

C/015/025 Incoming



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Cathy Begej
Senior Hydrologist/Project Manager

August 24, 2010

File No. 4184

Ms. April Abate
Environmental Scientist II
Utah Division of Oil, Gas & Mining Coal Program
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Subject: Deficiency Response
UDOGM Task ID 3591
Permit Amendment Submittal
Hydrologic Monitoring Plan
Bear Canyon Mine, C/015/0025

Dear Ms. Abate:

Enclosed is a revised hydrologic monitoring amendment to the Bear Canyon Mine permit, number C/015/0025. Norwest is submitting this amendment on behalf of CW Mining Company d/b/a Co-Op Mining Company, Kenneth A. Rushton, U.S. Bankruptcy Trustee to the Bear Canyon Mine. This package includes one original and three copies of the following: notarized C1 and C2 forms, redlined version of changes to the MRP for your review, and a final version of the proposed changes to the MRP. Please review and provide comments to the public notification publication and Norwest Corporation will publish it accordingly.

The attached proposed changes to the MRP reflect a change in the active monitoring locations to reflect current surface disturbance and underground mining at the site. To support the proposed amendment, we have provided Tables 1 -3 in Appendix 7-J. The attached Table 1 was derived from the sites in Table 7-14, and expanded to identify each site's objective, proposed status, and rationale for retention or temporary reduction. In addition, the water quality parameter list has been reduced, following a statistical evaluation of data in the mine's database. Table 2 summarizes the historic water quality parameters by site type to identify parameters which have regularly been less than detection limits, or below state use water quality criteria. Norwest filtered out data which had incorrect units or was an obvious anomaly

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when it was one or two orders of magnitude higher than the data set. Table 3 provides site specific statistics on water quality parameters collected at each site. The statistics have been calculated for all sampling events when results exceeded the detection limit. Thus, the average value is exceptionally conservative. The revision relocates permit material in Appendix 7-J to the end of Appendix 7-N.

Norwest Corporation proposes to reduce the current 45 sites to 20 active sites, as shown in the revised Table 7-14. One (SBC-23) site will be discontinued as the landslide it was associated with has stabilized. The frequency will be reduced to quarterly for all sites, and sampling of springs above workings will be weekly for the first 30 days, and quarterly thereafter. A new sampling suite category entitled "Expanded List" is identified in Tables 7-13 and 7-17. This list has fewer analytes than the baseline list, and eliminates the need to sample trace metals which have low levels, many below detection limits, based on the statistical evaluation provided in Tables 2 and 3 of Appendix 7-J.

A deficiency letter was issued August 8, 2010 for the original July 15, 2010 submittal. Questions are italicized below, with responses in bold.

1) ***[R645-301-120]:*** *The narrative section of the MRP discussing the water monitoring plan begins on page 7-48 and ends on page 7-60. The applicant did not submit any text revisions for the narrative section of the plan. This section will need to be updated to reflect the approved revisions. In addition, the applicant submitted Tables 1, 2 and 3 as supplemental material that were intended to show rationale for proposing deactivating and reactivating sampling sites and statistical evaluations of the sample locations. The applicant did not appear to intend to include them as part of the final MRP; however the Division would like that they incorporate them into the mine plan such that the rationale for reactivating the sampling locations is clearly illustrated.*

The application package now includes text revisions to the water monitoring plan. Tables 1, 2, and 3 of the July 15, 2010 cover letter have been incorporated into Appendix 7J, which has been renamed from Investigation of Groundwater & Surface Water Systems to "2010 Characterization of Groundwater and Surface Water Monitoring." Appendix 7J originally contained PHCs from Mayo and Associates dated 6/25/01 and 1/8/07. These have been added to the end of Appendix 7N, which has a PHC from 4/26/93.

2) *[R645-301-731.210]: Monitoring well MW-117 was proposed for deactivation until such time that mining resumes/begins in the area. Based on the recent trend in water level data showing a significant rise in water levels, continued gauging MW-117 for water levels is necessary.*

MW-117 has been reinstated.

3) *SBC-3 is set in the alluvium in a creek adjacent to stream sample BC-3 at the margin of the disturbed area. Because the well is set in the alluvium, the groundwater system has the potential for contact with the disturbed area. Therefore, it is important that this site continue to be sampled for operational water quality parameters.*

SBC-3 will be monitored quarterly for the same parameters as springs.

4) *The applicant has structured their plan to reactivate the sampling locations when it is determined that mining in these specific areas either begins or resumes. The best way to track this is for the applicant to provide a commitment to the Division in Bear Canyon Annual Report to evaluate the mine plan each year and notify the Division of which water monitoring points will be activated based on the forecast for underground mining. It is suggested that the applicant commit to re-establish monitoring of the sites a minimum of one year prior to mining activity resuming in the area.*

Section 731.210 has been modified to include an assessment of the monitoring plan as it relates to the next year's mining as part of the Annual Report. We have retained the wording of re-initiating the monitoring within six months to ensure compliance, given the issuance date of the Annual Report, and due to the fact that there is a multiple year block of baseline data for these sites.

5) *The Division recommends re-evaluating the monitoring of two spring samples SBC-4 and SBC-9A quarterly for dissolved and total lead. There were no statistical data to justify the reason for lead sampling at either of these sites.*

April Abate of UDOGM sent an email 8-16-10 indicating that Jim Smith of UDOGM indicated that there had been a cave-in below this area where a lead battery was buried. Given that the springs can be used as water supplies, it was recommended that lead be analyzed. Norwest sought additional governmental monitoring of the springs through STORET and USGS Water Quality websites, and was unable to find supplemental lead monitoring. At this time, we will retain lead on the sampling list, although there is no evidence of lead in either spring.

6) *[R645-301-731]: The applicant did not submit a revised map of the water monitoring locations. Please submit a current version of Plate 7-4 showing spring SBC-23 as historical monitoring site as well as any other relevant updates to the map. The Division also recommends that updated mine plans shown in Plates 5-1A, 5-1B, and 5-1C be submitted also – this can be submitted separately and does not necessarily need to be submitted concurrent with this water monitoring plan amendment.*

Plate 7-4 has been modified to change the status of spring SBC-23. Norwest acknowledges the desirability to have updated mine plans, but suggests that these are best provided by the future operator of the mine.

Please contact me with any questions or concerns.

Yours sincerely,

NORWEST CORPORATION



Cathy Begej
Senior Hydrologist/Project Manager

Enclosures

Cc: Kenneth A. Rushton - U.S. Bankruptcy Trustee
Richard H. Thornton - Prince, Yeates & Geldzahler
Aleta Brown - Norwest Corporation
Carl Pollastro - Norwest Corporation
Rhino Energy

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: CW Mining Company d/b/a Co-Op Mining Company, Kenneth A Rushton

Mine: Bear Canyon Mine

Permit Number:

C/015/0025

Title: U.S. Bankruptcy Trustee

Description, Include reason for application and timing required to implement:

Water Monitoring Amendment

Instructions: If you answer yes to any of the first eight questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?

Explain: _____

- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?
- Yes No 24. Does the application include confidential information and is it clearly marked and separated in the plan?

Please attach three (3) review copies of the application. If the mine is on or adjacent to Forest Service land please submit four (4) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Kenneth A. Rushton, Trustee of Bankruptcy
Estate of C.W. Mining Company

24 Aug 2010

X Kenneth Rushton

Print Name

Position

Date

Signature (Right-click above choose certify then have notary sign below)

Subscribed and sworn to before me this 31 day of August, 2010

Notary Public: Dixie K. Robinson, state of Utah.

My commission Expires: 11-12-11

Commission Number: 571626

Address: _____

City: _____ State: _____ Zip: _____

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