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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0150032
#3415
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November 19th, 2009

Dave Shaver, Manager
Genwal Resources, Inc.
P.O. Box 1077
Price, Utah 84501

Subject: Mine Treatment Facility, Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032,
Task ID #3415, Outgoing File

Dear Mr. Shaver:

The Division has reviewed your application to construct a mine-water treatment facility at the Crandall Canyon Mine site.

The Division has determined that there are some deficiencies that must be addressed before a determination can be made that the requirements of the R645 Coal Mining Rules have been met, and an approval can be granted. Those deficiencies are listed as an attachment to this letter.

Each deficiency identifies its author by that author's initials in parentheses, such that your staff can directly communicate with that individual should any questions arise relative to the preparation of Canyon Fuel Company's response to that particular deficiency.

The plans as submitted are denied. Please resubmit the entire application.

Sincerely

Daron Haddock
Permit Supervisor

skc
cc: Price Field Office
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Deficiency List
Task No. #3415
Mine Treatment Facility

The members of the review team include the following individuals:

Priscilla Burton (PB)
Steve Christensen (SC)
Pete Hess (PH)
James Owen (JO)

R645-301-121.200: App. 1-9, Section 1 Organizational Family Tree was revised but was inadvertently omitted from the application. •Section 10 of Appendix 1-9 makes no changes to the listing of officers and directors, however, the typing of Ted Olson's name makes it difficult to know whether he is coming or going as a director. This page should be re-submitted for clarity. (PB)

R645-301-724.100: The Permittee must establish a groundwater monitoring point for the sandstone seep discharge that is to be collected on the ledge located directly above the proposed treatment facility. The Permittee must provide a commitment to supply the Division with the discharge data. As the monitoring of the seepage water will be temporary, the Division will not require that the Permittee submit the data to the electronic water quality database. In consultation with the Division, the Permittee must provide a reasonable timeline, method and frequency for obtaining and supplying the data. (SC)

R645-301-751: The Permittee must revise the maintenance/clean-up plan for the proposed settling pond. The previous technical review for a proposed water treatment system (Task ID #3261) identified a deficiency relative to the maintenance/clean-up of the aeration treatment facility. The deficiency stated, "*If the intention is to route the in-mine water directly into the receiving drainage during maintenance of the aeration treatment facility, the Permittee must provide the Division with documentation from the Department of Water Quality (DWQ) that such a practice is acceptable per the terms of their UPDES permit and subsequent violation.*" Page 2 of Appendix 7-65 discusses the bypassing of the mine water (presumably to Crandall Creek). Upon discussions with DWQ staff member Jeff Studenka, this would not be allowed under the terms of the Permittee's UPDES Permit (UT0024368). (SC)

R645-301-751: The Permittee should revise the application to reflect that the proposed treatment facility will be a temporary/operational feature. The November 4th, 2009 final reclamation discussions conducted with the USFS, BLM and DWR, determined that an active treatment system in the location of the old load-out area (as proposed with this permitting action) would not be preferred for final reclamation. As a result, the application should revise language that discusses the potential for '*permanent*' utilization of the proposed treatment system on page 7-47 and page 3 of Appendix 7-65 of the application. The sections should be revised so that it's clear that the proposed system will be utilized in a solely operational capacity. (SC)

R645-301-741 and -742.300: The Permittee must revise the application to identify how the storm water runoff generated in undisturbed watershed WSUD-3 will be diverted into the existing disturbed drainage system. The revisions should provide detailed design drawings and a narrative. Revisions to Plate 7-5, *Crandall Canyon Mine Drainage Map*, may be necessary in the event that the re-routing of flow from WSUD-3 will be accomplished with something other than a diversion ditch (as currently depicted on Plate 7-5). (SC)

R645-301-742: The Permittee must revise the application and remove the characterizations of the proposed water treatment facility as an ASCA. ASCA is not a defined in the State of Utah R645-Coal Mining Rules. However, the Division finds that the proposed water treatment facility and the scope of its design and operation are beyond the common application of the term 'ASCA'. The application refers to the proposed water treatment system as 'ASCA 12'. Discussion of 'ASCA 12' is found on page 7-46 of the approved MRP, the table of contents, page 2 and page 37 of Appendix 7-65. In addition, 'ASCA 12' is depicted on Plate 7-5, *Crandall Canyon Mine Drainage Map*. (SC)

R645-301-742.220: The Permittee must provide up to date survey (not estimated) information regarding the sediment level accumulation in the pond. This information was requested at the time of the previous technical analysis (Task ID #3261). The updated survey information is needed in order to determine whether the pond requires maintenance/cleaning and has the capacity to retain the design storm event (10-year, 24-hour). The application demonstrates that the sediment pond has adequate storage for the proposed re-routing of undisturbed watershed 3 (WSUD-3). However, that is based upon the sediment level in the pond being maintained below its clean-out level. Based upon recent site visits/field inspections by Division staff, the water level in the pond has been observed less than 1 foot below the principal spillway. Annual reports submitted by the Permittee have provided estimated sediment accumulation elevations of 7,767' for 2006, 7,768' for 2007 and 7,768' for 2008 respectively. The sediment clean-out level for the pond is 7,769'. It is highly unlikely that the sediment level has remained constant. The updated survey information will determine if the pond needs to be cleaned out. (SC)

R645-301-742.220: In addition, the Permittee must provide additional design and maintenance information for the proposed settling basin. The additional settling basin information should provide the following:

- A discussion as to how it will be determined when the settling basin is in need of clean-out/maintenance and a commitment to perform such maintenance at that time.
- A discussion of how the clean out of the settling basin will be performed including the associated designs and calculations. (See Above R645-301-751 deficiency for additional discussion).
- A discussion and demonstration as to how the retention time of the settling basin was determined. Page 1 of Appendix 7-65 states, "The unit has been sized according to the

anticipated flow rate..." and "The basin has been designed with twice the volume (i.e., retention time) recommended from the bench testing in order to maximize the potential for meeting UPDES compliance levels." Upon review of the application, it's not clear what design assumptions and calculations were utilized in designing the settling basin and it's function.

- Figure 1 of 5 in Attachment 6 of Appendix 7-65 must be revised to accurately depict the location of the pre-cast concrete drop inlet box. Based upon field visits with the Permittee, the structure had to be constructed further down gradient from the spillway.
- Figure 1 of 5 and Figure 2 of 5 in Attachment 6 of Appendix 7-65 must be revised to depict how the seeps from the Star Point Sandstone ledge will be collected. Based upon a recent field visit by Division staff, the Permittee indicated that the seep collection area would be in a different location than as is depicted on the aforementioned figures.
- The Permittee must demonstrate that the proposed utilization of a single open channel spillway meets the criteria established in R645-301-742.223.1. (SC)

R645-301-812.700: The Permittee must provide a commitment to supply the Division with the following information within 30 days of final approval of the mine-water treatment facility:

- The anticipated operating costs for a Maelstrom oxidizer unit treating 1,000 gallons per minute (gpm) without the addition of chemicals.
- The cost to replace the Maelstrom unit, labor (hours required and cost per hour) as well as the unit's expected operational life span.
- An estimate of maintenance costs to clean the settled sludge material from the settling basin and dispose of the material (including transportation costs).
- The anticipated cleanout frequency required to maintain the function of the settling basin.

The commitment should further acknowledge that following the receipt of the aforementioned information; the Division will initiate bond adjustment in consultation with the Permittee. (PH)