



State of Utah

Department of Natural Resources

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Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 23, 2006

TO: John Baza, Director

THRU: Mary Ann Wright, Associate Director, Mining

FROM: Pamela Grubaugh-Littig, Permit Supervisor

RE: Coal Regulatory Program 2005 Fourth Quarter Status Report –
Permitting, Compliance and Administrative

PERMITTING

New Mines/Permit Extensions/Incidental Boundary Changes (IBC)

Lila Canyon Tract - Horse Canyon Mine (UtahAmerican Energy, Inc.)

Utah AmericanEnergy, Inc. acquired the Horse Canyon Mine permit on December 21, 1998. The application for the permit extension to the Horse Canyon Mine was received on September 8, 1998. This application was determined incomplete on November 6, 1998 and returned to the applicant. The applicant resubmitted this application on December 21, 1998. This application was determined administratively complete on February 26, 1999.

A concern letter about loss of surface water was received on March 30, 1999 from Josiah K. Eardley in response to the publication notice. The Division responded in a letter to Mr. Eardley on April 7, 1999 with more information and notified him that he could request an informal conference if need be. No conference was requested.

The technical adequacy of this application involved six rounds of deficiencies from May 27, 1999 to March 9, 2001. Responses were received through May 24, 2001. All findings were made and the revised permit was issued on July 27, 2001. The Mining Plan Approval was signed by the Secretary on November 5, 2001.

Southern Utah Wilderness Alliance (SUWA) filed an objection to the permit on September 4, 2001 with the Board of Oil Gas, and Mining. Determination of the type of hearing and the administrative record was heard during

the September 26, 2001 Board hearing and October Board Hearing. It was ordered by the Board that this was an appellate hearing. The merits of the case were heard on December 4, 2001. The Board issued its Order on December 14, 2001 that reversed the Division's decision to issue the permit of July 27, 2001 and the permit was denied.

The Division responded to the Board's remand Order and submitted to the Board on January 10, 2002 a request for rehearing and a response to the Board Order. At the January 23, 2002 Board Hearing, the Board ordered the Division to "continue processing the permit". UEI submitted an application on February 11, 2002 with supplemental information on February 19, 2002. The Division determined the new permit application administratively complete on February 25, 2002. Technical deficiencies were sent on March 26, 2002, with a response due on April 30, 2002. The public comment period ended April 22, 2002.

SUWA requested an informal hearing on March 22, 2002, but withdrew. SUWA resubmitted a request for a hearing at the end of the public comment period, April 22, 2002. An informal hearing was held on May 21, 2002. The Order from the Hearing stated that the Division would consider the materials submitted at the informal conference during the normal course of its ongoing review of the new permit and that the Division would issue a decision to grant or deny the permit application in whole or part and provide its reason for the decision by July 22, 2002. The Division met informally with UEI on June 17, 2002 to discuss its ongoing review of the new permit application.

The Division sent the decision that the application was denied in part on July 22, 2002. UEI filed a motion with the Board, and SUWA subsequently filed the same motion, to maintain their right to appeal the Division's decision, when appropriate. The Board decided at the September 2002 Board hearing to maintain both appeal rights for SUWA and UEI when the Division makes a final decision on the permit extension application (Lila Canyon) to the Horse Canyon Mine.

UEI submitted a response to the deficiencies on December 6, 2002. The review was sent on April 9, 2003 with deficiencies. The applicant was advised that the application must again respond to all of the deficiencies completely and adequately in the next response.

The response was received on February 26, 2004 and was reaffirmed to be administratively complete on March 26, 2004. The application was published and the publication ended on May 27, 2004. SUWA requested an informal conference, which was held on July 7, 2004. The Order from this informal conference was issued on July 30, 2004.

The technical review was sent on November 30, 2004 and did not incorporate the comments from the informal conference but did encourage the application to address issues identified during the informal conference.

UEI submitted a response to deficiencies on February 28, 2005 and is currently under review. Additionally, on March 30, 2005 UEI submitted a response to comments from SUWA concerning the Lila Canyon Mine.

The Division sent their review on May 23, 2005 and UEI responded on June 15, 2005. A deficiency review was sent to UEI on August 19, 2005. The Division and UEI met on August 23, 24, and 25 to resolve outstanding deficiency issues.

Due to the order from the July 2004 Informal Conference, the Division sent the Technical Analysis to UEI, Emery County and SUEA on September 21. SUWA requested a continuation of the informal conference and this conference was held on November 8, 2005 and this conference officially closed on November 18, 2005.

A meeting was held with SUWA on December 8, 2005 and with UEI on December 20, 2005. UEI submitted more information on December 9, 2005 and January 3 and on January 9, 2006. This information is under review.

On January 19, 2006, the Division notified UEI that the approved R2P2 for the Lila Canyon extension included mining in an area that was removed from the permit area. This situation will need to be rectified by UEI to continue processing the permit application.

The Environmental Assessment for this project done by the BLM (Record of Decision on October 26, 2001) did not include consultation with Native Americans. This Section 106 process is underway. Letters of request from the Division for information and consultation to Native American tribes, local governments, SUWA (as a consulting party) and UEI were sent on January 13, 2006. These entities should respond by February 13, 2006.

It was verified on an interagency call on January 6, 2006 that the EA for this project analyzed the entire project area (5500 acres).

The Division notified UEI on January 19, 2006 that the R2P2 approved by BLM in March 2000 for the Lila Canyon extension, included mining in an area that was removed from the permit area by UEI sometime since 2002. This situation will need to be rectified by UEI.

North Rilda Facilities – Deer Creek Mine (PacifiCorp)

The application to add facilities in Rilda Canyon for the Deer Creek Mine was submitted on November 4, 2003. OSM made a determination that this permit change requires mining plan approval of the Secretary of the Interior on November 24, 2003. Forest Service formulated an interdisciplinary team for this mining plan modification and met on the ground on December 18, 2003.

The Division determined that this application was not administratively complete on December 29, 2003.

By letter dated January 8, 2004, OSM reopened the Rilda facilities mining plan modification determination for formal comments. It was again determined on March 10, 2004 by OSM, that this permitting action is a mining plan modification. It was also determined that OSM would be the lead on the NEPA (EA) and the Division of Oil, Gas, and Mining will prepare the documentation with OSM assistance where appropriate. The Forest Service and Bureau of Land Management will be cooperating agencies in the preparation of the EA.

Meetings to discuss this NEPA preparation were held at the Division on March 22 with OSM and DOGM and on March 23, 2004 with OSM, FS, and BLM, coal regulatory program staff, and the OGM-appointed NEPA team.

Another scoping meeting for the NEPA process was held in Huntington on August 11, 2004. A new proposal was submitted by PacifiCorp on September 2, 2004. This proposal was withdrawn on December 9, 2004. A plan was resubmitted on December 21, 2004 and was determined administratively complete on January 28, 2005. No comments were received. The Title V review team met with PacifiCorp on March 26, 2005 and PacifiCorp resubmitted on April 1, 2005. The Division review was sent on May 10, 2005 and a response was received on June 2 and 13, 2005. The state permit was issued on July 27, 2005 and is awaiting mining plan approval.

The initial “consent” letter from the Forest Service (dated July 6, 2005) was withdrawn and the Forest Service issued its own FONSI on August 30, 2005 for the environmental assessment for a 45-day appeal period. This FONSI was appealed by Huntington Cleveland Irrigation Company on October 12, 2005 and Utah Environmental Congress (UEC) on October 13, 2005.

The water users appeal was withdrawn on November 9, 2005. The appeal resolution between the FS and UEC was signed on November 4, 2005 and later rescinded. The SART team from the FS reviewed the FONSI and updated the FS decision on November 28, 2005.

A letter of concurrence was signed by the Forest Service for the mining plan approval on December 1, 2005, the state permit issued and the mining plan was signed by the Department of Interior Assistant Secretary of Lands and Minerals on December 21, 2005.

Two “emergency” breakouts were approved, one on August 24, 2005 and the other on November 15, 2005.

Summit Tract IBC- Centennial Mine (Andalex Resources, Inc.)

Andalex Resources, Inc. submitted an application for the Summit Creek Tract (as of that date not leased) on April 8, 2004. This application was withdrawn on May 7, 2004 and an incidental boundary change (for 92.32 acres) was submitted on that date. The lease sale was held on June 24, 2004 and the bid accepted by BLM on June 30, 2004. There was a 30-day waiting period for approval of a lease, pending a review by the Department of Treasury, the lease became effective on August 1, 2004. This mining plan for the IBC was approved on October 28, 2004.

The remainder of the Mathis fee/Summit tract was submitted on January 12, 2005. This application was determined complete on April 14, 2005. The technical deficiency was sent April 29, 2005 and the response was received on May 26, 2005. Several more responses were received. The state permit was issued on September 3, 2005 and the Secretary approved the mining on plan on September 29, 2005.

Postmining Land Use Change – Banning Loadout (Canyon Fuel Company, LLC)

The Division received an application for a postmining land use change at the Banning Loadout to accommodate a dry ice plant on May 26, 2004. This is considered a significant revision and the application was determined complete on July 22, 2004 and publication is final. The end of the publication period was September 21, 2004 and the comment period will be October 21, 2004. The technical review was sent on September 21, 2004 and the response was due on November 13, 2004 and then extended to December 31, 2004.

There are still more deficiencies and they were sent on March 31, 2005. A response was received on May 16, 2005 and the review was sent in August 17, 2005 and response received on December 28, 2005 and is being reviewed.

North Lease – Full Extraction Mining (Skyline Mine)

Canyon Fuel Company, LLC submitted an application for full extraction mining in the North Lease on July 2, 2004. This application was

determined to be a mining plan modification by OSM (e-mail notification) on September 27, 2004. This application is being processed as a significant revision. It was determined complete on October 29, 2004. The technical review was combined with Forest Service comments which entailed several meeting with the Forest Service. Review comments were sent on February 23, 2005. The applicant responded on May 11, 2005 and the review was sent on July 2, 2005. The applicant responded on July 26, 2005. The TA and CHIA have been prepared. The Forest Service issued their concurrence letter on December 2, 2005 and the state permit was also issued that date. The Decision Document was forwarded to OSM on December 2, 2005 and is awaiting Secretarial approval.

Federal Lease Addition - Bear Canyon Mine

An application to add 7504.36 acres of fee and federal acreages to the Bear Canyon Mine was submitted on July 22, 2005 (about 50% of the area is in the Manti LaSal National Forest). This application was determined administratively complete on September 18, 2005. The public comment period ended on December 28, 2005 with no public comments. The application is currently being reviewed for technical adequacy.

SITLA Muddy Tract – SUFCO Mine

An application to increase the SUFCO Mine by 2134 acres with SITLA coal was submitted on February 11, 2005. This application is an amendment and does not require mining plan approval. The Technical Analysis and CHIA have been prepared and the permit was issued on January 23, 2006.

Division Orders

West Ridge Mine (West Ridge Resources, Inc.)

Division Order DO-00A was issued on April 16, 2000 and information was initially required to be submitted on June 16, 2000 and was extended to July 14, 2000 and then September 18, 2000. The response was received on September 18, 2000 and a response was sent December 18, 2000. The operator response was received on March 16, 2001 and the Division returned the entire submittal on May 11, 2001. The entire response to the Division Order was resubmitted on July 2, 2001, the deficiency response was sent on October 22, 2001. This information was submitted on January 15, 2002 and the review was sent April 10, 2002 requiring more information.

A meeting was held at the Division on June 14, 2002 to discuss exactly what was needed. Another extension until August 15, 2002 was granted for the submittal of all the requisite information. The response was submitted that date and another deficient review was sent on November 26, 2002. A response was due

on January 21, 2003, but more specific information was received on that date and an extension until February 21, 2003 was granted to incorporate that information into the mining and reclamation plan. Another extension was granted until March 14, 2003.

The Division sent the deficiency response with the caveat that the highwall can be reclaimed currently at the angle of repose. To reclaim the highwall to a steeper angle will require more information. The Division sent a request to OSM on July 3, 2003 about a possible change in the experimental practice for a determination if the change would be significant. OSM determined that this is not a significant change to the experimental practice.

A meeting was held on July 15, 2003 to discuss the steep slope reclamation. After a lengthy discussion, West Ridge Resources, Inc. decided that they would submit a reclamation plan for the highwall at a lesser slope angle. The Division granted an extension to May 31, 2004 for all of the requisite information for this revised plan. The information was received on June 1, 2004 and the technical review was completed on September 15, 2004. A meeting was held with the operator to discuss this review on November 22, 2004 and understandings were reached. West Ridge Resources, Inc. should have resubmitted all the required information on February 15, 2005, but was granted an extension until April 4, 2005 due to all of the critical permitting actions at West Ridge Mine.

This response was received on April 29, 2005 and has been reviewed. The technical staff met with personnel from West Ridge and a response is expected by February 1, 2006.

Wildcat Loadout (Andalex Resources)

The Division sent a Division Order to Andalex Resources, Inc. for the coal fine issue on December 10, 2004. A response from the operator was received on March 15, 2005 and the review was sent on November 3, 2005. The applicant responded on January 3, 2006 and this submittal is currently under review.

Permit Renewals

Two applications for permit renewal were processed: Bear Canyon Mine (approved November 2, 2005) and Emery Deep Mine. Two permit renewals was received during the fourth quarter: Deer Creek Mine and Willow Creek Mine.

Bear Canyon Mine (Co-Op Mining Company)

The permit renewal application was submitted on July 5, 2005. The application was determined administratively complete on September 8, 2005. This permit was renewed on November 2, 2005 with one condition.

Emery Deep Mine

The permit renewal application was submitted on September 2, 2005. The application was determined administratively complete on September 13, 2005. This permit was renewed on January 7, 2006.

Deer Creek Mine (PacifiCorp)

The permit renewal application was submitted on October 11, 2005. The application was determined administratively complete on October 24, 2005. The Utah Environmental Congress request an informal conference for this permit renewal which will be held on January 24, 2006.

This permit is scheduled to be renewed on February 6, 2006.

Willow Creek Mine

This permit renewal application was submitted on December 1, 2005 and determined administratively complete on December 15, 2005. The permit should be renewed on April 23, 2006.

Midterms

The SUFCO Mine, Sunnyside Refuse and Slurry Mine (SCA) and Hiawatha Mine midterms were approved during the fourth quarter. The Skyline Mine midterm review continued and the Dugout Mine midterm commenced.

Skyline Mine (Canyon Fuel Company, LLC)

The Skyline Mine midterm commenced on November 18, 2004. The review was sent on April 13, 2005. The bond information is the outstanding review item and will be submitted in March 2006.

Hiawatha Mine (Hiawatha Coal Company)

The Hiawatha Mine midterm commenced on November 18, 2004. This review was completed on October 26, 2005.

SUFCO Mine (Canyon Fuel Company, LLC)

The SUFCO Mine midterm commenced on November 23, 2004. A response was received on September 1, 2005 and the midterm review was approved on December 5, 2005.

Sunnyside Refuse and Slurry (Sunnyside Cogeneration Associates [SCA])

The midterm for Sunnyside Refuse and Slurry commenced on August 25, 2005. The review was sent on September 23, 2005. The midterm review was completed on November 22, 2005.

Dugout Mine (Canyon Fuel Company, LLC)

The midterm for the Dugout Mine commenced on October 13, 2005. The review was sent on December 16, 2005.

Permit Transfers

No permit transfers were processed during the fourth quarter of 2005.

Bond Releases

Four bond release applications continued to be processed during the fourth quarter of 2005: two Phase I bond releases at Castle Gate Mine: the remaining portions of Sowbelly and Hardscrabble; Phase I bond release for Willow Creek Mine: Gravel Canyon and Adit #1 the . One Phase I bond release application was received during the fourth quarter that was returned for more information: Willow Creek preparation plant and refuse pile.

Castle Gate Mine – Phase I (Sowbelly and Hardscrabble) Plateau Mining Corporation)

The Sowbelly and Hardscrabble remaining phase I bond release applications for these sites were submitted on January 31, 2005. The plan was approved in July 2005. The bond release inspection was conducted on September 8, 2005. The Decision Document is being prepared.

Willow Creek Mine – Gravel Canyon and Adit #1

Phase I bond release applications were submitted on May 5, 2005 and the plan was approved in July 2005. The bond release inspection was conducted on September 8, 2005. The Decision Document is being prepared.

Willow Creek Mine – Preparation Plant and Refuse Pile

Phase I bond release application was submitted on September 19, 2005 and was returned for more information. This application will be resubmitted in the near future.

Bond Changes

One bond change was made during the fourth quarter of 2005: Sunnyside Cogeneration Associate's Refuse and Slurry (increased by \$28, 000).

The Historical Cost Index was revised this quarter for the escalation factors for reclamation cost estimates. The revision entails reviewing only historical reclamation specific costs, not building costs. The Historical Cost Index is revised February of every year.

Reclamation

Willow Creek Mine (Plateau Mining Corporation)

Plateau Mining Corporation submitted a permanent cessation notice to the Division for Willow Creek Mine on September 5, 2002. Reclamation commenced at the end of 2002. It was decided to reclaim the preparation plant as well. The conveyor was dismantled during the second quarter of 2003 and the process building in the fourth quarter of 2003. Demolition of the remaining buildings at the preparation plant continued during the first quarter of 2004.

The backfilling of the Crandall Canyon shafts was completed in August 2003 and reclamation at the Crandall Canyon area was completed on November 20, 2003.

The Schoolhouse Canyon reclamation commenced in January 2004. Highwall reclamation behind the offices commenced and continued during the second quarter. All reclamation work (except removal of the loadout) was completed on October 4, 2004. The loadout was removed in December 2005.

White Oak Mine (Lodestar in Chapter 7 Bankruptcy)

The Division issued the Determination to Forfeit at the White Oak Mine on May 1, 2003. Chapter 7 was filed by Lodestar Energy, Inc. on July 15, 2003. The Division negotiated with the Bankruptcy Trustee and Frontier Insurance to stabilize this site. The amount of \$999,000 was escrowed from Frontier Insurance Company on October 3, 2003. Ledcor (the Frontier contractor) started work at the White Oak Mine on October 13, 2003. Ledcor (the contractor for

Frontier) left the site for the winter on December 17, 2003. Reclamation work at the White Oak Loadout is being done by the Mark Wayment group. The bonded amount of \$4,292, 000 has been removed from the current reclamation bonding amounts.

On August 18, 2004, Lodestar trustee Bill Bishop filed the master settlement between various parties (including Renco and Wexford Capital) for reclamation in a “General Settlement Fund” outside of the Lodestar bankruptcy estate. Utah received \$1.217 million dollars as part of this Settlement Agreement.

The contract with the Frontier contractor, Ledcor, was terminated by the Division and on September 8, 2004, a withdrawal from the Escrow Fund in the total amount of \$318,128.60 was requested for transfer to the state of Utah, Division of Oil, Gas and Mining, for the sole benefit of reclamation of the Lodestar Energy, Inc.’s Whiskey Creek Mine.

VCM contractors were awarded the contract for reclamation at the Whiskey Creek Mine. Reclamation work started on October 4, 2004 and ended on November 4, 2004. Work resumed on June 13, 2005 and was completed on November 1, 2005.

Reclamation at the White Oak loadout included: reclamation of pond (002A) by the road to the site (middle pond), regrading slope by the highway, and shaping the corner of pond 003A (up canyon side – in the area where stacking was located). Reseeding on the west side of the tracks from the north end to the middle of the site and from the middle of the site and south (up canyon) will all be seeded on both sides of the railroad tracks.

Pond 001A (farthest north – down canyon) was not be reclaimed due to of ROW issues with the railroad. This reclamation work was completed on November 4, 2005.

AMR program administered the reclamation work at these sites.

Permit Changes

There were 15 new amendments received and 10 amendments were approved during the fourth quarter of 2005.

Exploration

Three exploration applications from new entities were approved during the fourth quarter of 2005: Columbia (Bronco Energy), Coal Hollow (Talon Resources), and Kinney #2 (Carbon Resources).

One SITLA exploration projects were received during the fourth quarter of 2005 and are being processed: SUFCO Mine's Muddy Tract and the Deer Creek Mine's Mill Fork Tract.

COMPLIANCE

There were 46 partial inspections and 26 complete inspections conducted from October 1, 2005 to December 31, 2005. One violation was issued during the fourth quarter of 2005 (Genwal's Crandall Canyon Mine). No cessation orders were issued.

Four mines were inspected with only a complete inspection during the fourth quarter of 2004 due to temporary cessation: Banning Loadout (March 7, 2000), Soldier Canyon Mine (March 25, 1999), Trail Mountain Mine (May 2, 2001), and Cottonwood/Wilberg Mine (May 24, 2001). The Horse Canyon Mine is inspected once quarterly because they have received Phase II bond release in April 2002.

Willow Creek Mine went into temporary cessation on December 11, 2000 and into permanent cessation on September 5, 2002. Star Point Mine went into temporary cessation on February 11, 2000 and into permanent cessation on June 5, 2000 and is inspected monthly. Des-Bee-Dove Mine commenced reclamation and has been inspected monthly since September 1999. Emery Deep was put on a monthly inspection basis during the first quarter of 2002.

Star Point Mine Refuse was added to the inspection list in December 2003, there are now twenty-four operations inspected monthly. The forfeiture sites are inspected annually.

Citizen Complaints

There were no citizen complaints filed during the fourth quarter of 2005.

OSM/Utah Coal Regulatory Program Evaluation

Regulatory Program Evaluation Agreement for the OSM/Utah Annual Evaluation Plan for the period from July 1, 2004 through June 30, 2005 was signed on July 12, 2004. The topics for the EY 2005 included:

- ❖ Informal Conference Administration – (Customer Service)
- ❖ Topsoil Stockpile Protection (Reclamation Success)
- ❖ Bond Forfeiture Sites (Offsite Impacts)

❖ Undermining Perennial Streams (Reclamation Success)

For EY 2005, the Emery County water users wrote a concern letter to OSM about the implementation of the Division's water replacement rules on October 13, 2004. OSM wrote a response to the Division on November 15, 2004. The Division responded to the OSM concerns on November 30, 2004. There was a meeting with the Division, OSM and the water users on January 19, 2005 to discuss this issue.

The Division sent a letter to OSM on March 4, 2005 to further refine the Division's implementation of the water replacement rules and received OSM's response via letter on March 24, 2005. On April 15, 2005, the Division responded to more OSM concerns.

OSM sent a letter to the Water Users on April 18, 2005 to respond to their initial concern letter of October 13, 2004. OSM outlined how the Division interprets its water replacement regulations and emphasized that the Division is committed to regular meeting with water users, continued study of submitted data and information, and requires mine operators to replace water if monitoring detects that State appropriated water is contaminated, lost or interrupted.

The Annual Evaluation Meeting was held on November 15, 2005 for Evaluation Year 2005. All of the evaluation topics with conclusion and recommendations were presented at this meeting. There were no adverse comments associated with any of these evaluation topics.

Regulatory Program Evaluation Agreement for the OSM/Utah Annual Evaluation Plan for the period from July 1, 2005 through June 30, 2006 was signed on July 12, 2005.

The topics for EY 2006 include:

- Coal Tracking System (CTS) Electronic Permitting (Benchmarking topic)
- Impacts to archeological sites by coal mining (Offsite impacts).
- Postmining Land Use Changes – have they been implemented and how many have changed?

ADMINISTRATIVE

Board Matters/Rulemaking

732 Rules (UT-038-FOR)

This program amendment was approved with stipulations by OSM through Federal Register notice on April 24, 2001, effective on that same date. As a follow-up to these stipulations, legislation regarding increasing the production limits for operators who want to apply for the Small Operator Assistance Program (SOAP) grants from 100,000 tons to 300,000 tons per year to be consistent with OSM/Federal regulatory language passed during the 2002 legislative session as SB72.

The SOAP part of this topic was submitted to OSM on October 22, 2002 and was numbered UT-042-FOR. A response was received from OSM on February 21, 2003 requesting some minor changes to the proposal. The Division needs to clarify one change and make a minor adjustment. A DOGM response is not possible due to other legislative priorities in the 2005 Session. Tentatively, a bill will be included in the Division's legislative initiative for 2006.

On June 9, 2005, OSM asked about the status of making the SOAP-related changes in 2006. The change in the statute is anticipated to be sponsored by Senator Mike Dimitrich and a bill request has been filed by him in that regard.

Formal Rulemaking

The proposed rule changes to R645-100-200-General Contents; R645-303-200 – Coal Mine Permitting, Change, Renewal and Transfer, Assignments or Sale of Permit Rights; R645-301-500- Engineering; and R645-401- Inspection and Enforcement: Civil Penalties were published in the Utah Bulletin on November 15, 2003 and the Board conducted a formal hearing to listen to verbal comments on December 3, 2003. The record was held open for written comments to be submitted by December 15, 2003. A report to the Board and a request to adopt the rule changes was made to the Board on January 28, 2004. The Board agreed to proceed with Formal rulemaking at the January hearing and each of the rule changes was made effective on February 6, 2004 through a filing at the Division of Administrative Rules.

These rules were submitted to OSM on November 28, 2005 as a program amendment and are currently under review by OSM.

Public Outreach

Interagency Conference Calls

The Division discusses coal mining issues monthly with the BLM, Forest Service, SITLA, and OSM either by conference call or via a face-to-face meeting and takes the lead by preparing agendas and leading the discussion for these calls or meetings. These conference calls promote communication among the agencies that are involved with coal mine permitting.

Interagency calls were conducted on October 13, November 9, 2005, and December 6, 2005.

A sub committee of the interagency group entitled, "Interagency Coal Operating Procedures" (ICOP) Committee met on July 22 and 23, 2003 in Park City with two representatives from each agency to discuss coordination issues and prepare a "working agreement" as well as the role of "consult" or "consent" for permitting actions.

The ICOP committee met several more times to flush out the working agreement with 5 appendices. Three basic issues were also identified that needed to be addressed by the Coal Managers.

- Does the Forest Service have authority to impose restrictions on subsidence in leases under authority granted under the Mineral Leasing Act of 1920, as amended and in mine permits under authority of the Surface Mining Control and Reclamation Act of 1977 and implementing regulations, that the agency determines necessary for the protection of non-mineral interests?
- For proposed operations on NFS lands/Federal coal, is Forest Service concurrence to post-mining land uses and measures for the protection of non-coal interests required for mine permit changes that are determined by OSM not to constitute Mine Plan Modifications under the Mineral Leasing Act under 30 CFR 944.30 Art. VI(B)(5)?
- For operations on NFS lands/State coal (Utah School Lands Exchange Act), is Forest Service concurrence to post-mining land uses and conditions for protection of non-mineral interests required prior to permit issuance/change or is only non-binding consultation required?

The ICOP committee presented the draft working agreement to the Coal Managers on November 13, 2003. The Coal Managers met on December 9, 2003, January 8, 13, and 20, 2004. The Managers at the Office of Surface Mining (Allen Klein, WRCC, Regional Director and Jim Fulton, WRCC, Field Office Director, Bureau of Land Management (Sally Wisely, Utah BLM Director), Forest Service (Alice Carlton, Forest Supervisor, Manti LaSal National Forest and Jack Troyer, Regional Forester), Division of Oil, Gas, and Mining (Lowell Braxton, Director and Mary Ann Wright, Associate Director of Mining) met on January 23, 2004 to further discuss the issues.

Coal managers met on May 13, 2004 in Price as well as on June 17, 2004 where the Forest Service made a PowerPoint presentation suggesting resolution to the three-above-noted issues and again on September 16, 2004.

The ICOP group met on November 10, 2004 to finalize changes to the Working Agreement and the Attachments. A tentative date of December 6, 2004 was set for signing the Working Agreement, but was delayed to several more changes that will need to be made after the first of the year. Tentative changes to the ICOP agreement were sent to the ICOP in early April 2005 and May 2005. The ICOP group finalized the draft agreement and sent it to the Coal Managers in July 2005.

The coal managers met on July 22, 2005 and wanted the draft ICOP agreement to be implemented for six months and then evaluate the situation in February 2006.

Due to issues with the "consent" letter required for the mining plan approval for the Deer Creek Rilda Facility, the implementation of the ICOP agreement did not work well. A letter was sent to OSM on September 7, 2005 by the Division requesting assistance with the resolution of conflicts between the Division and the Forest Service.

A Coal Managers Meeting that included FS, BLM, SITLA, OSM and DOGM was held on November 29, 2005. A high level coal managers' meeting was held on January 11, 2006 with representatives from OSM, FS and DOGM to discuss the resolution of conflicts between the Division and the Forest Service. There are possible resolutions being considered.

The Utah Cooperative Agreement is being revised to resolve issues and clarify the roles of the federal land management agency in the Utah Coal permitting process. These changes will be sent to OSM.

Water User Outreach

The quarterly Division water user group outreach meeting was held on October 19, 2005 in Emery County with coal operators and water users to discuss water issues.

an
Attachment: Permit Acreages
cc: Wayne Hedberg
Susan White
Paula Dupin-Zahn
Jim Springer
Public Information Center
O:\STATUS.RPT\Status3rdquarter.doc

UTAH MINES - PERMIT ACREAGE (December 31, 2005) (with forfeiture sites)

Mine Name	Federal Lands	Non-Federal Lands	Disturbed Area	Permit Total
Banning	24.42	12	21.6	36.42
Bear Canyon	6,450.07	4469.47	36.64	10,919.54
Blazon* (Forfeited - Reclamation Completed on October 4, 2000)		7	7	7
Boyer* (Forfeited - Reclamation completed on November 20, 1997)		129	129	129
Castle Gate	5115.57	2503.43	63	7619
Centennial	5,436.04	1165.98	35.27	6602.02
Convulsion Canyon (SUFCO)	26,086.95	680	27.364	26,766.95
Cottonwood/Wilberg	6786.88	100	62.82	6886.88
Crandall Canyon	4,499	1,736.8	10.7	6,235.8
Deer Creek	15,473.36	6740.34	97.44	22,213.70
Des Bee Dove		154.86	23.88	154.86
Dugout Mine	2804	6667	51.1	9471
Emery Deep	805	4603	289.6	5408
Gordon Creek #2, #7, & #8		179.27	34.15	179.27
Gordon Creek #3 & #6 *(Final bond Release 5/22/98)				
Hiawatha	5,724	6,453	290	12,177
Hidden Valley		960	6.7	960
Horizon	1272	305	9.5	1577
Horse Canyon	5203.17	828.9	122.49	6032.07
Huntington #4 *(Final bond release 5/22/98)				
J.B. King * (Final bond release on 3/24/2000)				
Knight* (Final bond release 4/20/98)				
New Tech* (Forfeited reclaimed, Exploration, not perm. Program)		3	3	3
Savage Coal Terminal		160	122.28	160
Skyline	9736	638	79.12	10,374
Smoky Hollow*				
Soldier Canyon	4329.15	2295.49	24.32	6624.64

Bear Canyon Mine added Wild Horse Ridge, 1261.71 federal acres and 696.72 non-federal acres, submitted 3/99
Horizon Mine, federal lease addition 1288.49 acres of federal coal, only 317.5 acres of non-federal, CO issued, will submit in 11/99
Dugout revision, submitted 5/21/99, MPA approved 8/2/2000; added 2416 acres of federal coal and 718 acres of non-federal
Horse Canyon (Lila Canyon), added 1531.1 acres of federal and 1610.73 acres of non-federal, DOC in 6/99
Crandall Canyon, 50 Acre IBC approved 9/29/99 (federal)

Changes made in reporting of 10/21/99

Emery Deep, Star Point and Wellington Preparation Plant acres were verified by inspectors and permittees.

***Emery Deep** disturbed area changed to 40 acres (verified by permittee)

***Star Point Mine** - Non federal portion increased by 26 acres, due to error found in not accounting for offsite waste rock site

***Wellington Preparation Plant** - Nonfederal in error. Inspector verified that 1699 acres is the correct permit acreage.

Changes in April 1998 for permit acres are being reinstated on October 21, 1999. Bonded area/permit area.

***Castle Gate Mine** permit area was returned to the original acreage (see April 1998 note)(No change in the permit area has occurred to date/in reclamation, leases still in effect and original permit area is as shown on this table (7619ac (5115.57ac [federal] and 2503.43 ac (non-federal)) and 63 acres of disturbance

***Gordon Creek #2, #7 and #8 Mine** - 2300 acres ([1726 federal and 574 non-federal]); leases relinquished and request permit area revision on September 29, 1999 but not approved to date

***Hidden Valley Mine** - 960 acres [all non-federal]

***J.B. King Mine** - 480 acres [all non-federal]

***Trail Canyon Mine** - 280 acres [all non-federal]

Permitting acreages were:

(These changes were made in reporting in April 1998)

Castle Gate Mine - 7619ac. (5115.57 [federal] and 2503.43 [non-federal])

Gordon Creek #2, #7 and #8 Mine - 2300 acres ([1726 federal and 574 non-federal])

Hidden Valley Mine- 960 acres [all non-federal]

J.B. King Mine - 480 acres [all non-federal]

Trail Canyon Mine- 280 acres [all non-federal]

Changes made in January 12, 2000 Report

Wellington removed 126.3 acres from permit area, now equals 1573.5 acres (approved 12/20/99)

White Oak submitted 160 acre IBC on December 22, 1999

Centennial acreages changed due to reporting errors: Mike Glasson telephone me changes on 1/11/2000: Federal changed from 4744.48 to 4733.51, non-federal changed from 442 to 445.98, disturbed acreage changed from 34.2 to 35.27 and the total permit area changed from 5186.48 to 5179.49.

Changes Made in March 31, 2000 Report

J.B. King Mine - Final bond release on 3/24/2000 - 480 acres of permit area [non-federal] and 28 acres of disturbance

Sunnyside Mine - Forfeiture on 11/22/96/reclamation completed on 7/1/99 - 287.4 acres of non-federal

White Oak Mine - added 160 acres of federal, approved on 3/24/2000

Horizon Mine, - federal lease addition of 393 acres, received on 3/15/2000

No Changes Made in June 30, 2000 Report

Changes Made In September 30, 2000 Report

Skyline Mine - Added 28.7 acres of fee land on August 21, 2000

Changes Made in December 30, 2000 Report

Trail Canyon Mine - Final Bond Release on December 28, 2000 (280 acres of non-federal land, 10 acres of disturbance)

Blazon Mine - Reclamation Completed on October 4, 2000 (7 acres of non-federal land, 4.65 acres of disturbance)

No Changes Made in March 31, 2001 Report

Changes Made in June 30, 2001 Report

SUFCO Mine corrected the federal land acreage from 23,970.03 to 23,952.95. The disturbed area changed from 70.98 to 46.003. The total permit area is now 24,632.95

The **Skyline Mine** non-federal lands corrected the acreage from 118.6 to 577.6. The disturbed area changed from 72.32 to 74.31.

The permit area total is now 7454.7.

The **Soldier Canyon Mine** federal lands were corrected and changed from 2404 to 4329.15 and non-federal corrected and changed from 5479 to 2327.38, the disturbed was corrected from 24 to 21.82 and the total changes from 7883 to 6656.53.

Changes Made in the December 31, 2003 Report

Crandall Canyon Mine, add 880 acres to the permit area (federal acres), South Crandall Canyon submittal

Emery Deep Mine, revised the permit area from 5180 to 5060 acres (correction), decreased the non-federal lands from 4375 to 4255 due to correction, and revised the disturbed area from 247 acres to 289.6 (added 1.5 acres and the others were corrections).

Star Point Mine, revised the permit to 8925.55 acres due to Phase III bond release (gas wells), revised the non federal acreage to 2133.36 from 2139 acres also.

Dugout Mine, revised disturbed area from 22.65 to 51.1 to include refuse pile and degas wells.

Changes Made in the March 31, 2004 Report

Deer Creek Mine, permit area reduction, permit area reduced from 24, 638.52 to 22, 769.06 (federal lands reduced from 17, 141.52 to 16, 028.72, non-federal lands reduced from 7497 to 6740.34, and the disturbed area reduced from 95.8 to 84.34 acres [no bond release for disturbed acreage, correction from surveyed areas])

Cottonwood/Wilberg Mine, permit area reduction, permit area reduced from 11,508 to 6886.88 (federal lands reduced from 10,978 to 6786.88, nonfederal lands reduced from 530 acres to 100 acres, and disturbed area reduced from 101.74 to 62.82 – revised in 2002, corrected ROW at waste rock site)

Dugout Mine, adding 2360 acres, SITLA coal lease, no federal acreage (4616.71 federal acres)

Centennial Mine, adding 1182.53 acres (702.53 federal, 480 non-federal)

Crandall Canyon Mine, adding 40 acres of federal to the South Crandall Canyon submittal

No changes to the June 30, 2004 Report

Changes Made in the September 30, 2004 Report

Willow Creek Mine, Phase III bond release approved on October 9, 2003 for 7.51 acres (now 154.04 acres)

Star Point Mine, Phase III bond release approved on December 24, 2003 for 5.64 acres (now 113.34 acres)

Gordon Creek #2, #7 and #8 Mine, Phase III bond release approved on October 9, 2003 for .73 acres (now 34.15 acres)

Bear Canyon Mine, IBC lease modification for 40 acres submitted on September 22, 2004 (40 federal acres)

Changes Made in the December 31, 2004 Report

Crandall Canyon Mine, 120 acre IBC submitted on 10/21/04, approved on March 28, 2005

Changes Made in the March 31, 2005 Report

West Ridge Mine, added 50 acres IBC fee, approved on 4/15/2005

West Ridge Mine submitted SITLA lease application (1638 acres) on 3/2//2005, approved 9/27/05

Changes Made in the June 30, 2005 Report

Emery Mine, submitted to add 348 acres of fee on 4/11/2005 (nonfederal acres from 4255 to 4603 acres) and permit area total (from 5060 to 5408 acres), approved 10/3/05

SUFCO Mine, submitted to add 2134 acres of SITLA coal/FS surface on 2/11/2005 (federal from 23,952.95 to 26, 086.95 acres) and permit total (from 24,632.95 to 26,766.95 acres), approved 1/20/06

Dugout Mine, corrected acreages, federal from 2467 to 2804 acres, nonfederal from 69766.71 to 6667 acres, and permit total from 9443.71 to 9471 acres, approved 6/24/05.

Horizon Mine, corrected acreages, federal from 1684.49 to 1272 acres, nonfederal from 317.5 to 305 acres and permit total from 1998.99 to 1577 acres, MPA approved on 8/4/05.

Changes Made in the September 30, 2005 Report

Deer Creek Mine, correction in the permit area, from 22,769.06 acres to 22,213.70 acres. Federal lands changed from 16, 028.72 acres to 15,473.36 acres. Disturbed acres changed from 84.34 acres to 97.44 as a result of the approval of the Rilda Canyon surface facilities. Surface facilities approved by State on 7/27/05, MPA on 12/21/2005

Bear Canyon Mine, added 4763.36 acres of federal lands for lease addition submitted on July 22, 2005 and 2740 acres of fee land for the same proposal that date. 40 acres of federal were added and approved on September 26, 2005 (approved acreage is 4416.18 acres). Total acres (including under review is 10, 919.54 acres).

Skyline Mine, correction of federal from 9688 to 9736 acres and non-federal changes from 686 to 638 acres. The total is the same.

West Ridge Mine, SITLA leases added 40 more acres, total acreage now 6114.89 acres, non-federal from 2987.17 to 3031.51 acres, approved on 9/27/05

No Changes Made in the December 31, 2005 Report