-200.

Analysis:

R645-201-221, the coal rule requires the applicant to give name, address, and telephone number of the applicant's representatives, who will be present at and responsible for conducting the exploration operations. This information has been submitted in the Notice of Intent on Page 2 in EX01J.

R645-100-400, R645-200-100, R645-200-200, and R645-201-100; Energy West Mining has given a Notice of Intention to Conduct Minor Coal Exploration with a narrative and map describing the exploration area and indicating where the exploration will occur.

The permittee will transport drilling equipment, materials, and personnel by helicopter. The drill sites will be relatively level (20 percent slope or less). There will be no removal of vegetation such as grasses and trees, but dead-fall and some taller shrubs (mahogany) or aspen trees will be removed for safety reasons.

The drill site will not be greater than 40 feet by 40 feet. Brattice or other similar material will be placed on the ground beneath the drill rig. Minor digging, using hand tools may be necessary to level the drill rig using wood block or other materials.

A maximum of twenty pounds of coal will be removed per drill hole with a total of about 160 pounds from all the drill holes. This will be achieved by drilling a three-inch diameter hole. Upon completion, the drill hole will be sealed with cement from the bottom of the hole to ground level.

The exploration is projected to start on July 15, 2003 and end on or near September 15, 2003.

Findings:

The applicant has given all of the necessary information for the requirement of R645-201-221, such as name, address, and telephone number.

The permittee has submitted the necessary information to comply with regulations R645-100-400, R645-200-100, R645-200-200, and R645-201-100 in the analysis. This information can be found in EX01J.

COMPLIANCE DUTIES

COMPLIANCE DUTIES

Regulatory Reference: 30 CFR 772.13; R645-202.

REQUIRED DOCUMENTS

Regulatory Reference: 30 CFR 772.13; R645-202-100.

Analysis:

The permittee stated to have a copy of the Notice of Intent to Conduct Minor Coal Exploration for review by an authorized representative of the Division upon request.

Findings:

The permittee has met the minimum requirements of this section in the R645 Coal Rules.

OPERATIONAL STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

R645-202-200; Energy West Mining will not substantially disturb the land surface and will remove less than 250 tons of coal.

PacifiCorp has committed to comply with all coal exploration requirements of the State Program, and any conditions on approval of the exploration plan.

Biology

The primary land uses associated with the area are wildlife habitat, primary mule deer, and elk. The proposed drilling is not expected to have a detrimental impact on any of these species.

PacifiCorp has conducted several surveys for Threatened, Endangered and Sensitive (TES) plant and animal species for various projects associated with this area. The projects associated with this area were Rilda Canyon (Surface Facilities, Permit Extension and Powerline) and the Mill Fork coal leasing process. The last raptor survey completed with DWR was May 23, 2002. The proposed drill holes EM180, EM181, EM186, and EM187 are within ½ mile of Golden Eagle nests (#78, 1210, or 1211).

COMPLIANCE DUTIES

The drilling program is scheduled on July 15, 2003 to reduce the potential of raptor impacts. The permittee will implement a special monitoring for the active nests that are one half mile from proposed drill holes. The special monitoring will consist of: 1) PacifiCorp will establish a round monitoring point near the nests to observe raptor activity, 2) Observe the active nest during drilling activities of the holes, 3) All helicopter flights associated with drill holes EM186 and EM187 will be conducted in a manner to minimize potential disturbance, 4) All non-essential helicopter flights will be least 1,000 feet above ground elevation and exceed 30 miles/hour (USFW Guidelines), 5) Energy West will monitor raptor activity during the drilling for a minimum of three days. If no apparent impacts are observed, special raptor monitoring activities may be terminated based on consultation with USFS biologist, and 6) all raptor monitoring information will be reported to USFS and DWR.

The permittee must give all raptor information to DOGM biologist. The DOGM biologist must be included in the consultation regarding nest #1210 and #1211.

The permittee will need to identify the observer (Energy West biologist) and explain their background and experience in raptor protection.

The permittee must address apparent impacts in greater detail. What will constitute apparent impact?

If apparent impacts occur, what action will PacifiCorp take?

This information is addressed in EX01J and EX02E.

Roads

PacifiCorp will use only existing roads for this project; no new roads will be constructed. The applicant of the Notice of Intent will be using US Forest Service roads for staging areas of heavy equipment. The US Forest Service will be notified 48 hours in advance of heavy equipment traveling on the road.

The applicant will be using U.S. Forest Development Roads #245, #040, #017, and road #248 for a possible secondary or emergency staging area. Prior to drilling, Energy West will obtain a permit for the use of these roads.

This information is addressed in EX02E.

COMPLIANCE DUTIES

Topsoil

Topsoil will be separately removed, stored, and redistributed on areas disturbed by coal exploration activities. The method of drilling used by PacifiCorp will disturb a small amount of topsoil. The leveling of the drill rig and associated equipment may require a small amount of excavation. Brattice cloth is to be used to cover the ground to protect the topsoil and surface vegetation.

This information is addressed in EX01J.

Diversions of Overland flows and streams

The applicant will not construct diversions or affect overland flows and streams. However, the applicant will be pumping water from streams for the drilling operation. The method is to lay an intake hose directly into the stream and pump the water to the drill site. The pump will be located near the stream. Using this method will not disturb the stream.

PacifiCorp has obtained the necessary permissions and water rights actions to take water for drilling from local drainages.

This information is addressed in EX01J and EX02E.

Hydrologic Balance

The minor exploration project will have minimal surface disturbance. The disturbance is limited to leveling the rig and associated structures. There will be no construction of a drill pad or impoundments; therefore, the impact on the hydrologic balance will be minimal, if any.

This is addressed in EX01J and EX02E.

Acid- or toxic forming materials

The applicant has committed to handle and dispose of acid or toxic forming materials in accordance with R645-301-731.100 and R645-301-731.300.

During the drilling operation, water and drilling fluids will be recirculated to the extent possible. Any returned cuttings and other material will be captured in a container at the drill site. The cutting material will be transported from the drill site to the staging area by helicopter and then by vehicle to the Deer Creek or Cottonwood Waste Rock Sites for disposal.

If spills occur, all affected material will be removed from the site and disposed of at an approved location. If soil is removed during spill containment and clean up, the site of removal will be reconstructed and seeded with the approved seed mixture.

This information is in EX01J.

Findings:

The information given is not found to meet the requirements of the R645 Minor Coal Exploration performance/operational standards. Prior to approval the permittee must address the following exploration rule:

R645-202-231, habitats of unique or unusually high value for fish, wildlife, and other related environmental values and critical habitats of threatened or endangered species identified pursuant to the Endangered Species Act of 1973 will not be disturbed during coal exploration. The permittee must address the following: (1) The permittee will implement a special monitoring program for active Golden Eagle nests that are within ½ mile of proposed drill holes EM180, EM181, EM186, and EM187. (2) The permittee must give raptor information to DOGM biologist and include the consultation regarding the nests near the drill holes EM186 and EM187. (3) The permittee will need to identify the observer (Energy West biologist) and explain their background and experience in raptors protection. (4) The permittee must address apparent impacts in greater detail. What will constitute apparent impact? (5) If apparent impacts occur, what action will PacifiCorp take?

RECLAMATION STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

Approximate original contour

The drill site areas will be basically flat with no major excavation occurring. Minor shoveling may be needed for leveling the drill rig. The area will be at approximate original contour.

This information is in EX01J.

Revegetation

COMPLIANCE DUTIES

Only minor surface disturbances are expected from the drilling activities. All surface disturbances will be repaired and re-seeded using hand tools. The proposed seed mixture meets the requirements of the regulations.

The basic mix contains more aggressive erosion control type species and should be used to seed any areas where erosion could potentially become a problem. The supplements are less aggressive wild flowers that are important for diversity and maintaining non-game animal species and should be seeded alone and in areas where erosion is unlikely.

The applicant will, when possible, purchase individual seed packets, not pre-mixed.

This information is in EX01J.

Boreholes

Groundwater is not anticipated. However, if ground water is present it will be reported to (SITLA, USFS, and DOGM) and a determination will be made regarding the modification of the drill hole to a monitoring well.

Upon completion, each drill hole will be completely sealed with cement/bentonite from the bottom of the hole to ground level. Enough cement will be mixed and pumped into the hole to completely seal the coal horizon. The remainder of the hole will be filled completely with bentonite slurry to within five feet of the surface. A cement surface plug will fill the top five feet. A brass monument marker will be placed in the top of the cement surface plug with the hole number and year.

This information is in EX01J.

Facilities and Equipment

All drilling equipment and materials will be removed from the drill area once drilling is completed. Sealing will start thereafter and all equipment and material for sealing drill holes will be removed when sealing is completed.

This information is in EX01J.

Findings:

The information for this section is considered adequate to meet the requirements of this section of the Letter of Intent.



PUBLIC AVAILABILITY OF INFORMATION

PUBLIC AVAILABILITY OF INFORMATION

Regulatory Reference: 30 CFR 772.15; R645-203.

Analysis:

The Division will have a copy of the Notice of Intent to Conduct Minor Coal Exploration at the Division of Oil, Gas and Mining office.

Findings:

The Division will have a copy of the Notice of Intent to Conduct Minor Coal Exploration at the Division of Oil, Gas and Mining office.

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