



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 21, 2016

Karin Madsen, Resident Agent
Genwal Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Midterm Completion Response, Genwal Resources, Inc., Crandall Canyon Mine,
Task ID #5067, C/015/0032

Dear Ms. Madsen:

The Division has reviewed your midterm review response. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. Please resubmit the entire application by no later than April 25, 2016. At that time, please submit only the redline strike-out copy of the proposed revisions. Clean copies of the proposed revisions are to only be submitted for final approval.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/SKC/sqs

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GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0150032
TaskID: 5067
Mine Name: CRANDALL CANYON MINE
Title: MIDTERM COMPLETION RESPONSE

General Contents

Right of Entry

Deficiencies Details:

The application does not meet the State of Utah requirements for Right of Entry.

The Permittee must revise section 114.100. Specifically, the 1st and 4th bullets immediately under the section 114.100 heading must be deleted as they discuss Federal Coal leases UTU-54762 and UTU-68082. These leases have been relinquished and are discussed immediately below these bullets under the heading "Federal Coal Lease Assignments".

schriste

Right of Entry

Deficiencies Details:

The Permittee must provide a description of the document upon which the permittee has a legal right to enter and perform reclamation operations in the permit area. More specifically, Right of Entry information for surface facilities and disturbance area located in Lot 6, of Section 5, T.16S., R.7E (approximately 6.278 acres) as shown as the red polygon on plate 2-3 must be provided in both the Right of Entry section of the Plan and also the Legal Description of the Permit Area. Internal research suggests surface ownership is United States Forest Service. Additionally, the Permittee must provide a description of the document upon which the permittee has a legal right to enter the Neilson Fee Lease as shown on Plate 1-1A

Ireinhart

Legal Description

Deficiencies Details:

The application does not meet the State of Utah R645 requirements for Legal Description.

R645-301-112.800, -114: The Permittee must revise the Permit Legal Description to accurately reflect the permit area. The permit area, as discussed in the previous Technical Analysis (Task ID #5051) must include all disturbed (i.e. bonded) areas. With the removal of the relinquished leases from the Permit Legal Description/permit area discussion beginning on page 1-7 of the currently approved Mining and Reclamation Plan (MRP), the East Mountain drill holes and associated roads as well as a significant portion of the main mine facilities (i.e. L6 of Section 5, T16S, R7E) were removed from the permit area. All disturbed/bonded areas must be included in the permit area and as such, must be included in the Permit Legal

Description found on page 1-7 of the MRP. In addition, the Neilson Fee parcel must be included in the legal description.

schriste

Maps and Plans

Deficiencies Details:

The amendment does not meet the State of Utah R645-301-521 requirements for providing maps identifying the lands subject to coal mining and reclamation operations because the Permit Boundary does not adequately represent the correct permit boundary and/or disturbance areas.

R645-301-521: The Permittee must revise all plates, maps, and figures that depict the Permit Area Boundary. The Permit Boundary must include all disturbed/bonded areas (i.e. East Mountain, Special Use Lease areas, and mine site facilities).

Ireinhart

Environmental Resource Information

Soils Resource Information

Deficiencies Details:

R645-301-222.100, The application includes a revision of Plate 2-6 Regional Soils Map, which does not accurately show the permit boundary.

pburton

Operation Plan

Topsoil and Subsoil

Deficiencies Details:

R645-301-121.300, The cover letter provides an estimate of the current depth of sludge in the Burma Pond. Please include a commitment in the MRP to include in the Annual Report the depth of the sludge and describe whether compaction or other measures were used to control fines (as required by App.7-66 Chap 5, item 7).

R645-301-234 and R645-301-521.270, Plate 5-3A should show the location of a second, smaller topsoil stockpile noted during a site visit on 3/17/2016. The volume contained in this pile must be stated on Plate 5-3A and in the narrative of App. 7-66 Chap 2 and Chap 5. This pile must be signed, seeded and protected with sediment control.

pburton

Hydrologic Impoundments

Deficiencies Details:

The amendment does not meet the State of Utah R645 requirements for Hydrologic Impoundments. The following deficiency must be addressed prior to final approval:

Text was added to page 7-54 of the MRP describing the iron sludge hauling operations. The text discusses the off-site hauling of material to the Burma evaporation basin, but was added to section "7.55 Casing and Sealing of Wells". This information must be moved to the appropriate section.

adaniels

Reclamation Plan

Topsoil and Subsoil

Deficiencies Details:

Deficiency:
R645-301-121.100,

1) On Plate 5-3A, please state the acreage disturbed within the fenced area and the total acreage disturbed including the topsoil storage area. State the volume of subsoil stockpiled in the pond berm. Based on the as-built figure for acreage disturbed within the fence and as built volumes for subsoil and topsoil stockpiled, make the appropriate corrections to App. 7-66, Chapter 2 and Chap 5 for subsoil and topsoil redistribution depth. Please state the location of this information being on asbuilt Plate 5-3A in App. 7-66 Chapter 2.

2) Based upon the as built volume of topsoil and subsoil stockpiled, determine whether there is adequate soil to cover the waste with four feet of cover. And, if there is less than adequate volume of subsoil to ensure four feet of cover, please state a location of substitute cover for the site, such that the pond waste will receive four feet total as required by App. 1-16 SITLA Lease Article 12.2.

pburton

Stabilization of Surface Areas

Deficiencies Details:

Deficiency:

R645-301-244.100, R645-301-121.100, and R645-301-121.300,

1) Please provide state in the narrative and show on a map the interim seeding completed on disturbed areas (pond outcrops topsoil piles, etc.) as required by Article 10.2 of SITLA Lease 1708 (App. 1-16) and App 7-66, Chapter 5, Item 6, page 9 and item 9 page 10.

2) Please provide a commitment to provide a status update on the need for continued treatment of water at the mine and continued use of the Berma Pond in the Annual Report (item 5, Chap 5, App. 7-66).

pburton

Bonding Determination of Amount

Deficiencies Details:

R645-303-211, R645-301-830.100 through -830.140, R645-301-830.410: The Permittee must submit the detail reclamation bond estimate in 2015 Dollars or seek permission to utilize 2016 Dollars prior to submission.

R645-303-211, R645-301-830.100 through -830.140, R645-301-830.410: The Permittee must submit detail cost quotes from a minimum of three parties to utilize a cost reference outside of published construction related cost reference manuals, e.g. R.S. Mean Heavy Construction.

R645-303-211, R645-301-830.100 through -830.140, R645-301-830.410: The Permittee will utilize the bare unit cost when utilizing R.S. Means Heavy Construction cost reference.

R645-303-211, R645-301-830.100 through -830.140, R645-301-830.410: The Permittee will remove all salvage credit.

R645-303-211, R645-301-830.100 through -830.140, R645-301-830.410: The permittee will add indirect and escalation to the next midterm on the Total sheet.

R645-303-211, R645-301-830.100 through -830.140, R645-301-830.410: Permittee shall include East Mountain bond updates which were not included in the amendment.

cparker