



GARY R. HERBERT
Governor

GREGORY S. BELL
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

Outgoing
C0150019

#3940
R

December 14, 2011

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

Subject: Completion of Midterm Review, Task ID #3940, Energy West Mining Company, Cottonwood Wilberg Mine, Permit C/015/0019

Dear Mr. Fleck:

On October 20, 2011, the Division informed Energy West Mining Company of the commencement of the midterm permit review for the Cottonwood/Wilberg Mine. The following items were reviewed:

- A. Review of the Plan to ensure that the requirements of all permit condition, division orders, notice of violation (NOV), abatement plans, and permittee-initiated Plan changes approved subsequent to permit approval or renewal (whichever is the most recent) are appropriately incorporated into the Plan document.
- B. Ensure that the Plan has been updated to reflect changes in the Utah Coal Regulatory Program which have occurred subsequent to permit approval or renewal.
- C. Review 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.
- D. Evaluate the compliance status of the permit to ensure that all unabated enforcement actions comport with current regulations for abatement; verify the status of all finalized penalties levied subsequent to permit issuance or permit renewal, and verify that there are no demonstrated patterns of violation (POV). This will include an AVS check to ensure that Ownership and Control information is current and correct.



- E. Evaluate the reclamation bond to ensure that coverage adequately addresses permit changes approved subsequent to permit approval or renewal, and to ensure that the bond amount is appropriately escalated in current-year dollars.
- F. Evaluate the permit for compliance with variances or special permit conditions.
- G. Optional for active mines, mandatory for reclamation only sites: conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness for operational, reclamation, and contemporaneous reclamation practices undertaken on predetermined portions of the disturbed area to minimize, to the extent practicable, the contribution of acid or toxic materials to surface or groundwater, and to otherwise prevent water pollution.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author for each of the respective deficiencies has been provided.

Your response to these deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1 and C2 forms by no later than January 13, 2012.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5365 or Ingrid Campbell at 801-538-5318.

Sincerely,



Daron R. Haddock
Coal Program Manager

Deficiency List
Task No. 3940
Midterm Permit Review

The members of the review team include the following individuals:

Ingrid Campbell (IC)
Ken Hoffman (KH)
Pete Hess (PHH)
Angela Nance (AN)
Priscilla Burton (PB)
April Abate (AA)

R645-301-112.330: The following information in the current MRP does not match the information found in the OSM/AVS database.

PPW Holdings LLC

The following individuals show a Begin Date of 5/18/06 in the MRP. However, the AVS database shows these same individuals with a Begin Date of 3/15/06.

- a. Steven R. Evans, Vice President
- b. Wayne F. Irmiter, Vice President
- c. Mitchell F. Ludwin, Vice President
- d. James C. Galt, Assistant Treasurer

This discrepancy should be addressed by either correcting the MRP or providing a Secretary's Certificate to correct the AVS.

PacifiCorp

The AVS shows **Mark C. Moench as a Vice President and General Counsel with a Begin Date of 2/01/10.** This information is not in the MRP. *This discrepancy should be addressed by either correcting the MRP or providing a Secretary's Certificate to remove this information from the AVS. (AN)*

R645-301-731.220: The Permittee must submit updated Volume 9 Appendix A sampling locations and updated Volume 9 Appendix B. **(KH)**

R645-301-830.140: The Permittee must submit updated cost estimate calculations using 2011 data for the remaining disturbed areas of the Cottonwood / Wilberg coal mine. The estimates must be supported by unit cost data from R.S. Means Heavy construction Cost Data or other verifiable means. **(PHH)**

R645-301-830.110: Based on the updated cost sheets provided by the Permittee under R645-301-830.140, the Division will, in co-operation with the Permittee develop a new reclamation cost estimate for 2011. This cost will then be escalated to 2016, with an adjustment of the posted bond amount to complete the requirements of the 2011 Midterm Permit review. **(PHH)**