



**Coastal States Energy Company**

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

*orig memo file*  
*cc Bob Roberts*  
*H. Shepherd*  
*L. Buxton*  
*R. May*  
VERNAL J. MORTENSEN  
Senior Vice President  
*J. Helfrich*  
*041/002*  
*#5*

October 7, 1987

**RECEIVED**  
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Dr. Dianne Nielson  
Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

DIVISION OF  
OIL, GAS & MINING

Dear Dr. Nielson:

Notice of Violation number N87-9-9-1 was issued to Southern Utah Fuel Company on September 22, 1987, by Inspector Holland Shepherd. In accordance with the provisions of UMC 845.17(a), we herewith provide written information relevant to this violation notice. Please consider this information during the N87-9-9-1 assessment procedure.

ITEM 1

The notice of violation states that a response "to the stipulations described on attachments A and A-1 of the State Permit Package" was not submitted "in a timely manner". No specific response time other than that required for special condition USFS3 was required in the permit package. Section 15 of the State Permit Package requires compliance with the stipulations. It does not mandate a general written response to the stipulations or establish a date by which such a response is due. In fact, Coastal personnel and DOGM have held meetings in which resolutions to the proposed steps were discussed.

ITEM 2

The permit heading date is May 19, 1987. Your transmittal letter was dated May 26, 1987. SUFCo did not receive the document until June 1, 1987. There is no effective date specified in the permit document. It appeared the permit would not take affect until such time as we returned the document to the Division since an operator acceptance space with a blank date space was provided on page 5 of the package.

ITEM 3

The permit package appeared to be invalid since at least one of the stipulations was obviously included in the permit package in error (attachment A: special condition 817.42-(1)RS/OSM). To correct this situation, Coastal States Energy Company personnel

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met in person with you, Mr. Ken May, Mr. Lowell Braxton, and Ms. Linner in your office on approximately June 25, 1987 to discuss the permit approval. During that meeting, a draft letter from Coastal detailing the problems with the special conditions was reviewed. Therefore, Coastal did respond in a timely manner to the stipulations.

#### ITEM 4

As referenced above and in the June meeting in your offices, the permit approval stipulation package is invalid with the inclusion of stipulation 817.42-(1)-RS/OSM. We had requested in the 1983 M&RP addendum (Volume 8, page 23) that three areas be given "small area exemption" such that runoff from the would not have to be routed through the sedimentation pond. Consequently, this stipulation was originally proposed by the Division in the March 12, 1984 "final technical analysis". However, two M&RP changes were submitted to DOGM as permit application modifications on June 11, 1984 and December 24, 1984 (Volume 8). An automatic pump was installed in the fan drain and the parking lot was regraded to change flow directions. Both area one and area two drain into the sedimentation pond now. In addition, new designs of drainage and sedimentation control structures for area three were submitted on May 8, 1984 and approved as part of the M&RP. Obviously, these modification submittals to the M&RP were disregarded by the Division as it carried forward the same stipulation through several reviews from March 1984 to May 1987.

#### ITEM 5

The background behind special condition USFS3 is fully addressed in the following areas:

1. UMC 817.57 in the February 2, 1983 completeness review response, M&RP Volume 8.
2. November 183 M&RP proposed stipulation 13 response (UMC 817.126-(1)-DM), M&RP Volume 8.
3. February 1985 M&RP response to the 12/26/84 deficiency letter point (C), M&RP Volume 8.
4. November 11, 1986 letter from Ken Payne to Mr. Lowell Braxton.

The Division has never described in what manner these prior submittal are deficient. In fact, it is our understanding that our November 11, 1986 submittal to the Division has never been presented to the Forest Service.

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A meeting, arranged during our June meeting with you, was held at the SUFCo minesite on August 11, 1987 specifically to discuss the stipulations. We reiterated during this meeting that the November 11, 1986 correspondence should be considered the response to USFS condition three and that no further SUFCo submittal should be forthcoming until the Forest Service was given an opportunity to critique it. Division personnel made a commitment at that time to submit the November 11, 1986 document to the Forest Service as fulfillment of the stipulation requirement.

A review of these statements and the reference documents indicates that a faulty permit approval package was issued by the Division. In addition, Coastal appeared before the Division in a timely manner in face-to-face meetings after receiving the package to discuss the conditional items.

In light of Coastal States' repeated efforts to resolve the questionable permit conditions, we believe a letter notifying us of a response deadline would have been more appropriate than issuing a NOV.

In consideration of these facts, I think you will agree that NOV 87-9-9-1 should be vacated in its entirety.

Sincerely yours,

  
Vernal J. Mortensen  
Senior Vice President

VJM/ak