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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

BRIAN C. STEED  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

December 18, 2019

Dennis Oakley, Sr. Mine Engineer  
PacifiCorp  
Thermal Generation Environmental Services  
1407 W. North Temple, Suite 210  
Salt Lake City, Utah 84116

Subject: Update Volume 12, PacifiCorp, Deer Creek Mine, C/015/0018, Task #6011

Dear Mr. Oakley:

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.

A 30 day deadline is a typical timeframe for responding to permit amendments. However; in the case of this amendment a bonding deficiency has been identified relative to the Rilda Canyon Pipeline. A revision to the bond is necessary. Field work is generally required to verify acreages and map depictions of disturbed areas for bonding purposes. Given that it's now winter time and the ground is essentially snow covered, it's unlikely that this work can be completed at this time.

Give me a call and we can discuss how best to move forward with resolving the deficiencies identified in this amendment (801) 538-5350.

Sincerely,

Steve Christensen  
Coal Program Manager

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## Technical Analysis and Findings

### Utah Coal Regulatory Program

**PID:** C0150018  
**TaskID:** 6011  
**Mine Name:** DEER CREEK MINE  
**Title:** UPDATE VOLUME 12

#### Operation Plan

##### Hydrologic Water Quality Standards

*Analysis:*

The amendment does not meet the State of Utah R645 requirements for Hydrologic: Water Quality Standards.

As part of the closure of the Deer Creek mine, PacifiCorp (the Permittee) received Division approval to install a buried pipeline to transmit gravity-fed mine water from the Rilda Right portal to the Huntington Power Plant's Raw Water Holding Pond. The pipeline was approved by the Division through Task ID 5358. Contained within Task ID 5358, the Permittee included a Huntington Power Plant operation contingency plan. Within this, they state that if the power plant is taken off line indefinitely for any reason and mine drainage is not in compliance with their UPDES permit, a treatment facility will be constructed. (MRP Volume 12, Chapter 7, page 95)

On October 29, 2019, the Permittee submitted an amendment to update Volume 12 of the MRP. This update includes a new section titled "Post-Mine Closure Mine Drainage Analysis – October 2019" as well as Appendix F which includes an associated water quality analysis from 2018-2019. The updated Volume 12 includes a statement that compliance with the previous commitment of building a treatment facility is no longer necessary based on the post-mine closure water quality submitted as Appendix F of this amendment. However, while the current minimal mine-water discharge is in compliance with the Permittee's UPDES Outfall 003 standards, the Permittee has not provided any analysis as to why the much larger discharge of mine-water that was foreseen as part of Task ID 5358 is no longer expected. Also, as the Permittee is liable for the pipeline and associated disturbance for 10 years from construction, the commitment of constructing a treatment facility if the power-plant were taken off line and the mine drainage is not compliant with their UPDES permit, this commitment must remain in place, and any language contrary to that must be removed.

*Deficiencies Details:*

The amendment does not meet the State of Utah R645 requirements for Hydrologic: Water Quality Standards. The following deficiency must be addressed prior to final approval:

R645-301-751 The Permittee must provide a detailed analysis as to why the discharge of mine-water described as part of the pipeline approval amendment (Task ID 5358) is no longer valid, including an analysis of expected compliance with the Permittee's current UPDES Outfall 003 standards. Also, any language removing the commitment to construct a treatment facility (if needed for the situations outlined in the originally approved application), must be removed, as the Permittee is liable for the pipeline and associated disturbance for 10 years following construction.

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#### Hydrologic Diversion General

*Analysis:*

The amendment does not meet the State of Utah R645 requirements for Hydrologic: Diversion, General.

As part of the closure of the Deer Creek mine, PacifiCorp (the Permittee) received Division approval to install a buried pipeline to transmit gravity-fed mine water from the Rilda Right portal to the Huntington Power Plant's Raw Water Holding Pond. The pipeline was approved by the Division through Task ID 5358. Contained within Task ID 5358, the Permittee included an analysis of the mine water intercepted in the Mill Fork Area of the mine that would gravity flow through the mine to the Rilda Right Portal. This analysis included a discussion of expected quantity and quality of the mine water expected to discharge from this portal. Task ID 5358 also included clear statements that the North Emery Water Users Special Service District (NEWUSSD) was interested in the water source being transmitted by the pipeline and that "PacifiCorp will did the pipeline corridor in its entirety and water to NEWUSSD and remove from permit area with bond release or permit reduction." (MRP Volume 12, Chapter 7, page 99)

On October 29, 2019, the Permittee submitted an amendment to update Volume 12 of the MRP. This update includes a new section titled "Post-Mine Closure Mine Drainage Analysis – October 2019" as well as Appendix F which includes an associated water quality analysis from 2018-2019. The updated Volume 12 states that post-mine discharge has not occurred at the Deer Creek Portals since being sealed but post-mine closure drainage has occurred from the Rilda Canyon Portal on an intermittent basis. The first flow from the Rilda Canyon Portal into the pipeline was detected in June 2018 and has averaged ~3 gpm. In 2018 discharge was for less than one month. In 2019 discharge resumed in late May and continued through October. The peak flow in 2019 was 10.75 gpm and reduced to <0.5 gpm in October. Due to the high quality of this water (submitted as part of Appendix F) the Permittee states that this discharge is related to intercepted groundwater (i.e. roof drippers) near the 1<sup>st</sup> right portal. This discharge was compliant with the Permittee's UPDES permit limitations for Outfall 003.

The discussed post-mine closure analysis is a valuable addition to the Permittee's MRP. However, the Permittee then goes on to include updates on page 105 and 106 of Volume 12, Chapter 7 which include statements that are problematic. The Permittee states that if the water quality of the mine drainage water falls within the criteria determined by DEQ for six straight months, "water may be discharged into Huntington Creek under a UPDES permit". As the Permittee holds an approved UPDES permit to discharge through Outfall 003 into Huntington Creek, the Division does not have any problems with this. However, the Permittee then goes on to say, "Permit reduction procedures shall commence and DOGM shall relinquish jurisdiction." The Permittee should remove the statement that the Division will "relinquish jurisdiction", as the disturbance associated with the diversion is subject to a 10 year liability period and bonding requirements. Any language contrary to this must be deleted.

*Deficiencies Details:*

The amendment does not meet the State of Utah R645 requirements for Hydrologic: Diversion, General. The following deficiency must be addressed prior to final approval:

R645-301-742.300 The in place underground mine discharge pipeline from the Rilda 1<sup>st</sup> Right Portal is considered a permanent diversion, as such, the Permittee must remove the statement included as part of this amendment that "Permit reduction procedures shall commence and DOGM shall relinquish jurisdiction" as the disturbance associated with the diversion is subject to a 10 year liability period and bonding requirements. Any language contrary to this must be deleted.

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## **Reclamation Plan**

### **Bonding and Insurance General**

*Analysis:*

The amendment does not meet the State of Utah R645 General Bonding requirements.

The amendment does not satisfy the bonding requirements because the Permittee has not adequately addressed the long term bonding liability associated with the pipeline. The pipeline is a surface disturbance incident to underground mining which is subject to a 10-year liability period and requires bond adequate to ensure successful reclamation.

In April 2017 the Division conditionally approved an amendment (Task# 5358) to add a pipeline to the permit area to

collect gravity-fed mine water from the Rilda Right portals and discharge at Huntington Power Plant's Raw Water Holding Pond. Pages 25 through 30 consist of a utility license agreement between Utah Department of Transportation (UDOT) and the Permittee (PacifiCorp). On pages 27 through 28 the bond liability is addressed and specific terms are discussed. According to the agreement, the Permittee is required to post a continuous bond in the amount of \$100,000 to cover the cost of repairs to the roadway in the event of damages caused by the Permittee. The bond must be maintained at all times or risk the cancellation of UDOT permits.

In addition to the \$100,000 bond held with UDOT, the Permittee is also required to maintain bonds with Emery County. Pages 41 through 60 contains correspondence between the Permittee and Emery County wherein the Permittee commits to posting two separate surety bonds in the amount of \$100,000 each for the construction and future maintenance of the pipeline. On page 46 it states:

- Bond no. 106655281 was issued by Travelers Casualty and Surety Company of America in the amount of \$100,000 to ensure completion and restoration of the water pipeline.
- Bond no. 106620564 was issued by Travelers Casualty and Surety Company of America in the amount of \$100,000 to ensure funding for future maintenance and repairs if needed.

None of the aforementioned bonds list the Division of Oil, Gas, & Mining as the obligee as required by R645-301-840.200. Additionally, as the Deer Creek Mine is a Federal site, the Office of Surface Mining and Reclamation Enforcement (OSMRE) must be identified as an obligee on the reclamation bond in addition to the Division of Oil, Gas, & Mining.

Although there is a total of \$300,000 set aside in three separate bonds for the water pipeline, none of these bonds address the reclamation of the disturbed areas where the pipeline was installed. As the pipeline is subject to a 10-year liability period, adequate bond must be in place to ensure reclamation success.

*Deficiencies Details:*

The amendment does not meet the State of Utah R645 General Bonding requirements. The following deficiency must be addressed prior to final approval:

R645-301-820.110-114, -840.200: The Permittee must post a performance bond that ensures reclamation success for areas that were disturbed through the installation of the Rilda pipeline. Said bond must address reseeding costs for the disturbed areas throughout the 10-year liability period, and be made payable to the Division of Oil, Gas, & Mining and the Office of Surface Mining and Reclamation Enforcement (OSMRE).

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