



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 27, 1994

Mr. Allen Childs
Genwal Coal Company, Inc.
P.O. Box 1201
Huntington, UT 84528

Re: Proposed Coal Loadout Facility, Genwal Coal Company, Crandall Canyon Mine, ACT/015/032, Folder #2, Emery County, Utah

Dear Mr. Childs:

The March 1994 issue of "Utah Mining News", stated that a new coal loadout facility is being proposed for Genwal Coal Company, see attached. This proposed facility will be constructed near the old mining town of Mohrland, with a new access road, powerline, water pipeline, conveyors, stackers, hoppers, and office and shop facilities. This letter is requesting clarification if there will be any coal preparation activities contemplated at this facility, i.e. crushing, grinding, etc.

If coal preparation activities are not contemplated, and this facility is a loadout only, this facility would not be subject to the Utah Coal Mining Regulatory Program. However, if there are coal preparation or processing activities contemplated for this Mohrland site, as defined by R645-100 and R645-301-260 through R645-302-264.900, permitting of this site is required.

Please clarify by letter the details of this proposed coal loadout by June 15, 1994. If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script that reads "Lowell P. Braxton".

Lowell P. Braxton
Associate Director, Mining



STATE RECEIVES MINERAL LEASE FUNDS. The State of Utah received \$31,317,823.35 as its 1993 share of revenues associated with mineral leases on federal public lands located within its borders, announced the Department of the Interior's Minerals Management Service (MMS) recently. This money represents the state's share of bonuses, rents and royalties.

Through its Royalty Management Program, the MMS is responsible for collecting, auditing and disbursing revenues associated with mineral leases on federal and Indian lands. According to MMS Director Thomas Fry, "A state is entitled to a share of the mineral revenues from federal lands located within the state's boundaries. Of this 50 percent goes to the state. 40 percent goes to the Reclamation fund for water projects and 10 percent goes to the U.S. Treasury. A total of \$510,630,029.79 was distributed to 37 states in 1993. New Mexico led the list with \$141,850,756.00 being returned.

NEW COAL LOADOUT FACILITY BEING PROPOSED. Emery County may soon have a new coal loadout facility located on federal lands administered by the BLM. The BLM is processing a right-of-way application for a coal loadout facility for Genwal Coal Company. Genwal proposes to construct the facility near the old mining town of Mohrland, located approximately 10 miles northwest of Huntington adjacent to Utah Railroad's rail spur. Planned facilities at the site include a new access road, powerline, water pipeline, conveyors, stackers, hoppers, and office and shower facilities. The coal will be transported approximately 17 miles from the Crandall Canyon mine to the loadout. The proposed facility will handle unit trains up to 10,000 tons of coal per trip. Plans anticipate loading one train every two to three days. Construction plans call for May start up and completion by September.

MINING COMPANIES MAKE SIGNIFICANT CONTRIBUTIONS TO TECHNOLOGY CENTER. UMETCO Minerals and Energy Fuels Nuclear recently made major contributions to the College of Eastern Utah Technology Center at the San Juan Campus in Blanding.

Rich VanHorn, Director of Operations at UMETCO, presented a check for \$13,050 for a technology module at the institution Harold Roberts, Vice-President of Operations for Energy Fuels presented a check for \$12,500 for an additional module. Mr. VanHorn commented, "We have watched the college grow, and it has really been great to see the way things are going." The new equipment is to be installed in the modules when the 23,000 square-foot building is finished in the fall of 1995.

SUNNYSIDE COAL COMPANY CLOSES MINE. Larry Shiner, Sunnyside Coal Company's human resource manager announced a mass layoff and mine production shutdown effective March 18. "That possibility has now become a reality," said Mr. Shiner. "The company is maintaining a small salaried work force to maintain and protect the mine on a stand-by basis in hopes of securing other contracts but at the present time the mine is on a permanent closure status." The mine closure has affected approximately 115 employees. An earlier lay-off in December, 1993 involved 47 employees. The mine closure is due to the Geneva Steel Plant in Orem not extending its contract with Sunnyside Coal Co.

LA TEKO RESOURCES UPDATES ORE RESERVES. Jack Layne, President of La Teko Resources Ltd. of Salt Lake City reports that Mine Development Associates of Reno, NV (MDA) has calculated ore reserves on La Teko's Ryan Lode and True North properties as up to 1,028,400 ounces of gold. The study states that the reserves are contained within a certified source of 2,845,000 ounces of gold contained in 61.8 million tons of material grading .046 OPT gold. The company expects to convert more of the resource, nearly all of which is located on private land or on Alaska state mining claims, to minable ore reserves by further exploration in 1994.

SAVAGE INDUSTRIES INC. ACQUIRES CV SPUR LOADOUT. Mountain Coal Company (MCC) and Savage Industries Inc. have reached agreement in principal for Savage to purchase certain assets and lease MCC's Castle Valley Spur unit-train loadout and coal storage terminal located on the Rio Grande/Southern Pacific railroad near Price. According to Savage, the spur can transload more than 5 million tons annually. It can currently load 100 rail cars in two hours.

Savage indicates that the company plans to upgrade the facility by enhancing storage and blending capabilities and install weigh-in-motion scales to supplement existing belt scales. More than 300,000 tons of live coal storage can

commerce at or near the mine site. Provided, these activities do not include the extraction of coal incidental to the extraction of other minerals, where coal does not exceed 16-2/3 percent of the tonnage of minerals removed for purposes of commercial use or sale, or coal exploration subject to section 40-10-8 of the Act; and, provided further, that excavation for the purpose of obtaining coal includes extraction of coal from coal refuse piles; and (b) the areas upon which the activities described under part (a) of this definition occur or where such activities disturb the natural land surface. These areas will also include any adjacent land the use of which is incidental to any such activities, all lands affected by the construction of new roads or the improvement or use of existing roads to gain access to the site of those activities and for haulage and excavation, workings, impoundments, dams, ventilation shafts, entryways, refuse banks, dumps, stockpiles, overburden piles, spoil banks, culm banks, tailings, holes or depressions, repair areas, storage areas, processing areas, shipping areas, and other areas upon which are sited structures, facilities, or other property or material on the surface, resulting from or incident to those activities.

"Coal Mining and Reclamation Operations Which Exist on the Date of Enactment" means all coal mining and reclamation operations which were being conducted on August 3, 1977.

"Coal Preparation or Coal Processing" means the chemical and physical processing and the cleaning, concentrating, or other processing or preparation of coal.

"Coal Processing Plant" means a facility where coal is subjected to chemical or physical processing or the cleaning, concentrating, or other processing or preparation. Coal processing plant includes facilities associated with coal processing activities, such as, but not limited to, the following: loading facilities; storage and stockpile facilities; sheds, shops, and other buildings; water-treatment and water-storage facilities; settling basins and impoundments; and coal processing and other waste disposal areas.

"Coal Processing Waste" means earth materials which are separated from the product coal during cleaning, concentrating, or the processing or preparation of coal.

"Collateral Bond" means an indemnity agreement in a sum certain executed by the permittee as principal which is supported by the deposit with the Division of: (a) a cash account, which will be the deposit of cash in one or more federally-insured or equivalently protected accounts, payable only to the Division upon demand, or the deposit of cash directly with the Division; (b) negotiable bonds of the United States, a State, or a municipality, endorsed to the order of, and placed in the possession of, the Division; (c) negotiable certificates of deposit, made payable or assigned to the Division and placed in its possession, or held by a federally insured bank; (d) an irrevocable letter of credit of any bank organized or authorized to transact business in the United States payable only to the Division upon presentation; (e) a perfected, first lien security interest in real property in favor of the Division; or (f) other investment grade rated securities having a rating of AAA or AA or A, or an equivalent rating issued by a nationally recognized securities rating service, endorsed to the order of, and placed in the possession of, the Division.

"Combustible Material" means organic material that is capable of burning, either by fire or through oxidation, accompanied by the evolution of heat and a significant temperature rise.

"Community or Institutional Building" means any structure, other than a public building or an occupied dwelling, which is used primarily for meetings, gatherings or functions of local civic organizations or other community groups; functions including, but not limited to educational, cultural, historic, religious, scientific, correctional, mental-health or physical-health care facility; or is used for public

services, including, but not limited to, water supply, power generation, or sewage treatment.

"Compaction" means increasing the density of a material by reducing the voids between the particles, and is generally accomplished by controlled placement and mechanical effort such as from repeated application of wheel, track, or roller loads from heavy equipment.

"Complete and Accurate Application" means an application for permit approval or approval for coal exploration, where required, which the Division determines to contain all information required under the Act, the R645 Rules, and the State Program that is necessary to make a decision on permit issuance.

"Cooperative Agreement" means the agreement between the Governor of the State of Utah and the Secretary of the Department of the Interior as published at 30 CFR 944.30.

"Cropland" means land used for the production of adapted crops for harvest, alone or in a rotation with grasses and legumes, and includes row crops, small grain crops, hay crops, nursery crops, orchard crops, and other similar specialty crops.

"Cumulative Impact Area" means the area, including the permit area, within which impacts resulting from the proposed operation may interact with the impacts of all anticipated mining on surface and groundwater systems. Anticipated mining will include, at a minimum, the entire projected lives through bond releases of: (a) the proposed operation, (b) all existing operations, (c) any operation for which a permit application has been submitted to the Division, and (d) all operations required to meet diligent development requirements for leased federal coal for which there is actual mine development information available.

"Cumulative measurement period" means, for the purpose of R645-106, the period of time over which both cumulative production and cumulative revenue are measured.

- (a) For purposes of determining the beginning of the cumulative measurement period, subject to Division approval, the operator must select and consistently use one of the following:
 - (i) For mining areas where coal or other minerals were extracted prior to August 3, 1977, the date extraction of coal or other minerals commenced at that mining area or August 3, 1977, or
 - (ii) For mining areas where extraction of coal or other minerals commenced on or after August 3, 1977, the date extraction of coal or other minerals commenced at that mining area, whichever is earlier.
- (b) For annual reporting purposes pursuant to R645-106-900, the end of the period for which cumulative production and revenue is calculated is either
 - (i) For mining areas where coal or other minerals were extracted prior to July 1, 1992, June 30, 1992, and every June 30 thereafter; or
 - (ii) For mining areas where extraction of coal or other minerals commenced on or after July 1, 1992, the last day of the calendar quarter during which coal extraction commenced, and each anniversary of that day thereafter.

"Cumulative production" means, for the purpose of R645-106, the total tonnage of coal or other minerals extracted from a mining area during the cumulative measurement period. The inclusion of stockpiled coal and other mineral tonnages in this total is governed by R645-106-700.

- 245.422. All spoil generated by the auger mining operation and any associated SURFACE COAL MINING AND RECLAMATION ACTIVITIES, and any other reasonably available spoil will be used to backfill the area. Reasonably available spoil will include spoil generated by the mining operation and other spoil located in the permit area that is accessible and available for use and that when rehandled will not cause a hazard to the public safety or significant damage to the environment. For this purpose, the permit area will include spoil in the immediate vicinity of the auger mining operation;
- 245.423. The coal seam mined will be covered with a minimum of four feet of nonacid-, nontoxic-forming material and the backfill graded to a slope which is compatible with the approved postmining land use and which provides adequate drainage and long-term stability;
- 245.424. Any remnant of the highwall will be stable and not pose a hazard to the public health and safety or to the environment; and
- 245.425. Spoil placed on the outslope during previous mining operations will not be disturbed if such disturbances will cause instability of the remaining spoil or otherwise increase the hazard to the public health and safety or to the environment.
- 245.500. Protection of Underground Mining. Auger holes will not extend closer than 500 feet (measured horizontally) to any abandoned or active underground mine workings, except as approved in accordance with R645-301-513.700 and R645-301-523.200.
- 250. In Situ Processing Activities.**
251. R645-302-250 applies to any person who conducts or intends to conduct coal mining and reclamation operations utilizing in situ processing activities.
252. Any application for a permit that includes operations covered by R645-302-250 will address all requirements of R645-200, R645-300, R645-301, R645-302-100 through R645-302-290, R645-302-310, R645-302-320, and R645-303 applicable to coal mining and reclamation operations. In addition, the mining and reclamation operations plan for operations involving in situ processing activities will contain information establishing how those operations will be conducted in compliance with the requirements of R645-302-254, including:
- 252.100. Delineation of proposed holes and wells and production zone for approval of the Division;
- 252.200. Specifications of drill holes and casings proposed to be used;
- 252.300. A plan for treatment, confinement or disposal of all acid-forming, toxic-forming or radioactive gases, solids, or liquids constituting a fire, health, safety or environmental hazard caused by the mining and recovery process; and
- 252.400. Plans for monitoring surface and ground water and air quality as required by the Division.
253. No permit will be issued for operations covered by R645-302-250, unless the Division first finds, in writing, upon the basis of a complete application made in accordance with R645-302-252, that the operation will be conducted in compliance with all requirements of R645-200, R645-300, R645-301, R645-302-100 through R645-302-290, R645-302-310, R645-302-320, and R645-303.
254. Performance Standards.
- 254.100. The person who conducts in situ processing activities will comply with R645-301 and R645-302-254.
- 254.200. In situ processing activities will be planned and conducted to minimize disturbance to the prevailing hydrologic balance by:
- 254.210. Avoiding discharge of fluids into holes or wells, other than as approved by the Division;
- 254.220. Injecting process recovery fluids only into geologic zones or intervals approved as production zones by the Division;
- 254.230. Avoiding annular injection between the wall of the drill hole and the casing; and
- 254.240. Preventing discharge of process fluid into surface waters.
- 254.300. Each person who conducts in situ processing activities will submit for approval as part of the application for permit under R645-302-250, and follow after approval, a plan that ensures that all acid-forming, toxic-forming, or radioactive gases, solids, or liquids constituting a fire, health, safety, or environmental hazard and caused by the mining and recovery process are promptly treated, confined, or disposed of, in a manner that prevents contamination of ground and surface waters, damage to fish, wildlife and related environmental values, and threats to the public health and safety.
- 254.400. Each person who conducts in situ processing activities will prevent flow of the process recovery fluid:
- 254.410. Horizontally beyond the affected area identified in the permit; and
- 254.420. Vertically into overlying or underlying aquifers.
- 254.500. Each person who conducts in situ processing activities will restore the quality of affected ground water in the permit area and adjacent area, including ground water above and below the production zone, to the approximate premining levels or better, to ensure that the potential for use of the ground water is not diminished.
- 254.600. Monitoring.
- 254.610. Each person who conducts in situ processing activities will monitor the quality and quantity of surface and ground water and the subsurface flow and storage characteristics, in a manner approved by the Division under R645-301-731.100 through R645-301-731.522 and R645-301-731.800, to measure changes in the quantity and quality of water in surface and ground water systems in the permit area and in adjacent areas.
- 254.620. Air and water quality monitoring will be conducted in accordance with monitoring programs approved by the Division as necessary according to appropriate federal and Utah air and water quality standards.
- 260. Coal Processing Plants Not Located Within the Permit Area of a Mine.**