


Coastal States Energy Company

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 a subsidiary of The Coastal Corporation (801) 596-7111

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September 28, 1987

SEP 28 1987

 Dr. Dianne Nielson, Director
 Division of Oil Gas & Mining
 3 Triad Center, Suite 350
 Salt Lake City, UT 84180-1203

RE: SOUTHERN UTAH FUEL COMPANY MINING PERMIT APPROVAL, ACT/041/002

Dear Dr. Nielson:

Coastal States is pleased to receive your May 26, 1987 mining permit approval document. It has been an extensive ordeal for both our organizations to reach this milestone and we appreciate your support and efforts during the process.

I have reviewed the seven special conditions incorporated in the permit approval. Three of them in Attachment A-1, as identified below, are appropriate and Coastal States agrees to comply accordingly.

1. Federal Conditions (OSMRE) monitor culture resource site 42SV984.
2. Federal Conditions (USFS) USFS and USF&WS consent to subside the east escarpment of Quitchupah Canyon, etc.
3. Federal Conditions (USFS) institute a subsidence monitoring and control plan on Federal Lease U-28297 prior to mining under the west escarpment of Quitchupah Canyon, etc.

The suitability of the remaining four stipulations was discussed in detail with members of your staff in an August 11, 1987 meeting at our minesite. Our position on each stipulation and the proposed action to be taken as agreed in the meeting is reviewed below.

Condition 817.42-1(1)-RS/OSM

Requires us to monitor runoff from two areas which no longer bypass the sedimentation pond. The third area has had extensive drainage structure modification constructed. These changes have been submitted or implemented subsequent to the first time this special condition was proposed in the March 18, 1985 Final Technical Analysis and Decision Document. Documentation of the corresponding M&RP modifications are found in Volume 8 addendum submittals of June 11, 1985 for area one, December 24, 1984 for

Dr. Dianne Nielson
Page 2
September 28, 1987

area two, and May 8, 1985 for area three. Consequently, this permit condition has been addressed previously and is incorporated in prior submittals.

Condition 817.52-(1)-DD

As we reviewed in our August 11 meeting with your staff, SUFCo personnel already perform a thorough groundwater monitoring program through regular, detailed measurements and sampling practices from our 11 monitoring wells. We also monitor regularly all springs, seeps, and surface stream flows in the general area in addition to our regular NPDES monitoring. Since neither Federal nor State law nor regulations require in-mine groundwater monitoring and since that activity would be redundant, would increase our mining costs significantly, and will provide no additional useful information than is presently generated by our ongoing extensive groundwater monitoring program; we feel in-mine groundwater monitoring is unnecessary.

As an alternative, we agreed in our August 11 meeting to prepare an in-depth summary describing the above program, summarizing the last 10 years of data, and presenting groundwater conclusions. This summary has been recently prepared by our consultant, Hydrometrics, Inc., and two copies are attached for your perusal.

Condition OSM 1

Mandates payments due the United States as determined by the initial judgement in Virginia Iron Coal & Coke vs Hodel. Although Coastal has no problem paying amounts properly due, we believe payment should be based upon a final judgment. We understand from discussions with your staff that payment for the amount of the initial judgment may be placed in an escrow fund by Coastal until final judgment is rendered. At that time, amounts determined properly due OSM will be made from the escrow account.

Condition USFS 3

SUFCo has made numerous submittals of data documenting the underground stability of the Quitchupah Creek crossing. The application and design approval information are located under UMC 817.57 (Volume 8) of the M&RP. Additional supporting information was submitted to the Division in subsequent addendums to that volume. A letter to Mr. Braxton further defining the safety factors and commitments involved was sent November 11, 1986. During our August 11 meeting with your staff, Mr. Braxton indicated that the additional information had not yet been received by the Forest Service and that he would submit it to them to satisfy this condition. We feel that submittal should be critiqued before we provide additional information.

Dr. Dianne Nielson
Page 3
September 28, 1987

Please reconsider these four special conditions to our mining permit approval. We think you will, upon review, agree that appropriate modifications are warranted. Again, we appreciate the Division's role as an advocate, your personal assistance, and your staff's efforts in helping us acquire a permanent program permit for our Southern Utah Fuel Company mining operation.

I look forward to further discussion of this matter with you and hopefully, the prompt resolution of these issues.

Sincerely yours,


Vernal J. Mortensen
Senior Vice President

VJM/ak

xc: Ken May
Ken Payne