

From: "Davis, Mike" <MDavis@archcoal.com>
To: "Pete Hess (E-mail)" <petehess@utah.gov>
Date: 01/22/2004 11:37:28 AM
Subject: Salina Yard

Pete,

For your info. The mine exceeded the 12-month rolling average for our air quality permit. Attached is a copy of the letter sent out notifying the Division of Air Quality about it. I know that the site is not a permitted DOGM site.

Mike

<<DAQLetter011904.doc>>

CCanyon Fuel Company, LLC
SUFCA Mine
397 South 800 West
Salina, UT 84654
(435) 286-4880 Fax: (435) 286-4499

January 19, 2004

Mr. Richard W. Sprott, Director
Department of Environmental Quality
Division of Air Quality
New Source Review
150 North 1950 West
P. O. Box 144820
Salt Lake City, UT 84114-4820

RE: Exceedance of Salina Coal Yard Approval Order DAQE-AN0665005-03 12-
Month Rolling Average, Sufco Mine, Canyon Fuel Company, LLC

Dear Mr. Sprott:

Canyon Fuel Company, LLC Sufco Mine is reporting that on January 8, 2004 the mine exceeded the 12-month rolling average limit of coal through-put of 750,000 tons at its Salina Coal Yard as specified by Approval Order DAQE-AN0665005-03 by 4,823.82 tons or 0.64%. The overage is a direct result of coal production difficulties experienced at the Sufco Mine that supplies coal to the Salina Coal Yard, efforts to provide much-needed coal to the PacifiCorp Hunter Power Plant and provide continued employment of the truck drivers responsible for hauling coal to fulfill our coal supply contracts. This letter includes a brief discussion detailing the history of how, when, and why this exceedance occurred, how long this overage will last, how the mine is economically impacted by the current mining difficulties, and the mine's corrective action plan to limit the possibility this exceedance will recur.

History

Canyon Fuel Company typically produces on average approximately 625,000 tons of coal a month from the Sufco Mine in Convulsion Canyon, located approximately 30 miles east of Salina, Utah. During normal operations, coal is loaded into trucks at the mine portal and transported directly to our customers, the Levan Loadout located on the Sharps Siding near Levan, Utah, or to the Salina Coal Yard, located on the southwest side of Salina, Utah. The Salina Coal Yard typically functions as a surge pile for excess coal produced from the mine that is not required for immediate delivery to customers and as a stockpile from which customer's needs are met while the mine is not producing coal. The mine does not produce significant coal during normal shutdowns for equipment maintenance or a longwall move. On January 2, the longwall mining equipment encountered difficult geologic conditions and the mine was unable to produce sufficient coal quantity to fulfill the mine's customers needs directly from the mine. Sufco began removing coal from the Salina Coal Yard to satisfy some of the contract needs

while delaying delivery to others until the mine begins to produce coal again. On January 8, the 12-month rolling average throughput records for the Salina Coal Yard were reviewed and it was discovered that the mine was apparently near to or over its throughput limits as dictated in Air Quality Approval Order DAQE- AN0665005-03. Coal removal activities at the yard were immediately halted until the updated volume of coal removed could be determined. By January 12, all of the truck tickets had been collected and totaled. Unfortunately, the total volume of coal removed from the yard exceeded the allowable limit of 750,000 tons by 4,823.82 tons. This overage was reported to Rob Leishman and Rusty Ruby of your staff on January 12, 2004.

Exceedance Duration

The exceedance of the throughput limits as of January 12, 2004 was 4,823.82 tons of coal. This resulted in exceedances of the following parameters in the approximated amounts listed*:

PM ₁₀	0.057 tons/yr
SO _x	0.007 tons/yr
NO _x	0.048 tons/yr
VOC	0.005 tons/yr
CO	0.016 tons/yr

* Exceedances calculated by determining percentage of permit limits vs. exceedance volume, or a 0.64% increase.

Except in emergency situations, Sufco does not intend to ship additional coal from the yard until after February 1, 2004 when the company will again be in compliance with permit limits. If an emergency does arise, the Division of Air Quality will be notified of the amount and duration of the anticipated permit exceedance.

Economic Impacts

The geologic event that prevented coal shipments from being made to customers from the minesite incurred estimated costs of \$1,082,000 to recover the longwall mining machinery, repair damaged equipment, and resume production. Additionally Sufco was unable to produce and sell an estimated 159,692 tons of coal that would have been mined during the time the longwall mining equipment was inoperable. No economic benefit was realized since the cost of the recovery of the mining equipment and the lost production and sales of coal far out weigh the minimal profit the mine would have realize from selling only 4,823.82 tons of coal.

Corrective Action Plan

Sufco will make certain that an exceedance to the Salina Coal yard air quality permit limits will not recur by implementing the following corrective actions. Sufco has created a new position within the company with responsibilities that include closely tracking the throughput of coal at the Salina Coal Yard, Sufco Mine and the Levan Loadout. This person's responsibility will include tracking the 12-month rolling throughput average for each of Sufco's locations permitted by the Division of Air Quality to ensure limits are not exceeded. Sufco is also in the process of submitting a Notice of Intent to the Division to request an increase in the annual throughput volume of the Salina Yard from 750,000

tons to 1,000,000 tons. This will allow the operation to more effectively respond to emergency shut-downs and regularly scheduled maintenance at the mine that results in coal being removed from the Salina Coal Yard and shipped to the mine's customers.

I appreciate your staff's help in this matter. Particularly, I appreciate the time Rob Leishman and Rusty Ruby took to meet with members of my staff and explain the proper methods and protocols related to responding to this issue. The personnel at Sufco Mine, including me, take our responsibility of complying with our environmental permits very seriously and do not treat this exceedance of the permit limits lightly. Appropriate actions will be taken to ensure that a similar incident will not occur.

If you have any questions regarding this brief report of the Salina Coal Yard incident or the mine's future plans, please call Mike Davis of my staff at (435) 286-4421.

Sincerely,
CANYON FUEL COMPANY, LLC
SUFSCO Mine

Kenneth E. May
Mine Manager

cc: Mary Ann Wright, DOGM

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