



September 2, 2004

Hand Delivered

Utah Coal Regulatory Program
Division of Oil, Gas and Mining
1594 North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Re: Amendment of Volume 11: North Rilda Area, PacifiCorp, Deer Creek Mine, C/015/018,
Emery County, Utah

PacifiCorp, by and through its wholly-owned subsidiary, Energy West Mining Company ("Energy West") as mine operator, herewith submits a complete revised Volume 11 North Rilda Area/Rilda Canyon Portal Facilities. PacifiCorp acquired the Mill Fork Lease and entered COAL MINING LEASE AND AGREEMENT with the State of Utah on April 1, 1999. After the acquisition of the Mill Fork Lease, PacifiCorp investigated multiple alternatives to access the coal reserves located to the northwest of the North Rilda Area. The process has included:

- Application for lease modification to physically connect the Mill Fork tract (State Lease) to the existing federal leases controlled by PacifiCorp (submitted November 2001 [originally submitted as a right-of-way application in November 2000]). Federal Coal Lease U-06039 was modified to include an additional 65.7 acres to allow the boundaries of the federal lease to become contiguous with State Lease ML-48258 (approved December 14, 2001)
- Submission of Incidental Boundary Change application to amend the Deer Creek permit to include the lease modification area (approved January 2001).
- Surface coal exploration programs have been conducted to evaluate the coal reserve characteristics (2000-2004).
- Mine plans have been developed based on results of the coal exploration programs. As outlined in Volume 12, access to the Mill Fork lease is accomplished through a set of main entries developed in the Hiawatha seam driven in a westerly direction along the southern most lease boundary.

File in:
C/0150018, Incoming
Refer to Date Folder 09022004 Vol. 11

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 Shelf
 Expandable

For additional information

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DIV. OF OIL, GAS & MINING

Huntington Office:
(801) 687-9821
Fax (801) 687-2695
Purchasing Fax (801) 687-9092

Deer Creek Mine:
(801) 381-2317
Fax (801) 381-2285

Cottonwood Mine:
(801) 748-2319
Fax (801) 748-2380

- PacifiCorp evaluated long term options to improve overall underground transportation and economic considerations.
 - Options investigated included:
 - Acquisition of Crandall Canyon Mine
 - New portal facilities in Mill Fork Canyon
 - New portal facilities in Rilda Canyon
 - In-seam horizontal drilling was conducted to evaluate potential location of portal facilities.
- As a result of extensive investigation, PacifiCorp selected Rilda Canyon as the best option based on the following:
 - Environmental Considerations
 - Facilities are located in an area previously disturbed by mining
 - Surface facilities are designed to accommodate men and materials only. Coal mined from the Hiawatha (lower) and Blind Canyon (upper) seams will continue to be shipped through the existing Deer Creek mine workings to the portal in Deer Creek Canyon. From this point, the coal will be transported to the Huntington Power Plant coal storage area via the existing overland beltline. Only surplus production beyond the Huntington Plant needs will be trucked on the highway from the plant.
 - Engineering Considerations
 - Facilities designed to minimize surface disturbance (only 9.0 acres)
 - Utilization of existing infrastructures (roads, powerline)
 - Business Considerations
 - PacifiCorp and Andalex Resources were unable to arrive at a workable agreement utilizing the Crandall Canyon Mine due to Andalex's continuation of mining with the South Crandall Lease.

Initially, the facilities were proposed in an area disturbed by previous mining operations. However, due to concerns related to culverting some 1,500 feet of perennial stream that were expressed by the Army Corp of Engineers, environmental groups, etc., PacifiCorp chose to move the proposed facility site up canyon approximately ½ mile. The facilities disturbed area is proposed to cover approximately 9.0 acres with an additional 3.1 acres for soil storage further down canyon.

During the month of August, DOGM conducted an open house public meeting to introduce the concept of new surface facilities in Rilda Canyon. As discussed during the meetings, total disturbed area associated with the proposed facilities expansion in Rilda Canyon is 12.1 acres based on the preliminary design. As outlined in the regulations (R645-303-220), the revision of Volume 11 - inclusion of new surface facilities in Rilda Canyon, would be considered as a "permit change", (224.00: less than <15% of the total mine disturbance, 224.200: currently within the boundary of the East Mountain Cumulative Hydrologic Impact Assessment [CHIA], 224.300: proposed surface facilities are within a hydrologic basin currently approved by the permit). All of the disturbance as depicted on the enclosed drawings is currently within the approved Deer Creek permit boundary and on Federal Coal leases: U-2810, SL-051221 and U-06039.

Energy West, with the cooperation of the Division, has conducted several baseline environmental studies including: archeological, soils, vegetation, and hydrology. In addition, Energy West has conducted a geotechnical investigation to examine the proposed site to support mining facilities. Energy West encourages the Division to initiate the National Environmental Policy Act process based on the preliminary design submitted with this package.

To comply with the Division's policy, PacifiCorp has provided seven (7) redline copies of the following. Six copies will be for Division review, and one copy will be retained by Energy West.

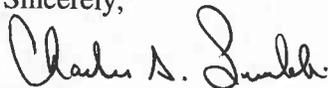
- ❖ Revised Volume 11
(Please replace Volume 11 dated January, 1997 with a new volume entitled "Deer Creek Mine-North Rilda Canyon Portal Facilities, August 2004)
- ❖ Add Volume 11, Appendix Volume. Appendix volume contains two volumes. The first volume includes appendices for Table of Contents, General, Soils, Biology, Land Use, and Engineering. The second volume includes appendices for Geology and Hydrology.
- ❖ Revised Supplemental Volume, Legal and Financial Volume, Appendix G, replace permit boundary description for the Deer Creek Mine. Temporarily place in Volume 11, General Tab until approved by the Division. At time of approval, permit description will be moved to Supplemental Volume, Legal and Financial Volume.
- ❖ Revise Volume 2, Part 4, R645-301-800: Bonding. Replace entire section. Temporarily place in Volume 11, Bonding Tab until approved by the Division. At time of approval, bond will be moved to Volume 2, Part 4.

Please note that the revised reclamation bond included with this submittal is considered a "best guess" based on similar facility design at the Deer Creek Mine in Deer Creek Canyon. These estimates must be used until actual designs are developed.

Also included with this submittal are three copies of two Archeological Reports related to the expansion of mine facilities in Rilda Canyon. The surveys were conducted by Senco Phenix (SPUT-461, September 30, 2003, and SPUT-477, July 28, 2004). These reports should be retained in a confidential file at the Division's offices.

If there are any questions or concerns please call me at (435) 687-4720 or Dennis Oakley at (435) 687-4825. We would be glad to work with you on whatever is needed to allow a timely review of this application.

Sincerely,



Charles A. Semborski
Geology and Environmental Supervisor
enclosures:

CC: Scott Child
Doug Johnson
File

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: PacifiCorp

Mine: Deer Creek Mine

Permit Number: C/015/018

Title: Amendment to Volume 11 North Rilda Area, PacifiCorp, Deer Creek Mine, C/015/018

Description, Include reason for application and timing required to implement:

Update to include proposed surface facilities in Rilda Canyon.

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?

Explain: _____

- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Charles A. Semborski
Print Name

Charles A. Semborski

Geology/Permitting Supervisor

9-2-04

Sign Name, Position, Date

Subscribed and sworn to before me this 2nd day of September, 2004

Lori Ann Anderson
Notary Public

My commission Expires:

Attest: State of Utah 12/22, 2005) ss:
County of Emery



For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

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