



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 6, 2018

Ken Fleck, Manager of Geology and Environmental Affairs
Interwest Mining Company
P.O. Box 310
Huntington, Utah 84528

Subject: Remove Waste Rock Site from Permit, PacifiCorp, Deer Creek Mine,
C/015/0018, Task #5776

Dear Mr. Fleck:

The Division has reviewed your application. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs

O:\015018.DER\WG5776 REMOVE WRS\Deficiencies.doc



GARY R. HERBERT
Governor
SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0150018
TaskID: 5776
Mine Name: DEER CREEK MINE
Title: REMOVE WRS FROM PERMIT

Summary

The Deer Creek waste rock site has been sold and the area is permitted with the new owner, Castle Valley Mining, LLC. This amendment removes the State of Utah R645 requirements regarding the waste rock site from the Deer Creek MRP. The MRP will retain some narratives referring to the waste rock site for informational and historical purposes only. The waste rock site is now permitted as Castle Valley Waste Rock Site, mine # C/015/036. This amendment has been assigned Task #5776.

kstorrar

General Contents

Permit Application Format and Contents

Analysis:

The amendment meets the State of Utah R645 requirements for Sale of Permit Rights.

The Deer Creek waste rock site has been sold to Castle Valley Mining, LLC. The new owner of the waste rock site has received a permit from the Division and has posted adequate bond as required by R645-301-800 for reclamation of the site.

kstorrar

Completeness

Analysis:

The amendment meets the State of Utah R645 requirements for Completeness.

The amendment removes the permitting information for the waste rock site required under R645-301 from the Deer Creek MRP. Appendix XII or Volume 10 holding the majority of permitting information within the Deer Creek MRP will be removed. A few additional references to the waste rock site will be removed from the permit as well.

kstorrar

Reclamation Plan

Bonding Determination of Amount

Analysis:

The amendment does not meet the State of Utah R645 requirements for Determination of Bonding Amount.

The amendment proposes to completely remove the 31.92 acre Deer Creek Waste Rock Site from the Deer Creek Mine Permit since PacifiCorp is currently in various stages of reclamation and this amendment would transfer the permit and right-of-entry to Castle Valley Mining, LLC (Rhino). This transaction will affect the bond liability for PacifiCorp since Rhino will assume all legal and financial liability for the 31.92 acre waste rock site upon permit transfer. A review of Division records indicates that the approximate bond liability of the Deer Creek Waste Rock Site is over 200,000 dollars. In previous discussions the Permittee has insisted that bond release is not being requested once the Waste Rock Site is transferred to Rhino. Regardless, the bond liability should decrease as a result of this transaction, and the bond calculations in the Mining and Reclamation Plan should reflect this.

Deficiencies Details:

The amendment does not meet the State of Utah requirements for Determination of Bonding Amount. The following deficiency must be addressed prior to final approval:

R645-301-830.430: As a result of transferring the Permit for the Waste Rock Site to Rhino, the Deer Creek bond liability should decrease by over \$200,000. The bond calculations contained in the Deer Creek Mining and Reclamation Plan should reflect this reduction, especially since other applications with the Division rely heavily on accurate and up to date bond estimates.

jeatchel