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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil Gas and Mining

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Division Director

May 22, 2007

Kenneth Fleck, Manager of Geology and Environmental Affairs
Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528

Subject: Midterm Review, PacifiCorp, Cottonwood/Wilberg Mine, C/015/0019, Task ID #2758

Dear Mr. Fleck:

The Division notified the Permittee of the midterm review for the Cottonwood/Wilberg Mine in a March 5, 2007 letter to Ken Fleck, Manager of Geology and Environmental Affairs. The elements selected for review during the Midterm Review, which were outlined in that letter, are:

1. An AVS check to ensure that Ownership and Control information is current and correct.
2. A review to ensure that the Plan has been updated to reflect changes in the Utah Coal Regulatory Program, which have occurred subsequent to permit approval (One area of emphasis is to ensure compliance with the U. S. Fish and Wildlife Colorado River Endangered Fish Recovery Program.)
3. A review of the plan to ensure that the requirements of all permit conditions, division orders, notice of violation abatement plans, and permittee initiated plan changes are appropriately incorporated into the plan document.
4. A review of the applicable portions of the permit to ensure that the plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.
5. A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate year dollars.

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6. A review of the mining and reclamation plan commitments for the subsidence control/monitoring plans and reporting requirements.
7. The Division may conduct a technical visit in conjunction with the assigned compliance inspector to document the status and effectiveness of the operational, reclamation, and contemporaneous reclamation practices.

The Midterm Review for the Cottonwood/Wilberg Mine has been completed. The Division has identified one deficiency. The specifics of that deficiency are on the attached page.

The Permittee must satisfactorily address this deficiency before the Division can complete the review process. Should you or your staff have any questions relative to the preparation of your response to this deficiency, do not hesitate to call me at (801) 538-5286 or Wayne Western at (801) 538-5263.

Please respond to this deficiency as soon as possible, but by no later than June 18, 2007, so that we may efficiently finish the mid-term review.

Sincerely



D. Wayne Hedberg
Permit Supervisor

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Attachment
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Deficiency List
Task ID #2758
Midterm Review, Cottonwood/Wilberg Mine

R645-301-830.200, The Permittee must increase the bond amount to a minimum of \$3,252,000 and give the Division a copy of the reclamation cost estimate for incorporation into the MRP. The Division will supply the Permittee with either an electronic or paper copy of the reclamation cost estimate. The current bond is for \$3,082,587 and therefore must be increased by \$169,413.