



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
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
C0150032
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November 23, 2009

James Fulton, Denver Field Division Manager
Office of Surface Mining Reclamation and Enforcement
Western Region
1999 Broadway, Suite 3320
Denver, Colorado 80202-3050

Subject: Response to two-part Ten Day Notice X09-140-182-001, and X09-140-182-002;
Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032

Dear Mr. Fulton:

The Division of Oil, Gas and Mining (Division) received, on November 17, 2009 a two-part Ten Day Notice (X09-140-182-001, and X09-140-182-001), issued by Christine Belka. The notice states that Genwal Resources, Inc. is not conducting mining operations in accordance with the approved permit because a water treatment facility is being built without prior approval from the Division, and that they have failed to maintain adequate bond coverage.

The mentioned water treatment facility is a combination of a 288,000 gallon impoundment (approx. 100' X 75' X 4'), and a Maelstrom oxidizer unit. The Maelstrom unit has been delivered to the site, and is sitting on the storage pad, awaiting installation. The impoundment is in the process of being built as part of the abatement for NO10043, written on August 11, 2009 (see attached). The violation was written for "failure to minimize disturbance to the hydrologic balance and diminution or degradation of the quality of surface water." The Utah Division of Water Quality also wrote a violation for staining of the creek and exceedence of the UPDES permit limit for total iron. NO10043 required Genwal to:

"Submit a plan and receive Division approval to immediately address and remediate the iron discharge by September 17, 2009;" and "Implement the immediate plan by October 19, 2009."

After an extension, Genwal Resources submitted a plan for the treatment facility on October 13, 2009 and began work on the impoundment shortly thereafter. Mr. David W. Hibbs, P.E. (UT-6449561-2202) prepared and certified the pond designs in the application, requiring standard engineering practices in the building and compaction of the impoundment walls. The application has not been approved due to the lack of engineering details in the information



submitted to the Division. The Division has requested those details and Genwal Resources is working to provide them in a timely manner.

Although the Division has allowed construction work on the impoundment to begin, Genwal Resources has been warned that no water shall be turned into the impoundment until the Division approves the application, and that the approval depends on detailed, P.E. certified plans and as-built information. If the information cannot be provided, or does not meet the performance standards set forth in SMCRA and the R645 Rules, the Division will not allow Genwal Resources to use the pond, and will instruct them to remove it.

In short, the Division has allowed the construction of the impoundment to go forward to date without a final, approved plan for the following reasons:

1. The impoundment is being built as a response to, and is necessary to abate NO10043. The impoundment is vital to the ability to remove the excess iron from the discharge water. The sooner the impoundment and oxidizer are in operation, the sooner they hydrologic balance can be restored and the stream can return to its previous quality. Time is also of essence to avoid the spread of the iron problems downstream, toward Huntington Creek.
2. The impoundment is located completely within the disturbed area, in an area formerly used as a coal storage pad. No new disturbance was required to build the impoundment.
3. The plans provided by Genwal Resources, though lacking in detail, were prepared and certified by a Professional Engineer, licensed in the State of Utah. A reputable company is building the impoundment, using standard engineering practices. Genwal Resources is conducting regular compaction tests and overseeing the work.
4. Genwal Resources may not direct the flow of any water into the impoundment until the Division approves detailed, certified plans and as-built information.

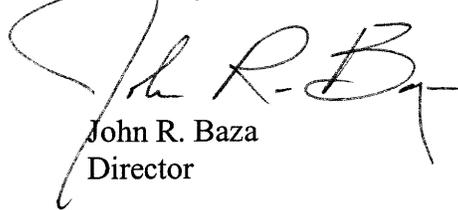
The Division feels that further corrective action regarding the pond at this time would only delay the abatement of the root problem.

The Division recognizes, and has recognized the need to increase the bond at Crandall Canyon to ensure continued treatment of the mine portal discharge water. Please see the attached Division Order requiring Genwal Resources to take immediate action to increase their bond to cover long-term treatment of the mine discharge water. The Division has delayed the issuance of this directive while working with Genwal Resources, the Utah Division of Water Quality, the US Bureau of Land Management, and the US Forest Service to devise a conceptual plan for the long-term treatment.

When the need for additional bonding was first recognized, the problem was too nebulous to attempt to put a number to. The Division felt that it would be unfair, and ineffective to place a large, un-justified dollar amount into a bond adjustment request. With a conceptual plan that is agreeable to the other involved agencies, the Division can now estimate a conservative, but reasonable additional bond amount.

The Division appreciates the input received from OSM, by way of these notices as we strive to carry out our duties as prescribed by law in the most reasonable and effective manner. If you have further questions or concerns regarding these matters, please do not hesitate to communicate them to me at (801) 538-5334, or Dana Dean at (801) 538-5320.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza". The signature is stylized with a large initial "J" and a long horizontal stroke at the end.

John R. Baza
Director

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 Citation for Non-Compliance Utah Coal Regulatory Program 1594 West North Temple, Salt Lake City, UT 84114 Phone: (801) 538-5340 Fax: (801) 359-3940	Citation #: 10043	
	Permit Number: C0150032	
	Date Issued: 08/10/2009	
<input checked="" type="checkbox"/> NOTICE OF VIOLATION	<input type="checkbox"/> CESSATION ORDER (CO)	<input type="checkbox"/> FAILURE TO ABATE CO
Permittee Name: Genwal Resources, Inc.	Inspector Number and ID: 49 KHOUSKEE	
Mine Name: Crandall Canyon Mine	Date and Time of Inspection: 08/05/2009 9:30 am	
Certified Return Receipt Number: HAND DELIVERED	Date and Time of Service: 08/11/2009 7:00 am	
Nature of condition, practice, or violation:		
Failure to minimize disturbance to the hydrologic balance and diminution or degradation of the quality of surface water. Gravity discharge from the mine portals contains excessive amounts of iron and is causing orange staining to occur in the receiving stream.		
Provisions of Act, regulations, or permit violated:		
R645-301-731.121 R645-301-731.522 R645-301-731.611 R645-301-750		
<input type="checkbox"/> This order requires Cessation of ALL mining activities. (Check box if appropriate.)		
<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.	<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.	
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	<input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.	
<input type="checkbox"/> This order requires Cessation of PORTION(S) of mining activities.		
Mining activities to be ceased immediately: <input type="checkbox"/> Yes <input type="checkbox"/> No		Abatement Times (if applicable).
Action(s) required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Submit a plan and receive Division approval to immediately address and remediate the iron discharge by September 17, 2009. Implement the immediate plan by October 19, 2009.		
Submit an amendment to the final reclamation plan that addresses how the iron discharge will be handled upon final reclamation by October 19, 2009.		
DAVE SHAVER (Print) Permittee Representative	KARL HOUSKEEPER (Print) DOGM Representative	
<i>[Signature]</i> Permittee Representative's Signature - Date	<i>[Signature]</i> DOGM Representative's Signature - Date	
SEE REVERSE SIDE Of This Form For Instructions And Additional Information		

Original - DOGM Files Copy - Permittee

Form DOGM NOV/CO Revised - August, 2006



**Action Taken on Existing Citation
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10043**

Permit Number: **C0150032**

Date Cit. Issued: **08/10/2009**

MODIFICATION of

TERMINATION of

VACATION of

NOTICE OF VIOLATION

CESSATION ORDER (CO)

FAILURE TO ABATE CO

Permittee Name: Genwal Resources, Inc.

Inspector Number and ID: **49 KHOUSKEE**

Mine Name: Crandall Canyon Mine

Date and Time of Action: **09/21/2009 9:30 am**

Certified Return Receipt Number: **Regular Mail/Fax**

Date and Time of Service: **09/21/2009 10:00 am**

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act,
Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

Modified as follows:

Submit a plan and receive Division approval to immediately address and remediate the iron discharge by October 19, 2009.
Implement the immediate plan by November 19, 2009.

Submit and amendment to the final reclamation plan that addresses how the iron discharge will be handled upon final reclamation by November 19, 2009.

Reason for modification:

Received (via e-mail) draft proposal for immediate plan on September 17, 2009 and a request for additional time. Thirty day extension granted on all due dates.

Terminated because:

Vacated because:

DAVE SHAVER

(Print) Permittee Representative

mailed & faxed

Permittee Representative's Signature - Date

KARL HOUSKEEPER

(Print) DOGM Representative

Karl Houskeeper 9/21/09

DOGM Representative's Signature - Date

Refer to the "Citation For Non-Compliance" for additional information