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DEPARTMENT OF NATURAL RESOURCES

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Outgoing
C0150018
3089

December 8, 2008

Ken Fleck, Environmental Supervisor
Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528

Subject: Letter Of Intent to Conduct Minor Exploration, PacifiCorp, Deer Creek Mine, C/015/018, Task ID #3089, Outgoing File

Dear: Mr. Fleck:

The above-referenced Letter of Intent to conduct Minor Coal Exploration has been reviewed. There are deficiencies that must be adequately addressed prior to conducting minor coal exploration. The following are deficiencies that must be addressed:

R645-200-230, Prior to conducting minor exploration, the Division must receive concurrence from U. S. Forest Service and SITLA.

R645-202-232, Prior to conducting minor exploration, the applicant must show proof of receiving a Special Road Use Permits from the U. S. Forest Service.

R645-202-234, The applicant must show necessary proof of obtaining water rights to conduct drilling in the exploration area.

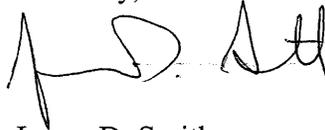
R645-202-236, The applicant must provide the MSDS sheets for the drilling fluids to verify that acid and toxic materials will not be used as stated in the Letter of Intent. The applicant should revise acid-toxic statements. The applicant states, "Acid or toxic forming materials will be handled and disposed of in accordance with R645-301.110, R645-301.300 and R645-301-553.260" which is a fair statement. The next sentence/statement is "No acid- toxic earth materials or coal waste will be produced used or handled during the drilling program." This statement is in conflict will the first statement and the applicant cannot grantee drill cutting will not be acid – toxic before drilling. A statement such as, "Past drilling has shown no acid – toxic materials have ever been produced and is likely not to occur" maybe a better statement.



The plans as submitted are denied. Please resubmit the entire application.

If you have any questions, please call me at (801) 538-5262 or Stephen J. Demczak at (435) 613-3732.

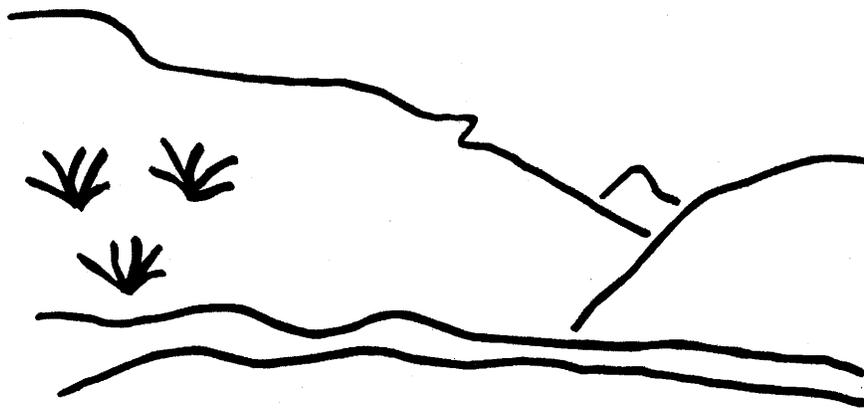
Sincerely,

A handwritten signature in black ink, appearing to read "J D Smith", written over a horizontal dotted line.

James D. Smith
Permit Supervisor

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



Utah Oil Gas and Mining

Coal Regulatory Program

Deer Creek Mine

PacifiCorp

C/015/018

Task ID #3089

Minor Exploration Analysis and Findings

12/02/2008

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INTRODUCTION

EXPLORATION TECHNICAL ANALYSIS

INTRODUCTION

Energy West the operator of PacifiCorp is proposing to conduct a helicopter-assisted minor coal exploration drilling during the year 2009. The applicant has plans to core-drill four holes by using this method. 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 of the Hiawatha and Blind Canyon coal seams.

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 applicant has recently conducted minor exploration using this method at Mill Fork Canyon and adjacent areas.

The Division will need concurrence from School and Institutional Trust Lands Administration and US Forest Service with this proposed notice of intent to conduct minor coal exploration on coal lease ML 48258.

The minor exploration project is scheduled to start on May 15, 2009 and be completed by August 15, 2009.

PUBLIC AVAILABILITY OF INFORMATION

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 drill hole six (6) within the Mill Fork Coal Lease ML-48258 in the year 2009.

The applicant 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 administrates the surface land; therefore, 43 CFR Part 3480-3487 does not apply.

Findings:

The applicant has not met the minimum requirements of this section. The Division must receive the following information.

R645-200-230, Prior to conducting minor exploration, the Division must receive concurrence from U. S. Forest Service and SITLA.

R645-202-232, Prior to conducting minor exploration, the applicant must show proof of receiving a Special Road Use Permits from the U. S. Forest Service.

R645-202-234, The applicant must show necessary proof of obtaining water rights to conduct drilling in the exploration area.

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.

PUBLIC AVAILABILITY OF INFORMATION

OPERATIONAL STANDARDS

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

Analysis:

Biology

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 and #040 and #017. Prior to drilling, Energy West will obtain a permit for the use of these roads.

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.

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 will obtain the necessary permissions and water rights actions to take water for drilling from local drainages. A temporary exchange application will be filed to State of Utah, Division of Water Rights. The amount of water required for the project is estimated at 80,000 gallons for the entire drilling project or 40,000 gallons per hole.

PUBLIC AVAILABILITY OF INFORMATION

indicated on Page 15 of the Letter of Intent.

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.

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.

Findings:

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

PUBLIC AVAILABILITY OF INFORMATION

Regulatory Reference: 30 CFR 772.15; R645-203.

Analysis:

All information submitted to the Division under R645-200 will be made available for public inspection except as provided in R645-203-200.

Findings:

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