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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil, Gas and Mining

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Division Director

Outgoing
C0150032
OK

December 21, 2010

Denise Dragoo
Snell & Wilmer
15 West South Temple, Suite 1200
Beneficial Tower
Salt Lake City, Utah 84101

Subject: Schedule for Permittee Response to December 7, 2010 Letter - Division Order 10A (Task ID #3703), Paragraph IV, Item 2 (Task ID #3704) Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032

Dear Ms. Dragoo:

The schedule submitted for response to the items previously required in the Division's Order 10A is not acceptable. The Division has been requesting the same information for many months, with no adequate response to date. Several of the outstanding items are also required as commitments in the approved MRP, per the July 2010 permit amendment requested by Genwal Resources, Inc. (Task ID# 3582). The December 7 letter was not meant to be an exhaustive list of deficiencies, it was merely an indication to your client that the response received was grossly inadequate and does not comply with the requirements of the Order.

The Division recognizes that the study of the origin of the inflowing water and potential impacts of intercepting groundwater, including the potential impacts to State appropriated water rights may require additional time, depending on the scope of the study. The proposed date of November 11, 2011 is acceptable to the Division, provided Genwal submits a "work plan" by January 27, 2011 detailing the field work that will be accomplished in the study, and how Genwal will comply with the November 11 deadline.

The Division requires that all other aspects of the Division Order 10A that were previously due by November 30 be satisfactorily answered by January 6, 2011, or Genwal Resources, Inc. will be found in violation of the Order and/or the approved MRP, and the Division will take necessary enforcement action.

The items to be addressed by January 6, 2011 *include but are not limited to:*

- Provide capital, operating, and maintenance costs for the current treatment system
- Update Appendix 7-65



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- Identify specific treatment chemicals and their application rates
- Revise the PHC to address the impacts of utilizing a chemical process in reducing the iron levels in the mine water
- Incorporate water monitoring data through third quarter 2010 into the PHC – i.e. analyze the data and use it to come to scientific conclusions regarding the probable hydrologic consequences of mining under *current* conditions.

Please feel free to contact me at (801) 538-5320 if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dana Dean', with a long horizontal flourish extending to the right.

Dana Dean, P.E.
Associate Director

DRH/SKC/ss

cc: Steve Alder
Dave Hibbs
Dave Shaver

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