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JON M. HUNTSMAN, JR.  
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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  
0150032

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December 22, 2009

Dave Hibbs, President  
Genwal Resources, Inc.  
P.O. Box 910  
Price, Utah 84520-0910

Dave Shaver, Manager  
Genwal Resources, Inc.  
P.O. Box 910  
Price, Utah 84520-0910

Subject: Revised Division Order to Provide Bond for Perpetual Treatment of Mine Water Discharge, Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032-DO09A, Outgoing File

Dear Mr. Hibbs and Mr. Shaver:

The enclosed revision to Division Order DO09A requires the following:

1. Supply the Division with an estimated yearly operating cost for treatment of the Crandall Canyon mine water discharge assuming the following as a long-term treatment plan:
  - a. The portal discharge will be directed to flow in a diversion or channel constructed at the site of the current road to the portals from the main mine pad.
  - b. The diversion will be designed and hydraulic structures will be placed to elongate the travel time from top to bottom, allowing for aeration.
  - c. A Maelstrom unit will operate at the bottom of the diversion, and include some chemical treatment as needed.
  - d. Two ponds will be placed at the bottom of the diversion road and will be used to settle the iron out of the discharge stream.
  - e. The operation will be checked daily to ensure it is working, and to assess pond maintenance.
  - f. The ponds will be cleaned on a regular basis.
  - g. The Maelstrom unit will be repaired as needed.

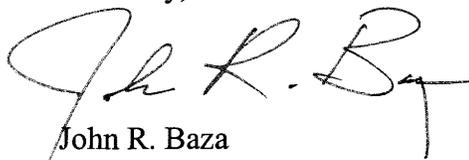


- h. The discharge water will be sampled 24 times/year to ensure compliance with water quality standards.
2. Supply the cost estimate required in item #1 by January 7, 2010.
3. Supply detailed engineering plans for the final portal closure and site configuration by March 1, 2010.
4. Supply new reclamation bond estimates for the changes in the final reclamation plan by March 1, 2010.
5. Post additional bond required for the changes in the final reclamation plan by March 18, 2010.

The requirement to post money for a "treatment trust fund" is not extended. The required amount will be the amount required to generate an annuity equal to the estimate obtained in item 1 above, and must be posted by January 23, 2010.

If you have any questions, please contact Dana Dean at (801) 538-5320 or Daron R. Haddock at (801) 538-5325.

Sincerely,



John R. Baza  
Director

JRB/DD/sqs

Enclosure

cc: Price Field Office

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**STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING**

<p>PERMITTEE</p> <p>Dave Shaver, Manager Genwal Resources, Inc. P.O. Box 910 Price, Utah 84520-0910</p> <p>PERMIT NUMBER <u>C/015/0032</u> DIVISION NUMBER <u>DO09A</u></p>	<p>ORDER &amp; FINDINGS OF PERMIT DEFICIENCY <b>(REVISED)</b></p>
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PURSUANT to R645-303-212 and R645-301-830.410, the DIVISION ORDERS the PERMITTEE, Genwal Resources, Inc., to make the requisite permit changes enumerated in the findings of Permit Deficiency in order to be in compliance with the State Coal Program. These findings are to be remedied in accordance with R645-303-220.

**FINDINGS OF PERMIT DEFICIENCY**

A review of the current Mining and Reclamation Plan (MRP) and field investigations have revealed that certain activities associated with the mine are not adequately addressed. The reclamation plan for the Crandall Canyon Mine does not account for ongoing mine water discharge once operations cease. As a result, the bond cost estimate provided by the Permittee for reclamation of the site and for ongoing treatment and maintenance of the water discharge now occurring at the mine is determined to be inadequate. Thus the final reclamation plan and the bond at the Crandall Canyon Mine are also inadequate and must be corrected as follows.

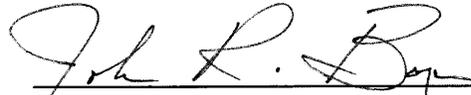
**ORDER**

Genwal Resources, Inc. is hereby ordered to make the requisite permit changes in accordance with R645-303-220 and R645-301-830.410 and to submit a complete, adequate application for permit change to address the findings of permit deficiency as described below.

- 1) Genwal Resources, Inc. is required to provide a yearly operating cost estimate for the ongoing and continual treatment of the mine water discharge in accordance with R645-301-830, R645-301-820.130, and R645-301-820.310. The cost estimate will be based on assuming the following long-term treatment plan and must be supplied to the Division by January 7, 2010.
  - a. The portal discharge will be directed to flow in a diversion or channel constructed at the site of the current road to the portals from the main mine pad.
  - b. The diversion will be designed and hydraulic structures will be placed to elongate the travel time from top to bottom, allowing for aeration.
  - c. A Maelstrom unit will operate at the bottom of the diversion, and include some chemical treatment as needed.

- d. Two ponds will be placed at the bottom of the diversion and will be used to settle the iron out of the discharge stream.
  - e. The operation will be checked daily to ensure it is working, and to assess pond maintenance.
  - f. The ponds will be cleaned on a regular basis.
  - g. The Maelstrom unit will be repaired as needed.
  - h. The discharge water will be sampled 24 times/year to ensure compliance.
- 2) Genwal Resources, Inc. is also required to post money by January 23, 2010 for a "treatment trust fund" in the amount required to generate an annuity equal to the estimate provided in #1 above.
- 3) Genwal Resources, Inc. is also required to supply by March 1, 2010 detailed engineering plans for the final portal closure and final site configuration in accordance with R645-301-541.400, R645-301-542.300 and R645-301-542.700.
- 4) Genwal Resources, Inc. must also supply new reclamation bond estimates, which reflect the plan changes as a result of #3 above by March 1, 2010.
- 5) Genwal must post with the Division by March 18, 2010, any additional bond required as a result of the changes in the final reclamation plan as determined in #4 above.

Ordered this 21st day of December 2009, by the Division of Oil, Gas and Mining.

  
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John R. Baza, Director  
Division of Oil, Gas and Mining

## Suzanne Steab - Revised Division Order DO09A

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**From:** Suzanne Steab  
**To:** Dave Shaver  
**Date:** 12/22/2009 2:42 PM  
**Subject:** Revised Division Order DO09A  
**CC:** Daron Haddock; Steve Christensen  
**Attachments:** DO09ARevised.pdf

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Hello Dave,

Attached is a copy of the Revised Division Order, mailed 12/22/09.

Thanks