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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil Gas and Mining

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Division Director

July 21, 2008

Shawn Baker, Resident Agent
Co-Op Mining Company
P.O. Box 1240
Huntington, Utah 84528

Subject: Midterm Permit Review, Task ID #2935, Co-Op Mining Company, Bear Canyon Mine, C/015/0025, Outgoing File

Dear Mr. Baker:

The Midterm Review for the Bear Canyon Mine has been completed. The Division's analysis and findings are included in the following selected items. As you will note there are two deficiencies that need to be addressed in item 4.

1. ***An AVS check to ensure that Ownership and Control information is current and correct and that all outstanding fines are paid.***

C.W. Mining is doing business as (DBA) Co-Op Mining Company. Ownership and Control are discussed in Section R645-301-112 of the MRP. This information was current as of November 3, 2005. The Division checked OSM's AVS on June 23, 2008. There were no violations retrieved by the system.

2. ***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.***

A review of the plan indicated that the requirements of all permit conditions, division orders, notice of violation abatement plans, and permittee initiated plan changes have been appropriately incorporated into the plan document. Appeal options are pending for notice of violation # 10020 and there are two amendments under review by the Division staff, the revised UPDES discharge permit and the parking lot expansion.

3. ***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. The MRP contains commitments for application of BTCA to prevent additional contributions of suspended solids to stream flows outside of the permit area.***

Sedimentation ponds and ASCAs are shown on Plates 7-1A through 7-1G. ASCAs are described in Appendix 7-K. Sizing calculation for sedimentation Ponds A, B, C, and D are in Appendix 7-F; cross sections are on Plates 7-2, 7-3, 7-6 and 7-11, respectively.



4. *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.*

The Division reviewed the reclamation cost estimate. Based on the information in the MRP, the Division determined that the amount of bond needed by the Division to ensure that reclamation cost be accomplished in the event of bond forfeiture is \$2,418,000 in 2013 dollars. The current bond is for \$1,825,000, which means that the Permittee must increase the bond by \$593,000.

The Division will give the Permittee a copy of the reclamation cost estimate in either electronic or hard copy. The Permittee must include a copy of the Division's reclamation cost estimate in the MRP.

The information in the MRP is not considered adequate to meet the requirements for the midterm review. Before approval of the midterm, the Permittee must provide the following in accordance with:

R645-301-830.110, The Permittee must include a copy of the Division's reclamation cost estimate in the MRP. The Division will give the Permittee a copy of the reclamation cost estimate in either electronic or hard copy.

R645-301-830.200, The Permittee must post a bond for no less than \$2,418,000.

Once these deficiencies have been addressed the Division can approve the Midterm Review. Please provide your response to the two deficiencies noted in item 4 by August 20, 2008.

If you have any questions regarding these requirements or the Midterm Review process please call me at (801) 538-5262 or Joe Helfrich at (801) 528-5290.

Sincerely,

for 
James D. Smith
Permit Supervisor