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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

February 1, 2011

TO: Internal File

THRU: Daron Haddock, Coal Program Supervisor *10/27*

FROM: April A. Abate, Environmental Scientist III *aaa 2-1-2011*

RE: West Coal Lease Modifications, Canyon Fuel Company, SUFCO Mine, Permit C/041/0002 and Task ID #3725

SUMMARY:

On December 1, 2010, the Division of Oil, Gas and Mining (the Division) issued a deficiency letter to Canyon Fuel Company, LLC (the Permittee) in response to an amendment under Task #3609 to significantly revise the SUFCO Mine's Mining and Reclamation Plan (MRP) to expand mining operations beginning in November 2011 into an area known as the "West Lease Modification".

The following deficiencies were identified as a result of a review of this Significant Revision and presented herein:

[R645-301-724-200 and R645-301-731]: Lizonbee Springs (sample ID #: GW-8 and GW-9) are active springs located along the east side of the Acord Lakes fault-graben valley (T 21 S R 4 E, Section 34). The Permittee is not proposing to incorporate monitoring these springs into the water monitoring program. However, these springs are located in within the westernmost boundary of the CHIA (see Plate 4 of the Quitcupah and Muddy Creek CHIA, 2010). Some baseline water quality data for the springs were available but mainly reflective of conditions from the 1970s and 1980s. Furthermore, seasonal variability of flow does not reflect current conditions in GW-8 and was not demonstrated in GW-9. For these reason, it would be prudent to incorporate these springs into the water monitoring plan to ensure that there is no water loss to the overall hydrologic balance within the CHIA.

The Permittee must demonstrate seasonal variation and flow rates for Lizonbee springs by providing additional data to ensure that material damage to the hydrologic balance outside the permit area is prevented. Please provide an amended water monitoring plan to include Lizonbee Springs.

Plate 7-3v16 should be updated to include the two Lizonbee Springs sample locations GW-8 and GW-9.

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Division Response: The Permittee agreed to incorporate spring locations GW-8 and GW-9 into their water monitoring plan. As a result, Plate 7-3v16 was updated to show the locations of these springs and Table 7-2, page 7-42 was updated to include these spring locations as well.

[R645-301-323,-301-411,-301-521,-301-622, -301-722, -301-731]: Plate 5-6v17 depicts an arbitrary ¼ mile blue line that is labeled as the “adjacent area”. Since adjacent areas encompass hydrologic basins that mining operations can potentially impact, an “adjacent area” boundary cannot be drawn on a map in this manner.

Please update Plate 7-2Av5 to include water rights information concerning Lizonbee Springs. Appendix 7-1 should also be amended to include the water right information for Lizonbee Springs.

Division Response: As requested, the adjacent area boundary was removed from Plates 5-6v17 and replaced with a footnote indicating that the hydrologic adjacent area is considered the Cumulative Hydrologic Impact Area – a reference to the Division’s Cumulative Hydrologic Impact Assessment Report updated for the Muddy and Quichupah Creek Basin in July 2010. The Permittee also notes on this map that the biology and geology adjacent areas are the same as the permit and all lease areas.

Water Right identification numbers associated with Lizonbee Springs (the new spring sample locations GW-8 and GW-9) were depicted on Plate 7-2Av5 as requested. In addition, the Permittee indicated that Water Right information was already included in Appendix 7-1.

RECOMMENDATIONS:

The application meets the hydrologic requirements of the State of Utah R645-Coal Mining Rules and is recommended for conditional approval pending the appropriate number of clean copies.