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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

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### Division of Oil, Gas and Mining

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December 20, 2011

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#3941  
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Dave Shaver, Manager  
Genwal Resources, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Subject: Change to Appendix 7-65, Genwal Resources, Inc., Crandall Canyon, C/015/0032, Task ID #3941

Dear Mr. Shaver:

The Division of Oil, Gas and Mining (the Division) has reviewed your application to revise Appendix 7-65 of the Crandall Canyon Mining and Reclamation Plan (MRP) relative to the mine-water treatment system on October 21<sup>st</sup>, 2011. The Division has determined that there are 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 so you and your staff can directly communicate with that individual should any questions arise.

The permit amendment does not satisfy the abatement actions for Notice of Violation #10073 (NOV #10073). The previously submitted amendment (Task ID #3827) had contained the annual operating cost information relative to the mine-water treatment system for consideration/review for inclusion into the approved MRP. However, the cost information was not submitted with this amendment. As you're well aware, the issue of cost and bonding associated with the mine-water treatment system is currently under review by the Board of the Division of Oil, Gas and Mining (the Board). Once the Board renders a decision on the bonding/cost issue relative to the mine-water treatment system, NOV #10073 will be handled accordingly. However, as the cost information for the mine-water treatment system was not submitted with the amendment, NOV #10073 remains outstanding.

The previously identified deficiencies relative to the Summary/Chronology information of the mine-water treatment system (i.e. not associated with the cost information) have been addressed with this amendment. As a result, the abatement actions outlined in NOV #10073 relative to the Summary/Chronology have been completed.

Other deficiencies have been identified with the proposed revisions to Appendix 7-65 that are not associated with NOV #10073 (See Attached). Of particular concern to the Division are the proposed changes to the language relative to the temporary use of the primary sediment pond at the Crandall Canyon Mine for disposal of treated mine-water sludge.



On page 14 of the amendment, the amendment revises the language in the Temporary Use of Crandall Sediment Pond section. The amendment proposes to remove the October 30<sup>th</sup>, 2010 end date for use of the primary sediment pond for treatment basin cleaning and replace it with "*as authorized by the Division*". The Permittee must retain the currently approved language located in the last sentence of the 3<sup>rd</sup> paragraph on page 14 (Temporary Use of Crandall Sediment Pond section). The approved MRP identifies an end date of October 30<sup>th</sup>, 2010 for utilization of the Crandall sediment pond during clean-out operations of the mine-water treatment basin.

The October 30<sup>th</sup>, 2010 end date was established in July of 2010 to allow for experimentation of various sludge clean-out techniques. Since October 30<sup>th</sup>, 2010, the Division has allowed the treated mine-water sludge to be routed to the primary sediment pond with the understanding that a permanent storage location/facility was in the process of being permitted on nearby SITLA land. On at least three different occasions, the Division has allowed utilization of the primary sediment pond for sludge disposal on a case-by-case basis.

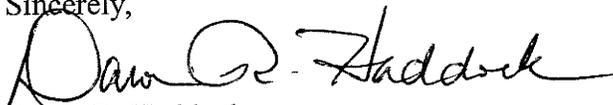
On June 13<sup>th</sup>, 2011, the Permittee submitted a request (via e-mail) to utilize the primary sediment pond for iron sludge disposal. The Permittee indicated that the request was a "*temporary permission situation*" and that submission of a permanent storage facility application would be submitted by the end of June 2011. To date, the Division has not received the application.

In addition, the Division has recently learned that clean-out operations and the routing of treated mine-water sludge from the treatment basin to the primary sediment pond has been occurring on an almost daily basis. On page 5 of Appendix 7-65, the approved MRP explicitly states, "*Prior to initiating any cleaning of the basin, the company will provide a minimum of 24-hour notice to the Division*". In violation of the approved MRP, this provision has not been adhered to.

As a result, continued utilization of the primary sediment pond for purposes of storing the mine-water treatment sludge is no longer authorized by the Division. Any use of the primary sediment pond, other than its designed purpose of sediment control/storm-water runoff, will result in enforcement action.

The plans as submitted are denied. Please resubmit the entire application. If you have any questions, please feel free to contact me (801) 538-5325 or Steve Christensen (801) 538-5350.

Sincerely,



Daron R. Haddock  
Coal Program Manager

## Deficiency List

Task No. #3941  
Change to Appendix 7-65

The members of the review team include the following individuals:  
Steve Christensen (SC)

**R645-301-731:** The Permittee must revise the Chapter 7 List of Plates table of contents to show that Plate 7-13, *Potentiometric Surface Spring Canyon Member Star Point Sandstone* is not to be deleted. It's unclear why the plate was marked for deletion given that no explanation was provided for doing so. (SC)

**R645-301-731.200-** The Permittee must revise the ledge seep water flow discussion on page 7-41 to indicate that the monthly flow measurements will be submitted to the Division via the electronic water monitoring database and not via e-mail. The highwall seep flows have been submitted to the Division electronically (via the electronic database) since April of 2010. The practice of submitting the data electronically should continue. (SC)

**R645-301-742.220:** The Permittee must retain the approved language located in the last sentence of the 3<sup>rd</sup> paragraph on page 14 (Temporary Use of Crandall Sediment Pond section). The approved MRP identifies an end date of October 30<sup>th</sup>, 2010 for utilization of the Crandall sediment pond during clean-out operations of the mine-water treatment basin. (SC)

**R645-301-, 123 and -830:** The Permittee must submit the projected annual operating cost information for the mine-water treatment system under notarized signature. Any change to the approved MRP must be submitted under the notarized signature of a responsible official of the applicant. In the absence of the signature, an application can not be considered for inclusion/incorporation into the approved MRP. (SC)