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June 11, 2010

CERTIFIED MAIL

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Ronald K. Bird
Executive Vice President
Buckingham Coal Company, Inc.
P.O. Box 400
Coming, Ohio 43730

NOTICE OF VIOLATION

RE: Buckingham Coal Company Response to 5/18/10 NOV

Dear Mr. Bird:

Ohio EPA is in receipt of the June 2, 2010 letter from Chris Ward that serves as Buckingham Coal Company's response to the Notice of Violation dated May 18, 2010. Paragraph 2 states that Buckingham Coal Company submitted proposals for drilling and construction of the injection wells on July 2, 2009 and March 11, 2010 describing that the outer casing would be removed "if possible". The documents received by Ohio EPA do not include this statement. The documents state that the outer casing will be removed after drilling and before injection commences. Therefore, the Class V permit violation remains.

The proposal in your June 2, 2010 letter to install cement collars and pads surrounding the wells is acceptable; however, the annular space must be filled with grout/cement prior to installation of the collars. This means that the substantial space between the outer casing and the borehole for the injection wells and the annular space between the casings of the monitoring wells must be filled with cement grout.

On May 12, 2010, Robert Smith of Strategic informed Ohio EPA that Injection Well #2 had been drilled at the same time Injection Well #1 was drilled but that the Well #2 had not yet been grouted. If Well #2 has been drilled as indicated by Mr. Smith and Chris Ward (page 2, paragraph 1 of the June 2, 2010 letter), the well must be completely grouted from bottom to top and the construction report must be submitted. An open borehole has the potential to receive precipitation and/or surface runoff. The well is not authorized to receive any fluids other than those generated by the barrel washer as listed in UIC Permits: UIC 05-05-05-PTD & PTO-V. This well must be grouted immediately if not already completed.

Ted Strickland, Governor
Lee Fisher, Lieutenant Governor
Chris Korleski, Director

Ronald K. Bird
Buckingham Coal Company, Inc.
June 11, 2010
Page 2

During Ohio EPA's site visit on April 28, 2010, you and Albert Seimer had indicated a likely location for Injection Well # 2 by tying a section of pink plastic tape to a piece of vegetation, however, on May 26, 2010, EPA staff did not find the well in that vicinity.

Page 2, paragraph 6 of the June 2, 2010 letter states that the annular space between the inside and outside casings was continually grouted with a neat cement/bentonite grout from the mine void to the surface. On May 26, 2010, Ohio EPA's Division of Drinking and Ground Waters Underground Injection Control (DDAGW-UIC) Program staff observed that the monitoring wells were not grouted to ground surface leaving what appeared to be an approximate void of 8 to 10 vertical feet of annular space.

In addition, the monitoring wells had been left uncapped and uncovered allowing for the possible introduction of rain water or other unauthorized fluids. The sampling and analysis plan states that the wells will have locking caps. The monitoring wells must be completely grouted to ground surface to prevent any surface fluids from entering the subsurface along the casing. The cement collars proposed in the letter should be installed after the annular space has been grouted to ground surface

UIC staff also observed that the vertical portion of the Injection Well #1 casing was uncapped with the potential to receive unauthorized fluids or materials including rain water. Only the slurry of water and fine coal reject from the portable barrel washer is permitted to enter the injection well(s) as specified by Class V Permit Number UIC 05-05-05-PTO-V. UIC staff also observed the considerable annular space surrounding the outside casing of the #1 injection well. The annular space must be grouted completely to ground surface prior to installing a cement collar as proposed.

In summary of these issues, Buckingham Coal Company must submit:

- Within fifteen (15) calendar days of the issuance of this letter
 - Provide the exact location of Injection Well #2
 - A map showing the locations of all injection wells and monitoring wells
 - Submit photographs that all wells have been properly capped which include locking caps on the monitoring wells
- Within thirty (30) calendar days of the issuance of this letter
 - All well construction will be completed and documentation submitted including the emplacement of additional annular grout/cement and placement of the cement collars and pads surrounding the wells
- Within forty five (45) calendar days of the issuance of this letter
 - Resubmit a revised well construction report that includes construction details concerning Injection Well #1 and Injection Well #2 as well as all monitoring wells

Ronald K. Bird
Buckingham Coal Company, Inc.
June 11, 2010
Page 3

Failure to comply with these requirements may result in escalated enforcement actions.

If you have any questions concerning these requirements, please contact me or Valerie Orr at (614) 644-2752.

Sincerely,



Lindsay C. Taliaferro III, Manager
Underground Injection Control Program
Division of Drinking and Ground Waters

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cc: Mike Baker, Chief, DDAGW
Kim Rhoads, Legal
Ken Baughman, Compliance Assurance, DDAGW
Chris Ward, Calfee, Halter, and Griswold LLP