GARY R. HERBERT
Governor

SPENCER J. COX
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

May 9, 2019

Kirk Nicholes, Resident Agent
Alton Coal Development, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84720

Subject: Bond Adjustment/Chapter 1 Revisions, Alton Coal Development, LLC, Coal Hollow Mine, C/025/0005, Task #5916

Dear Mr. Nicholes:

The Division has reviewed your application. 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. The plans as submitted are denied. Please resubmit the entire application by no later than June 10, 2019.

If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen
Coal Program Manager

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID:	**C0250005**
TaskID:	**5916**
Mine Name:	**COAL HOLLOW**
Title:	**BOND ADJUSTMENT/CHAPTER 1 REVISIONS**

Summary

This amendment removes 57.2 acres (Area 3) of surface mining disturbed area from the North Lease permit area. The total North lease permit area remains 295.6 acres. The total disturbed area is reduced to 181.8 acres. These acreage figures are provided on Drawings 2-4, 5-46, 5-47. Dwg 5-57 shows the bonded area (MRP, Sec 526, --5-46). High wall mining will take place beneath Kanab Creek, along the North highwall of pit 21 and along the East highwalls of pits 18 through 21 in Area 2 (Chap 9, p and Dwg 5-52 and Dwg 5-53). Back fill for the final pit 21 will come from the surrounding location and the NW spoil stockpile (MRP p. 5-36). Final reclamation of Area 2 will be completed in 2020 (Dwg 5-76A). Bond polygons are shown on Dwg 5-77.

pburton

General Contents

Identification of Interest

Analysis:

The application does not meet the State of Utah R645 requirements for Identification of Interests, because the telephone numbers given for corporate owners and officers must be provided , and, because Robert C. Nead should be listed as Robert C Nead Jr. For those entities and officers whose address is not the Alton Coal Cedar City location, providing the Alton Cedar City office telephone number is not a valid response to this requirement.

The remainder of the information provided in Chapter 1, Section 112 and Appendix 1-10 are clear and concise.

Deficiencies Details:

The application does not meet the R645-301-112.300, identification of interests. The following deficiency must be addressed prior to final approval:

R645-301-112.300 and 112.310, The application must list the telephone numbers of each business entity and each officer owning 10% or more, and, must list Robert C. Nead as Robert C Nead Jr.

pburton

Permit Application Format and Contents

Analysis:

The application does not meet the requirements of the Utah Coal Rules, because the permit boundary designation is not clear on the Drawings. For instance on Dwg 1-7 the legend includes the designation of the following: Permit Area 1,

Permit Area 2, Permit Boundary, and Private Coal Ownership. The outline of permit area 1 and permit area 2 is the disturbed and bonded area of 181.8 acres, which is also shown on Dwg 5-77. The permit boundary of 295.6 acres also outlines the former area 3 location. Coal lease ownership outlines all the above and additional coal to the North.

On all maps, the permit boundary line around reas 2 & 3 should be labeled disturbed area boundary to distinguish it from the larger permit area.

On all maps, the blue outline of permit area 2 should be visible just West of Kanab Creek to clearly show the outline of the disturbed permit area 2 on all maps. The coal ownership falls within the larger (green) outline.

Deficiencies Details:

The application does not meet the R645-301-121.200, clear and concise requirements. The following deficiency must be addressed prior to final approval:

R645-301-121.200,

On all maps, the permit boundary line around reas 2 & 3 should be labeled disturbed area boundary to distinguish it from the larger permit area.

On all maps, the blue outline of permit area 2 should be visible just West of Kanab Creek to clearly show the outline of the disturbed permit area 2 on all maps. The coal ownership falls within the larger (green) outline.

pburton

Environmental Resource Information

Maps Permit Area Boundary

Analysis:

The application does not meet the State of Utah R645 requirements for Permit Area Boundary Maps.

The included Drawing 5-74A - Post Mining Topography Area 1 is lacking the boundary lines that delineate private coal ownership. The Legend clearly describes what the private coal ownership boundary should look like but the boundary itself is not found anywhere within the drawing.

Deficiencies Details:

The application does not meet the State of Utah R645 requirements for Permit Area Boundary Maps. The following deficiency must be addressed prior to final approval:

R645-301-121.200, R645-301-521.130: Permittee must clearly delineate the private coal ownership boundaries on Drawing 5-74A - Post Mining Topography Area 1.

Additionally, the lines illustrating the boundaries of the Undisturbed Area 3 and Private Coal Ownership are the same color. Please change the color scheme for either one of these items in order to reduce potential confusion on the following: Drawing 5-46, Drawing 5-47, Drawing 5-53, Drawing 5-57, and Drawing 5-77.

jeatchel

Operation Plan

Fish and Wildlife Protection and Enhancement Plan

Analysis:

The amendment meets the State of Utah R645-301-358 requirements for fish and wildlife protection and enhancement plans. The proposed amendment removes Area 3 from the North Private Lease disturbance area. This reduction changes the planned total disturbance from 239 acres to 181.8 acres in the North Private Lease, a reduction of 57.2 acres. At a rate of 4 to 1, a total of 727.2 acres of compensatory mitigation would be required for sage grouse habitat improvement for the 181.8 acres of disturbance. As of September of 2018, Alton Coal Development has completed 1,000.79 acres of sage grouse habitat improvement as mitigation for the North Private Lease.

tmiller

Fish and Wildlife Wetlands and Habitats High Value

Analysis:

The amendment meets the State of Utah R645-301-358 requirements for fish and wildlife wetlands and habitats of high value. The proposed amendment removes Area 3 from the North Private Lease disturbance area. This area was part of the focus of the individual permit (SPK-2011-01248) that was obtained from the U.S. Army Corps of Engineers in 2017. The permit was obtained to address impacts to wetlands in Area 2 as well as to allow temporary relocation of 257 feet of existing stream channel and 0.05 acre of adjacent wet meadow wetland which was needed to extend the temporary haul road from Area 1 across Kanab Creek. By removing Area 3 from mining disturbance, the need for the Kanab Creek crossing and the temporary stream relocation and wet meadow disturbance will be unnecessary.

tmiller

Hydrologic Ground Water Monitoring

Analysis:

The amendment does not meet the State of Utah R645 requirements for Groundwater Monitoring.

The permittee recently installed dewatering wells in Area 2 of the North Private Lease. The pumping wells help reduce groundwater inflow into the open pits. A narrative on the wells must be added to the MRP. The narrative must include the rate of dewatering occurring at each well and where the pumping wells are discharging. The narrative must include a discussion on whether or not the wells need to be bonded for.

The amendment must also update Drawing 7-10 'Water Monitoring Locations'. The updated map must show the location of the dewatering wells and indicate if the wells will be mined through or not. The information about these wells must be added to 'Table 7-10 Summary information for wells'.

Deficiencies Details:

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

R645-301-722.400, R645-301-748, R645-301-765: The amendment must provide an updated narrative and maps for the dewatering wells along the eastern edge of the pits in the NPL. The narrative must include the rate of dewatering occurring at each well and where the pumping wells are discharging. The narrative must include a discussion on whether or not the wells need to be bonded for.

The amendment must also update Drawing 7-10 'Water Monitoring Locations'. The updated map must show the location of the dewatering wells and indicate if the wells will be mined through or not. The 'Table 7-10 Summary information for wells' must be updated to include all information on these wells.

kstorrar

Hydro Surface Water Monitoring

Analysis:

The amendment meets the State of Utah R645 requirements for Surface Water Monitoring.

The amendment does not propose to change the current water monitoring plan. The monitoring plan has been developed to monitor potentially impacted surface waters within and adjacent to all the proposed coal mining activities.

kstorrar

Hydrologic Water Quality Standards

Analysis:

The amendment meets the State of Utah R645 requirements for Water-Quality Standards and Effluent Limitations.

The amendment has removed Area 3 in Appendix 5-12. Runoff from mining activity in this area was designed to drain to

Sediment Ponds 8 and 9. These ponds have been removed from the MRP because this area will not be disturbed by mining activity.

kstorrar

Hydrologic Diversion General

Analysis:

The amendment meets the State of Utah R645 requirements for Diversions.

The amendment updates narratives and tables regarding diversions in Appendix 5-12, 'Hydrology and Runoff Control, North Lease Area'. The calculations and narratives on diversions in Area 3 have been removed from the MRP. The diversions are no longer necessary because the area will not be disturbed by mining activity.

kstorrar

Hydrologic Diversion Perennial and Intermitten

Analysis:

The amendment meets the State of Utah R645 requirement for Diversion of Perennial Streams.

The amendment has removed the proposed haul road crossing Kanab Creek from the MRP. Kanab Creek would have been diverted through a 12 foot culvert underneath the haul road. This haul road will no longer be built because with the removal of Area 3 a haul truck route does not have to be established to link it to Area 2.

kstorrar

Hydrologic Sediment Control Measures

Analysis:

The amendment meets the State of Utah R645 requirements for Sediment Control Measures.

The amendment has removed Area 3 from Tables, Maps and Narratives in Appendix 5-12. The sediment control measures associated with Area 3 disturbance are no longer needed since the area will not be disturbed by mining activity.

kstorrar

Hydrologic Impoundments

Analysis:

The amendment meets the State of Utah R645 requirements for Water-Quality Standards and Effluent Limitations.

The amendment has removed Area 3 from Appendix 5-12 in the MRP. Runoff from mining activity in this area was designed to drain to Sediment Ponds 8 and 9. These ponds have been removed from the MRP because this area will not be disturbed by mining activity.

kstorrar

Maps Affected Area

Analysis:

The application does not meet the State of Utah R645 requirements for Affected Area Maps.

The purpose of this amendment is to completely remove any reference to Area 3 in the North Private Lease since the Permittee intends to sanitize this area of the permit for the present time, and there are no plans to return to this area in the near future. The drawings that have been included in this application have been altered to reflect the proposed changes, although several drawings may still be confusing or misleading due to missing items in the legend. The legend in the following drawings should be updated to explain the spotted hatch pattern in old Area 3: Drawing 5-52, Drawing 5-53, Drawing 5-57, Drawing 5-65, Drawing 5-66, Drawing 5-74B, and Drawing 5-79.

Deficiencies Details:

The application does not meet the State of Utah R645 requirements for Affected Area Maps. The following deficiency must be addressed prior to final approval:

R645-301-521.141, R645-301-121.200: The legend in the following drawings must be updated to explain the spotted hatch pattern in old Area 3 of the North Private Lease: Drawing 5-52, Drawing 5-53, Drawing 5-57, Drawing 5-65, Drawing 5-66, Drawing 5-74B, and Drawing 5-79.

jeatchel

Reclamation Plan

General Requirements

Analysis:

The application does not meet the State of Utah R645 reclamation plan requirements, because of the statement (found on pages 5-36, 5-90 and 5-100) refers to Drawing 5-74 for the location of backfill above the final landform. Drawing 5-74 does not show fill above final reclamation contours.

The concept is more precisely expressed in a statement on p. 5-105:

...mining is expected to result in a deficit of spoil of approximately 1.0 million cubic yards from original topography. ACD proposed to make up for this void and still meet approximate original contour utilizing the designed post mining landform depicted in Drawings 5-74 to 5-75.

The narrative on pages pages 5-36, 5-90 and 5-100 must be changed to agree with the statement made on p. 5-105. Alternatively, operational contours could be placed on Drawing 5-74 and in cross-sections on Dwg 5-75 to account for the spoil located above grade for final placement.

Deficiencies Details:

The application does not meet the R645-301-541.400, reclamation plan. The following deficiency must be addressed prior to final approval:

R645-301-541.400, The narrative on pages pages 5-36, 5-90 and 5-100 must be changed to agree with the statement made on p. 5-105. Alternatively, operational contours could be placed on Drawing 5-74 and in cross-sections on Dwg 5-75 to account for the spoil located above grade for final placement.

pburton

Backfill and Grading General

Analysis:

The application meets the State of Utah R645 requirements for General Backfilling and Grading.

The application satisfies the requirements of R645-301-542.200 & R645-301-553.100 thru -553.150 because of narrative on pages 5-36, 5-63, and 5-90 through 5-105 describes a backfill plan that will be employed to return the disturbed areas in the North Private Lease (NPL) to approximate original contour (AOC) once the pits have been mined out. The application proposes to reshape the original contour of the reclaimed pits to drain south into Pond 7 as shown in Drawing 5-74. This change in AOC is achieved by backfilling Pits 11 - 21 with an approximate 2% grade sloping south. An intended consequence of this slight change in AOC results in an eventual surplus of overburden once mining progresses beyond Pit 17. This surplus results in a scenario where Pit 21 may be backfilled with overburden adjacent to the pit instead of previous plans which required harvesting backfill from HWT 01 and HWT 02 in Area 3. Additionally, the mining plan calls for backfilling Pit 21 with overburden directly from within Pit 21 itself, backfilling the mined out void as mining progresses east. These backfill plans were approved by the Division in June 2018 (Task #5686), and at that time the narrative was merely suggestive of the possibility of fully reclaiming Area 2 without the need for Area 3 volumes. The current application now proposes to write those suggestions into bonded requirements.

jeatchel

Revegetation General Requirements

Analysis:

The amendment meets the State of Utah R645-301-353 requirements for revegetation general requirements. Drawing 3-11 has been updated with this amendment to reflect accurate boundaries of disturbance for Areas 1 and 2 and has removed the Area 3 disturbance from the map. Seed mixtures and treatments have not changed for Areas 1 and 2 from the previously approved plan.

tmiller

Bonding Determination of Amount

Analysis:

The amendment meets the State of Utah R645 requirements for Determination of Bond Amount.

This amendment proposes to adjust the bonding calculations and reclamation liability for the North Private Lease (NPL). The Permittee is not requesting an immediate reduction in posted bond and will continue to maintain a surety bond in the amount of $13,000,000 per the most recent approval of the MRP. The reason for the bond adjustment is because the Permittee is proposing the sterilization and removal from bond liability for a large swath of land east of Kanab Creek within the NPL (Area 3). Previous iterations of the mine plan proposed disturbance of 57.2 acres of land in Area 3 in the pursuit of higher strip ratio coal, much of which would be mined via highwall mining methods. In the interest of preserving bonding liability, all of the coal in Area 3 has been sterilized and removed from mining consideration at the present time.

Since Area 3 is being sterilized, everything that originally dealt with the mining and development of this part of the permit has been removed from the bond. The facilities bond amount was reduced by $143,438 and the costs associated with all three phases of reclamation for Highwall Trenches 1 & 2 as well as Surfaces 5 & 6 were completely removed resulting in a further reduction of $619,021. In all, the total bond liability that Permittee would have been required to post in 2019 to maintain Area 3 active is $762,459. This amount will be conserved and saved over to ensure adequate bond coverage for new Federal leases that are under development consideration south of the NPL.

The Permittee is currently adequately bonded, and with the removal of Area 3 will remain so throughout the mining of pits F-1 and F-2 of the impending Federal lease. In order to progress beyond pit F-2, the Permittee must either post additional bond or secure bond release elsewhere within the permit.

jeatchel

Special Categories

Prime Farmland Soil Replacement

Analysis:

The application meets the State of Utah R645 requirements for prime farmland soil replacement because there is no change to the backfilling and grading of prime farmlands as shown on post mining topography Dwg 5-74b and post mining cross sections on Dwg 5-75. The calculated erodability factor ifor the reclaimed prime farmland remains the same as stated in Volume 9, p. 9-6 and 9-7.

pburton