

State Decision Document

**North Rilda Canyon Portal Facilities
Deer Creek Mine
C/015/0018**

July 27, 2005

Mine # C/015/0018
File Outgoing
Record # 6055
Doc. Date 7-27-05
Recd. Date _____

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT AND
TECHNICAL ANALYSIS**

**PacifiCorp
North Rilda Canyon Portal Facilities
Deer Creek Mine
C/015/0018
Emery County, Utah**

July 27, 2005

CONTENTS

- * Administrative Overview
- * Location Map
- * OSM determination that this action does constitute a mining plan modification, dated March 10, 2004, October 22, 2004 and January 20, 2005
- * Permitting Chronology
- * Findings, dated July 27, 2005
- * Permit, issued July 27, 2005
- * Technical Analysis, dated July 14 2005
- * Cumulative Hydrologic Impact Assessment, dated July 14, 2005
- * Experimental Practice Concurrence from OSM upon approval of Environmental Assessment
- * Determination of Completeness, January 27, 2005
- * Affidavit of Publication (Emery County Progress)
- * AVS Recommendation, dated June 24, 2005
- * Public Road Determination, dated July 18, 2005
- * Letters
 - USFWS, letter dated May 16, 2005
 - SHPO, letter dated March 18, 2005
 - U. S. Forest Service Letter, dated July 6, 2005
 - BLM, R2P2, dated February 28, 1991, July 16, 1997, March 25, 2005,

ADMINISTRATIVE OVERVIEW

PacifiCorp
North Rilda Canyon Portal Facilities
Deer Creek Mine
C/015/0018
Emery County, Utah

July 27, 2005

PROPOSAL:

In 1997 the Permittee, PacifiCorp, received approval to expand its mining operations into the North Rilda Area in and adjacent to Rilda Canyon. In 1999, the Mill Fork Tract added 5,562.82 acres to the Deer Creek Mine permit.

PacifiCorp evaluated long-term options to improve access to the coal reserves in the Mill Fork tract. Options considered were:

- Acquisition of Crandall Canyon Mine;
- New portal facilities in Mill Fork Canyon; and
- New portal facilities in Rilda Canyon.

PacifiCorp and Andalex Resources, Inc. were unable, however, to arrive at an agreement that would allow utilization of the Crandall Canyon Mine

From extensive investigation, including in-seam horizontal drilling, PacifiCorp selected new portal facilities in Rilda Canyon as the best option. Initially, the facilities were proposed in an area disturbed by previous mining operations; however, due to concerns related to culverting approximately 1,500 feet of the perennial stream, PacifiCorp chose to move the proposed facility site up-canyon approximately ½ mile.

The proposed North Rilda Canyon Portal surface facilities would be located just below the intersection of the Right and Left Forks of Rilda Canyon. These proposed facilities are designed to minimize surface disturbance, covering approximately 13.1 acres, 9.0 acres at the portal area and two separate soil storage areas covering 3.0 acres and 1.1 acres, respectively.

The proposed facilities would cover a long, slender area approximately 4,000 feet long by 200 feet wide covering 13.1 acres on the canyon floor. Of this area, the support facilities (portals, shop, office, etc.) would cover an area approximately 2,000 feet long by 120 to 250 feet wide (9.0 acres) at the west (up-canyon) end of the site. The remainder of the site to the east of the mine yard area would have hydrologic controls, two topsoil stockpiles, and a road turnaround. All facilities would be entirely on the north side of Rilda Canyon Creek except for one topsoil stockpile. The proposal would use the existing county road and 25 kv power line that run through the site. The county road would be paved.

Proposed facilities would include:

Structures: Office/bathhouse/warehouse building; four (4) vertical retaining walls constructed of 12-inch thick concrete; two (2) other retaining walls in the yard area; water treatment building; mine ventilation fan; 168-stall parking lot; underground vehicle parking garage; steel frame building to house fan motors; steel framed storage sheds to house bagged rock dust, ready-mix concrete, and other dry products; oil shed; fueling dock with 4,000 gallon above-ground diesel fuel storage tank; steel shed for storage of cans of oil and lubricant; rock dust silo; pneumatic pipeline for rock dust; and a sediment pond with supporting drainage structures.

Power: An existing 25 kv power line already provides power at the Left Fork Portal Facility. A transformer would be installed to supply power to the North Rilda Canyon Portal Facilities and there would be diesel generator backups for the new ventilation fan.

Water related facilities:

Culinary system: 10,000-gallon steel water storage tank for treated culinary water.

Sewage system: Waste water from office/bathhouse/warehouse would be separated into gray water and black water. A 20,000-gallon temporary storage tank would hold black water (sewage) until it can be transported by truck to an approved disposal facility. Gray water (discharge from boot wash, showers, floor drains, etc) would be stored before being pumped into an abandoned portion of the underground mine workings.

Runoff system: a two compartmented runoff collection tank with 1) a 7,540 gallon compartment for gray water, and 2) an 18,500 gallon compartment for temporary storage of surface runoff water. Surface runoff would spill over into the gray water compartment of the tank. This system would also include an emergency spillway connected by pipe to the sediment pond; pump station to move surface runoff into collection tank.

Drainage system: two systems, 1) for collection of "undisturbed" or overland runoff water from above the portal site and from adjacent side slopes that bypasses the developed area and moves this runoff into the natural channel, and 2) for collection of runoff and all non-sewage waste water from the disturbed portal area, parking lots, storage areas, bathhouse/office/ warehouse, fan area, etc. to convey it to the runoff collection tank for discharge into the mine. Culverts would direct any overflow to the sediment pond.

Storage: Mining and snow removal material and equipment would be stored on asphalt and gravel surface areas on the cut or embankment fills. A primary covered storage area would be constructed west of the parking garage to store non-coal waste, coal waste, oil, fuel facilities and bulk rock dust. Secondary covered storage areas would be constructed to store crib blocks, roof bolts, conveyor hardware, conveyor belting, beams, etc. Another covered non-coal waste/sand/rock waste storage area would be constructed on the north side of the mine yard between the fan and access portal. Sand and salt for winter road maintenance would also be stored here. Coal and non-coal wastes would be hauled away.

Soil Stockpile Storage Areas: Two topsoil and subsoil stockpile areas not contiguous to the main facilities and on previously disturbed land (approximately 800 feet by 300 feet, 3.0 acres, and 320 feet by 220 feet, 1.1 acres) would be created. The smaller stockpile would be on the south side of Rilda Canyon Creek and accessed via the existing bridge. The larger stockpile would be located on the north side of Rilda Creek in a small ephemeral drainage below the old Rominger Mine.

The projected active life of the facilities is 15-20 years. When the mine shuts down, the site would be reclaimed. Structures would be removed, the site regraded to its original topography, the county road profile reestablished through the site, topsoil from the stockpiles redistributed over the site, and all disturbed areas revegetated. Reclamation would take ten years, two years for the actual demolition and site restoration work and the balance of the time for vegetation to become established before final bond release.

These proposed facilities are associated with coal leases U-06039, SL-050862, U-2810, and SL-051221.

BACKGROUND:

The original permit for the Deer Creek Mine was issued February 7, 1986 for approximately 14,620 acres. The mining plan for Federal leases SL-064607-064621, SL-064900, SL-070645, U-1358, U-02292, U-084923, U-084924, U-083066, U-040151, U-044025, U-014275, U-024319, and U-47979 was approved on October 11, 1985 for the Deer Creek Mine. A Waste Rock Storage Facility was added September 1988. The permit was renewed on February 7, 1991.

The January 8, 1993 mining plan approval (IBC-1) added 120 acres of coal (80 acres in a portion of Lease No. U-47977 and 40 acres in a portion of Lease No. SL-050862). The July 22, 1993 mining plan approval (IBC-2) added 160 acres (80 acres in a portion of Lease U-47977 and 80 acres in a portion of Lease SL-050862).

PacifiCorp submitted an application for the Rilda Canyon Lease Extension, which included Leases U-7653, U-47977, U-06039, and SL-050862 on February 12, 1990 and resubmitted an application on February 8, 1994. This submittal was revised on June 27, 1994, as an incidental boundary change (IBC-3) to include development mining only in U-06039, U-47977, and SL-050862 (approximately 100,000 tons). Included in the revised application was longwall mining the Second, Third and Fourth East panels and development mining in the Third North Mains and the Sixth East Gate. Longwall mining would proceed in areas that were previously approved as incidental boundary changes with mining plan approval dates of January 8, 1993 (IBC-1) and July 22, 1993 (IBC-2). Entry development mining in the Third North Mains and the Sixth East Gates entailed about 40 acres beyond the approved permit boundary in Leases U-06039, U-47977 and SL-050862. IBC-3 was approved July 28, 1994.

The Rilda Canyon Lease Extension to mine in federal leases U-7653, U-47977, SL-050862, part of U-06039, and state lease ML-22509 was approved on December 13, 1994.

A modification to lease U-06039 (not requiring mining plan approval) to mine 42.97 acres (or approximately 100,000 tons) was submitted on May 26, 1995 and approved on June 13, 1995.

Construction of the original surface facilities (Left Fork Fan Portal) in Rilda Canyon was a significant revision to the Deer Creek Mine permit and was submitted on March 29, 1994. The approval to construct surface facilities in Rilda Canyon was granted on July 31, 1995, with nine conditions. All of the conditions were met on November 8, 1995.

PacifiCorp submitted an application for the North Rilda Area (which included Federal Leases U-24317, U-2810, U-06039, SL-051221 and fee coal), for a total of 1960 acres on February 4, 1997. This application was approved on July 15, 1997, which brought the total permitted area of the Deer Creek Mine to approximately 18,706 acres.

In order to access the Mill Fork lease, PacifiCorp acquired a lease modification to lease

U-06039. This modification, consisting of 65.7 acres, was added to the Deer Creek permit on August 14, 2002 as an incidental boundary change.

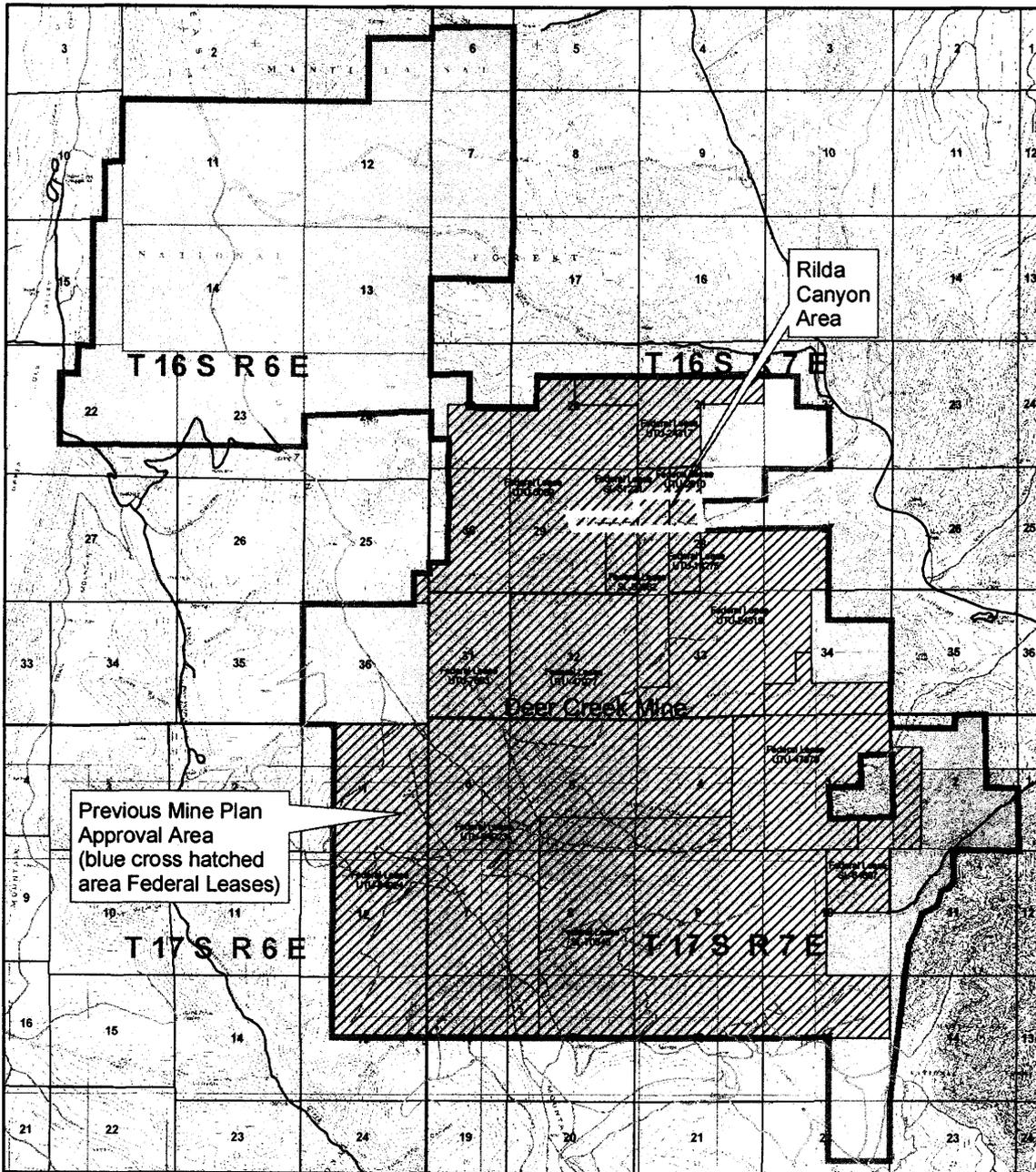
PacifiCorp submitted an application for the Mill Fork Lease (State Lease ML-48258), to the Division of Oil, Gas and Mining on October 29, 2001. The coal tract as described in the lease contains 5,562.82 acres, more or less. This represented about 64 million tons of minable coal to be produced over the life of the mine in this area. Approval on March 5, 2003 for mining in the SITLA Mill Fork lease added 5, 562.82 acres to the Deer Creek Mine. This mining is conducted in the Blind Canyon and Hiawatha seams.

ANALYSIS:

The Division of Oil Gas and Mining has conducted an Administrative and Technical Analysis (TA) of the proposed mine Permit Application Package (PAP) for the proposed Rilda Canyon Portal Facilities. All appropriate State and Federal agencies have been consulted regarding this proposal. The probable hydrologic consequences of the action have been analyzed and a Cumulative Hydrologic Impact Assessment (CHIA) has been prepared. All requirements for public participation have been satisfied. The application meets the requirements of the Utah Coal Regulatory Program.

RECOMMENDATION:

This recommendation is based on the complete PAP, the TA conducted by the Division, the CHIA also prepared by the Division, and the administrative record. PacifiCorp has demonstrated that building this surface facility can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. The 510 (c) report on the Applicant Violator System was verified for this mine on June 30, 2005 and there are no violations.



Deer Creek Mine Mining Plan Approval Area

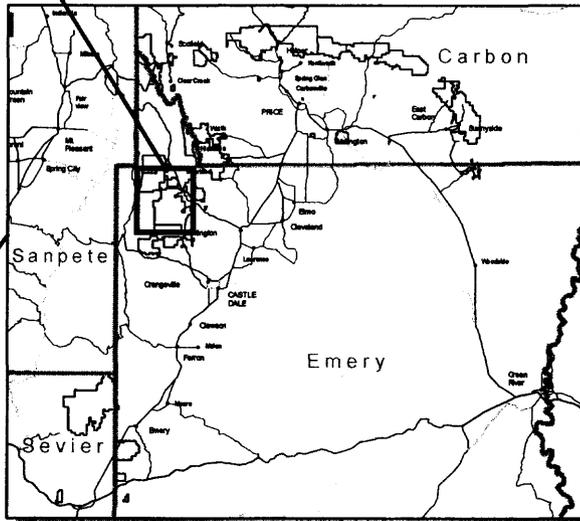
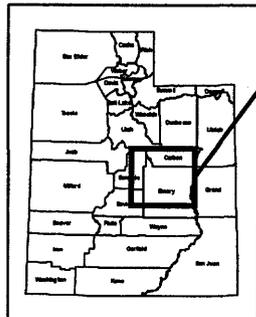
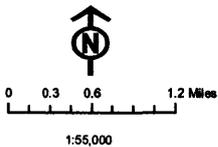
ACT0150018

Emery County, Utah

June 2005

Township 16 South Range 7 & 8 East
Township 17 South Range 6 & 7 East

File: N:/gis/coal/coalararemaps/CO150018Fed.pdf



Locator Map

0031

Paw



United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 46667
Denver, Colorado 80201-6667.

IN REPLY REFER TO:

March 10, 2004

RECEIVED
MAR 15 2004
DIV. OF OIL AND GAS

Mary Ann Wright, Associate Director, Mining
Utah Division of Oil, Gas, and Mining
Coal Regulatory Regulatory Program
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Alice Carlton, Forest Supervisor
Manti-La Sal National Forest
599 West Price River Road
Price, Utah 84501

Kent Hoffman, Deputy State Director
Bureau of Land Management, State Office
324 South State Street
P.O. Box 45155
Salt Lake City, Utah 84145-0155

*Incoming
3/15/04
Copy Mary Ann,
Alice, Kent*

RE: PacifiCorp "Deer Creek" Mine – Application for Permit Revision, North Rilda Facilities Area

Ladies and Gentleman:

Thank you very much for your prompt reply to my letter of January 28, 2004 requesting your input as to whether the North Rilda Canyon Facilities permit revision meets the requirements of 30 CFR 746.18(d) and therefore constitutes a mining plan modification. After careful review of the pertinent documents and your input, we have determined that the facilities revision does meet the criteria of 30 CFR 746.18(d) and will require a modification to the existing approved mining plan. The reason is that the documentation in the August 1997 mining plan decision document for the two leases where the facilities would be constructed contains a sentence that states "No additional surface disturbance except that related to mining-induced subsidence will result from this action." Therefore this proposal will change the information before the Assistant Secretary.

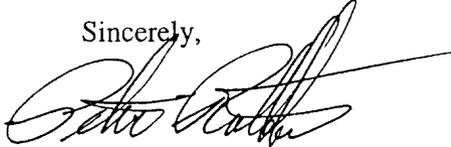
Since OSM, by regulation, must prepare the mining plan decision document and is responsible for determining the scope, content and format of the required NEPA document, OSM will be the lead agency for the preparation of an environmental assessment (EA). Pursuant to the Utah



Cooperative Agreement at 30 CFR 944.30 VI C3 and 30 CFR 740.4(c)(7) the Utah Division of Oil, Gas And Mining will prepare the documentation with OSM assistance where appropriate.

We invite and encourage the Forrest Service and the Bureau of Land Management to be cooperating agencies in the preparation of the EA. We currently have scheduled a meeting to develop the scope, content and format of the EA and a plan for its completion at the Division of Oil, Gas and Mining's offices on March 23, 2004 and hope the Forrest Service and Bureau of Land Management will be able to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Rutledge", with a long horizontal flourish extending to the right.

Peter Rutledge
Chief Program Support Division

cc: Chuck Samborski
Barry Burkhardt

Coal



United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 46667
Denver, Colorado 80201-6667

IN REPLY REFER TO:

October 22, 2004

Mary Ann Wright, Associate Director, Mining
Utah Division of Oil, Gas, and Mining
Coal Regulatory Program
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

*hearing
2/015/0018
Copy, Susan, Wayne,
Suei*

RE: PacifiCorp "Deer Creek" Mine – Revised application for Permit Change C0150018, North Rilda Facilities Area

Dear Mary Ann:

This is in response to Sheila Morrison's request of 9/21/2004 for OSM's determination whether or not the above revised permit change constitutes a Mining Plan Modification.

Please be advised that for reasons stated in my letter dated March 10, 2004, the above subject permit change continues to meet the criteria of 30 CFR 746.18(d) and will require a modification of the existing mining plan. According to the decision conveyed in my above referenced letter, the ongoing work to prepare an environmental assessment needs to continue.

Sincerely,

Peter Rutledge
Chief Program Support Division

cc: Alice Carlton, Forest Supervisor
Manti-La Sal National Forest

Kent Hoffman, Deputy State Director
Bureau of Land Management, State Office

Chuck Samborski
Barry Burkhardt

RECEIVED

OCT 26 2004

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DIV. OF OIL, GAS & MINING



0019

Mark -> Coal



United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 46667
Denver, Colorado 80201-6667

IN REPLY REFER TO:

UT-0016

January 20, 2005

Ms Mary Ann Wright, Acting Director
Utah Division of Oil, Gas, & Mining
Coal Regulatory Program
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

*Incoming OK
C/O 1/15/05/18
Copy Luci, Susan,
Wayne H*

RE: PacifiCorp - "Deer Creek" Mine - Application for a Permit Revision, North Ruda Area Facilities

Dear Mary Ann:

This in response to the Utah Division of Oil, Gas, & Mining's (UT-DOGGM) January 7, 2005, request for a decision, under 30 CFR 944.30, whether the above subject permit revision constitutes a mining plan modification.

As stated in my letters dated March 10, 2004 and October 22, 2004, the above subject permit change continues to meet the criteria of the Federal regulations under 30 CFR 746.18(d) and will require modification of the existing mining plan and Secretarial approval. According to the decisions conveyed in the above referenced letters, the ongoing work to prepare an environmental assessment need to continue.

Sincerely,

Peter Rutledge
Chief Program Support Division

cc: BLM - Utah State Office
BLM - Price Field Office
USFS - Manti-La Sal NF
Denver Field Division

VED
1/20/05
JAN 24 2005 1/25
MARK



PERMITTING CHRONOLOGY

Pacificorp
North Rilda Canyon Portal Facilities
Deer Creek Mine
C/015/0018
Emery County, Utah

July 27, 2005

March 10, 2004	OSM determination that the addition of the North Rilda Canyon Portal facilities will require mining plan modification.
September 2, 2004	PacifiCorp submits an application for the North Rilda Canyon Portal Facilities.
October 22, 2004	OSM determination that the addition of the North Rilda Canyon Portal Facilities require mining plan modification.
December 6, 2004	PacifiCorp withdraws application to resubmit plan all on-lease.
December 21, 2004	PacifiCorp submits an application for the North Rilda Canyon Portal Facilities.
January 20, 2005	OSM determination that the addition of the North Rilda Canyon Portal Facilities requires a mining plan modification.
January 28, 2005	The permit application is determined administratively complete. PacifiCorp published the Notice of Complete Application (including the Experimental Practice) in the local newspaper and placed a copy of the application in the county courthouse.
February 1, 8, 15 and 22, 2005	Publication for four weeks in the <u>Emery County Progress</u> .
February 15, 2005	The Division sent letters to state, federal and local planning agencies notifying them of the complete permit application and soliciting their comments.
March 16, 2005	Division technical review team met with PacifiCorp.
March 18, 2005	SHPO concurs with the determination of No Historic Properties Affected.

March 22, 2005	Public comment period ended with no comments.
March 25, 2005	BLM issues approval of a modification of the R2P2.
April 1, 2005	PacifiCorp submits additional information to the Division.
May 10, 2005	Division sends technical review to PacifiCorp.
May 16, 2005	Section 7 Consultation Letter from U.S. Fish and Wildlife Service for the Rilda Canyon Portals.
June 2 and 13, 2005	PacifiCorp sends additional information.
June 24, 2005	AVS check completed with issue recommendation.
July 14, 2005	Technical Analysis completed, all regulatory requirements have been met. CHIA completed
July 26, 2005	OGM receives PacifiCorp ridered bond in the amount of \$1,113,000 (total bond is now \$4,113,000 [2008 dollars]).
July 27, 2005	Decision Document completed and Permit issued.

FINDINGS

Pacificorp
North Rilda Canyon Portal Facilities
Deer Creek Mine
C/015/0018
Emery County, Utah

July 27, 2005

1. The permit application for the extraction of coal from the Mill Fork Lease at the Deer Creek Mine is accurate and complete and all requirements of the Surface Mining Control and Reclamation Act, and the approved Utah State Program (the "Act") are in compliance. See Technical Analysis dated July 13, 2005 (R645-300-133.100)
2. The applicant proposes acceptable practices for the reclamation of disturbed lands. The Division has determined that reclamation, as required by the Act can be feasibly accomplished following the approved plan with the attached permit conditions. See Technical Analysis dated July 13, 2005(R645-300-133.710)
3. An assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities on the hydrologic balance in the general area has been conducted by the Division and no significant impacts were identified. See CHIA dated June 30, 2005. The Mining and Reclamation Plan (MRP) proposed under the revised application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site area (R645-300-133.400 and UCA 40-10-11 (2)(c)).
4. The proposed lands to be included within the permit area are:
 - a. Not included within an area designated unsuitable for underground coal mining operation (R645-300-133.220);
 - b. not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);
 - c. not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc), 761.11 {f} (public buildings, etc.) and 761.11 {g} (cemeteries);
 - d. not within 100 feet of a public road except at the location where the public road accesses the property(R645-300-133.220); and
 - e. not within 300 feet of any occupied dwelling (R645-300-133.220).

5. The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species Act of 1973. See Technical Analysis dated, July 1, 2005 and letter from U. S. Fish and Wildlife Services dated May 16, 2005 (16 USC 1531 et seq.) (R645-300-133.500).
6. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). See Technical Analysis, dated July 1, 2005. See letter from State Historic Preservation Office, dated March 18, 2005. (R645-300-133.600)
7. The applicant has the legal right to enter and conduct coal mining activities through coal leases issued by the BLM (Federal Coal leases, SL-051221, U-06039, U-2810, and SL-050862. (R645-300-133.300)
8. A 510 (c) report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; neither PacifiCorp nor any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act (A 510 (c) report was run on, June 30, 2005, see memo to file dated June 30, 2005). (R645-300-133.730)
9. Coal mining and reclamation operations to be performed under the permit will not be inconsistent with other operations anticipated to be performed in areas adjacent to the proposed permit area.
10. The applicant has posted a surety bond for the Deer Creek Mine in the amount of \$4,113,000 issued by Travelers Casualty and Surety Company of America (Surety Number 103908970) (R645-300-134).
11. No lands designated as prime farmlands or alluvial valley floors occur on the permit area. See Technical Analysis dated July 13, 2005 (R645-302-313.100 and R645-302-321.100).
12. The proposed postmining land-use of this disturbed area is the same as the pre-mining land use (wildlife habitat) and has been approved by the Division and the surface land management agency, the Forest Service. No postmining land-use change has been proposed for the Rilda Canyon Portal Facilities.
13. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program. This action does constitute a Federal Mine Plan Modification. See OSM determination letters dated March 10, 2004, October 22, 2004 and January 20, 2005.

14. All procedures for public participation required by the Act, and the approved Utah State Program have been complied with. The public advertisement was published on February 1, 8, 15 and 22, 2005 in the Emery County Progress. No comments were received. (R645-300-120)
15. No existing structures will be used in conjunction with this application. These are new surface facilities being proposed at this time (R645-300-133.720).

Permit Supervisor

Permit Supervisor

Associate Director of Mining

Director