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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0410002
OK

August 18, 2011

Mr. Kenneth May, General Manager
Canyon Fuel Company, LLC
597 South SR24
Salina, Utah 84654

Subject: Mitigation Alternatives Proposal Request for North Water Spring (PINES 105)

Dear Mr. May:

The Division of Oil, Gas, and Mining (DOG M) would like to resolve the issues associated with the loss of water at the North Water Springs area. We hereby reaffirm the position that the Sufco mine is required to comply with the R645-731.530 rules pertaining to state-appropriated water supply replacement for this area. The most recent mitigation proposal submitted by the Sufco mine was dated June 15, 2010 and outlined Sufco's conceptual proposal to pump water from spring M-SP80 located on the north facing slope where the main fork of Box Canyon and East Box Canyon meet to Pines springs 105, 310, 311 and Joes Mill Seep. Nothing has been submitted since then and it appears that any further efforts to provide mitigation have now stalled. The Manti-La Sal National Forest, in consultation with the Division, is requesting that the Sufco mine submit an update of the current mitigation proposal, as well as any additional alternative proposals that could be considered by the Forest as mitigation for this situation. A discussion of the feasibility for each of the alternatives should be provided as well. These alternatives should be presented within the framework of considering post mining water supplied to the North Water and the Joes Mill areas in perpetuity. Trucking water could be considered as a long term mitigation as an alternative to be considered, however not desired due the difficulties of dealing with post-mining land use issues.

The Manti-La Sal National Forest has indicated that they intend to pursue development of water rights within the area under discussion. Manti-La Sal has requested that Sufco provide a statement on how the ownership of any water rights within the area would be handled in light of the proposed alternatives.

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Please submit your mitigation alternatives proposal to the Division as well as the Manti La Sal National Forest, no later than September 30, 2011. At that point, a meeting will be convened with DOGM, Sufco and the Manti-La Sal National Forest to discuss the feasibility of each alternative and to develop the plan for the mitigation. If you have any further questions or concerns, please contact myself or April Abate at (801) 538-5325 or (801) 538-5214.

Sincerely,



Daron R. Haddock
Coal Program Manager

DRH/AAA/sqs

cc: Kenneth Walker, OSM
Chris Hansen, CFC
Tom Lloyd, USFS
Pam Brown, USFS
Daren Olsen, USFS
Marc Stilson, DWRi

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