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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
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### Division of Oil, Gas and Mining

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Division Director

May 23, 2019

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

Subject: Conditional Approval of Bond Adjustment/Chapter 1 Revisions, Alton Coal Development, LLC, Coal Hollow Mine, C/025/0005, Task #5935

Dear Mr. Nicholes:

The above-referenced amendment has been conditionally approved. Final approval will be granted when the following conditions have been met:

- I. Receipt of 2 clean copies prepared for incorporation.
- II. Within the clean copies, provide Attachments 1 & 2 of the 2019 Surface Lease Agreements.
- III. Provide a new Reclamation Agreement from Alton Coal Development, LLC with federal mine designation and an increase of posted bond in the amount of \$13,000,000 for the Coal Hollow Mine (as conditionally approved on March 4, 2019, Task #5855). Within the new Reclamation Agreement, Exhibit A (Bonded Area) must be revised to reflect the addition of the Federal block and the removal of Area 3.

Please submit these copies by June 21, 2019. A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan.

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:** 5935  
**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.

This application also updates Chapter 1 ownership information and updates the South Lease Pugh Lease Agreement. Missing Attachments 1 & 2 to the 2019 Surface Lease Agreements will be requested with conditional approval.

pburton

## General Contents

### Identification of Interest

#### *Analysis:*

The application meets the State of Utah R645 requirements for Identification of Interests. Section 112 provides names, addresses and telephone numbers for corporate owners and officers.

Appendix 1-10 provides the organizational chart.

pburton

### Permit Application Format and Contents

#### *Analysis:*

The application meets the requirements of the Utah Coal Rules, because the permit boundary designation is clear on the Drawings. For instance on Dwg 1-7 the legend includes the designation of the following: Disturbed Area 1, Disturbed Area 2, Permit Boundary, and Private Coal Ownership. The outline of disturbed area 1 and disturbed area 2 is the bonded area of 181.8 acres, which is also shown on Dwg 5-77. The permit boundary of 295.6 acres outlines the former area 3 location. Coal lease ownership outlines all the above and additional coal to the North.

pburton

## Environmental Resource Information

## Maps Permit Area Boundary

### Analysis:

The amendment meets the State of Utah R645 requirements for Permit Area Boundary Maps.

A previous review determined the permit area maps to be deficient because some information was missing from the body of the map and the legend did not accurately describe certain details and aspects of the maps. Drawing 5-74A was missing lines that delineate private coal ownership boundaries within the permit area. The resubmitted application has been modified to include the missing lines, and the color scheme for various aspects of the Drawings has been altered as requested to reduce potential confusion. The current application meets the requirements for the State of Utah R645-301-521.130.

jeatchel

## Operation Plan

### Hydrologic Ground Water Monitoring

#### Analysis:

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

The permittee installed five dewatering wells in Area 2 of the North Private Lease. The pumping wells are designed to reduce groundwater inflow into the open pits. A 1hp pump is in each well pumping at a rate of up to 20 gpm. The discharged water from the wells is conveyed to Pond 7 where it may discharge through the UPDES outfall.

The amendment updated Drawing 7-10 'Water Monitoring Locations' to show the location of the dewatering wells. Information on the dewatering wells has also been added to 'Table 7-10 Summary information for 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.

## 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.

kstorar

## 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.

kstorar

## Hydrologic Impoundments

### Analysis:

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

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.

kstorar

## Maps Affected Area

### Analysis:

The amendment meets the State of Utah R645 requirements for Affected Area Maps.

A previous review determined the Affected Area maps to be deficient because a legend describing certain details of the Drawings was not included in several of the maps. In order to remedy this, hatch patterns that were not called out in the legend have been removed from Drawings 5-65, 5-66, 5-74B, and 5-79. The current application meets the requirements for the State of Utah R645-301-521.130.

jeatchel

## Reclamation Plan

### General Requirements

#### Analysis:

The application meets the State of Utah R645 reclamation plan requirements, because the final reclamation topography be achieved by taking backfill from above the final landform of adjacent pits ( pages 5-36, 5-90, 5-100 and 5-105) as expressed in the statement:

*...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.*

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## **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.

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