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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

May 21, 1991

Mr. James W. Buck, P.E.
Amax Coal Company
1 Riverfront Place
20 N. W. 1st Street
Evansville, Indiana 47708

Dear Mr. Buck:

Re: Approval for Permit Transfer, Castle Gate Mines, ACT/007/004, Folder #2 and #4, Carbon County, Utah

The Division has found that Amax Coal Company has met all requirements for a permit transfer as required under R614-303-300. Therefore, in accordance with the attached findings, the request for transfer of the permit for the Castle Gate Mines Complex is hereby approved. Please submit proof of consignment of coal interests and right of entry information upon completion of the lease transaction and transfer. A permit will then be issued.

Amax Coal Company is now responsible for all prior commitments relating to the portions of the operation transferred from Castle Gate Coal Company. Please contact Lowell P. Braxton or myself if we can provide any assistance.

Best regards,

A handwritten signature in cursive script, appearing to read 'Dianne'.

Dianne R. Nielson
Director

mbm

Attachment

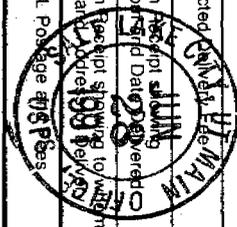
cc: L. P. Braxton
D. Haddock
B. Team
OSM - AFO
OSM - WFO

BTAMAX.LTR

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

P 540 713 840 *667/004 #5*

Sent to	<i>James Buck</i>	
Street and No.	<i>Waverford Pl. 200 W 1st Street</i>	
P.O., State and ZIP Code	<i>Evansville, Ind. 47708</i>	
Postage	\$	<i>29</i>
Certified Fee		<i>100</i>
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt to be sent to whom and Date	<i>100</i>	
Return Receipt to be sent to whom, Date, and Office of Origin		
TOTAL Postage and Fees	\$	<i>2.29</i>
Postmark or Date		



DOB M DUBBY

NOV 18-18-1-1

STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE, CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)

1. If you want this receipt postmarked, stick the gummed stub to the right of the return address leaving the receipt attached and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
2. If you do not want this receipt postmarked, stick the gummed stub to the right of the return address of the article, date, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811.
6. Save this receipt and present it if you make inquiry.

FINDINGS

Transfer of Permit Rights
Castle Gate Mines Complex
Amax Coal Company
ACT/007/004
Carbon County, Utah

May 21, 1991

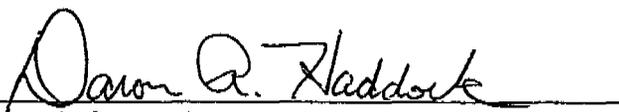
The applicant for transfer of permit rights, Amax Coal Company, has committed to continue to conduct the operations involved in full compliance with the terms and conditions of the original permit issued to Price River Coal Company and subsequently transferred to Castle Gate Coal Company. Therefore, Findings II 1-4, and 9-14 of the original Decision Document (attached) are still pertinent and satisfy the requirements of R614-300-133.210, R614-300-133.220, R614-300-133.400, R614-300-133.500, R614-300-133.600, R614-300-133.710 and R614-300-133.740.

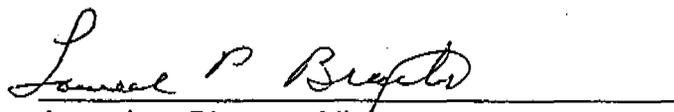
Currently, Amax Coal Company has submitted a bond sufficient to cover the entire permit area permitted by Castle Gate Coal Company. After this permit transfer has been effected, Amax Coal Company will be responsible for the entire area which was under permit by Castle Gate Coal Company and will assume all liability for compliance with terms and conditions of the Castle Gate permit and any orders, stipulations or conditions associated with that permit.

The following findings specifically apply to the application for transfer of permit rights:

1. DOGM's records and the results of a 510{c} clearance check, show that Amax Coal Company does not control and has not controlled coal mining and reclamation operations with a demonstrated pattern of willful violations of the Act of such nature and duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the Act. At the present time, Amax Coal Company does control coal mining and reclamation operations that have current violations, however, all of the violations have been, or are in the process of being, corrected as required by R614-300-132. (See attached 510{c} memo.)
2. The State of Utah, DOGM has determined that the application for transfer of permit rights is accurate and complete, and complies with the requirements of R614-300-133.100.

3. The applicant will have the legal right to enter and begin coal mining activities upon consignment of coal interest to Amax Coal Company by Castle Gate Coal Company or Blackhawk Coal Company during the lease transaction, to occur when the Division issues approval for the Transfer of Permit Rights. (R614-300-133.300)
4. No existing structures will be used in conjunction with mining or reclamation, other than those constructed in compliance with the performance standards of R614-301 and R614-302. (R614-300-133.720)
5. Amax Coal Company has paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR part 870. (R614-300-133.730) (See attached 510{c} memo.)
6. Procedures for public participation have complied with requirements of the Act and the Utah State Program. Notice was published in the Price Sun Advocate on February 21, 1991 as required by R614-303-322. No comments were received.
7. The applicant has obtained a performance bond equivalent to the bonding requirements of the original permit, in the amount of \$2,683,603 (R614-303-342).


Permit Supervisor


Associate Director, Mining


Director

FINDINGS

Price River Coal Company
Price River Mine Complex

Application for Mining Plan and Permit Approval

I. The State of Utah and the Office of Surface Mining (OSM) have determined that the mining plan and permit application submitted on March 20, 1981, and updated through July 6, 1984, and the permit with conditions are accurate and complete and comply with the requirements of the approved Utah regulatory program, the Surface Mining Control and Reclamation Act (SMCRA), and the Federal Lands Program [786.19(a)]

II. The Utah Division of Oil, Gas and Mining (UDOGM) and the Office of Surface Mining (OSM) have reviewed the permit application and prepared the technical and environmental assessment (TEA); and based on this have made the following findings:

1. The applicant proposes acceptable practices for the reclamation of disturbed lands. Vegetation will be reestablished utilizing introduced species which were successfully grown in this area prior to the onset of mining operations. UDOGM and OSM have determined that reclamation, as required by the Act, can be feasibly accomplished under the mining plan. [786.19(b)]

OSM has determined that reclamation at the Price River Mine Complex is technologically and economically feasible under SMCRA. [Section 522(b)]

2. The cumulative hydrologic impact assessment (CHIA) for the Price River Mine Complex has been made by UDOGM and OSM, and the operation has been designed to prevent any material damage to the hydrologic balance. An assessment of mining operations in the vicinity of the Price River mine showed that there are no active coal-mining operations upstream except for those that are isolated from the Price River by Scofield Reservoir. State leases exist upstream of the mine, but mine plans have not yet been developed for these tracts. Although some mining exists downstream on the Price River, the cumulative hydrologic impacts near the Price River Mine Complex are expected to be negligible. Due to the lack of other coal-mining operations in the Price River basin that could potentially have any cumulative impact on the local

hydrologic system, the cumulative impact area (CIA) includes only the PRCC complex lease and immediate area. A summarization of findings follows:

The surface water control plan is sufficient to prevent uncontrolled runoff from leaving disturbed areas within the surface facilities sites. The chemical quality of the surface water in the permit area is generally alkaline with various parameters that have been found to exceed water quality standards or equivalent NPDES criteria for discharge points, primarily as a result of coal and coal fines being allowed to wash into Hardscrabble Canyon in the past. Although the water quality at the mine sites was declining prior to the implementation of surface water controls, current monitoring data indicates that these controls are allowing the water quality to improve.

Reduction of flow of surface water will occur as a result of evaporation from sediment ponds. The amount of waters evaporated is expected to be insignificant; however, there is a potential to reduce baseflow to the streams by less than one percent. An analysis of the amount of ground-water flow intercepted by mining represents only 0.6 to 0.9 percent of the Price River mean annual flow. This intercepted ground water potentially represents a maximum of 56 percent of the water rights held by the mine. Any diminution of baseflow can be replaced by the mine.

During active mining, inflow into the mine from the regional aquifer system is expected to be in excess of the natural recharge of the aquifer system, indicating that water is being removed from storage. This will result in a decrease in the hydrostatic head of the Blackhawk/Star Point aquifer. Due to a lack of potentiometric data, the loss of hydrostatic head cannot be quantified. This water removed from ground-water storage will eventually be replaced as recharge occurs.

Incremental increases in TDS and TSS constituent loads to receiving waters, based on comparing TDS values from the Blackhawk monitoring wells to water from abandoned mine workings, are expected to be within established effluent limitations. The impact is, therefore, considered to be minimal.

Subsidence impacts to the area as a result of mining will be controlled by limited extraction of coal in the mine under Price River and Willow Creek. Impacts to springs and surface waters by subsidence are expected to be minimal due to the amount of overburden and the fact that there is no historical occurrence of subsidence in the area.

The probable cumulative hydrologic impact assessment of all existing and anticipated mining in the general area indicates that the surface facilities and underground mining operation proposed under this application have been designed to prevent damage to the hydrologic balance in associated off-site areas [UMC 786.19(c); TEA, Cumulative Hydrologic Impact Assessment]

3. After reviewing the description of the proposed permit area, the OSM has determined that the area is:
 - a. Not included within an area designated unsuitable for mining operations. [UMC 762.11]
 - b. Not within an area under study for designating lands unsuitable for coal mining operations. [UMC 764 and 765]
 - c. Not on any land subject to the prohibitions or limitations of 30 CFR 761.11(a) (national parks, etc.), 761.11(f) (public buildings, etc.), and 761.11(g) (cemeteries). [786.19(d)(3)]

The Willow Creek facilities area is adjacent to the Willow Creek Cemetery but beyond 100 feet from the nearest border of the cemetery. The area is currently used only for storage and a ventilation system with an access road. The area was in existence prior to 1977; therefore, the prohibitions and limitations of 30 CFR 761.11(g) do not apply (see letter from Price River Coal Company dated November 1, 1983). The cemetery will not be impacted by the activities at the Willow Creek site (see TEA, "Cultural Resources"). The Price Canyon Recreation Area, located at the north-central border of the proposed permit area, will most likely experience some subsidence as a result of longwall mining underneath the recreation area by the applicant. No structural damage is anticipated, and subsidence effects are expected to be minimal. The applicant is responsible for material damage to structures or facilities resulting from subsidence and is tied to liability under State of Utah law. The land management agency of this recreation area, the Bureau of Land Management, has consented to permit the applicant to mine under the Price Canyon Recreation Area (see BLM letter of concurrence dated February 2, 1984). Concurrence between BLM and OSM allowing the applicant to mine underneath the Price Canyon Recreation Area is in accordance with UMC 761.11(a)(3).

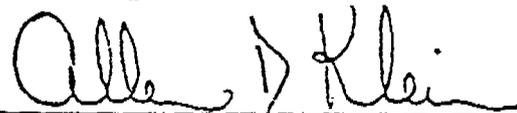
d. Within 100 feet of the outside right-of-way of a public road: The operations within 100 feet of public roads existed prior to the passage of PL 95-87. [UMC 786.19(d)(4)]

e. Not within 300 feet of an occupied building. [UMC 786.19(d)(5)]

f. Not unsuitable in accordance with section 522(b) and (a)(3) of SMCRA.

4. OSM's issuance of a permit and the Secretarial decision on the Mineral Leasing Act plan are in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). The life-of-mine area includes a cemetery site that represents the known extent of cultural resources sites in the vicinity of the permit area. [UMC 786.19(e); see Concurrence Letter section]
5. The applicant has the legal right to enter and begin mining activities in the permit area. [UMC 786.19(f)]
6. The applicant has submitted proof, and OSM's records indicate, that prior violations of applicable laws and regulations either have been corrected or were in the process of being corrected. [786.19(g); verified as of May 17, 1984; personal communication with Steve Martin, OSM, Albuquerque Field Office.
7. OSM's records confirm that all fees for the Abandoned Mine Reclamation Fund have been paid. [UMC 786.19(h); verified as of May 17, 1984; personal communication with Joanna Sanchez, OSM Albuquerque Field Office.
8. OSM records show that the applicant does not control and has not controlled mining operations with a demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act. [786.19(i); verified as of May 17, 1984; personal communication with Steve Martin, OSM Albuquerque Field Office.
9. Coal mining and reclamation operations to be performed under the permit will not be inconsistent with other underground mines in the general vicinity of the Price River Mine Complex. [786.19(j)]

10. The applicant has provided evidence and OSM and UDOGM have found that there are no prime farmlands in the permit area. [UMC 786.19(1)]
11. Negative alluvial valley floor (AVF) determinations have been made for the drainages in the proposed permit area and life-of-mine area. Alluvial deposits along the perennial streams will be not be disturbed further by the continuance of mining operations. Agriculture that does occur downstream of the Price River Mine Complex typically consists of small areas that rely on surface water diversions from the Price River. The mine is not expected to affect this surface water source available to downstream users. [UMC 786.19(1)]
12. The proposed postmining land use for the permit area has been approved by UDOGM, OSM and BLM. [UMC 786.19(m)]
13. UDOGM and OSM have made all specific approvals required by the Act, the Utah regulatory program and the Federal Lands Program. [UMC 786.19(m)]
14. The proposed operation will not affect the continued existence of threatened or endangered species or result in the destruction or adverse modification of their critical habitats. [UMC 786.19(o); letter from U.S. Fish and Wildlife Service]
15. Procedures for public participation have complied with requirements of the Act, the Utah regulatory program, the Federal Lands Program, and Council on Environmental Quality regulations (40 CFR Part 1500 et seq). [30 CFR 741.21(a)(2)(ii); see Chronology of Events]
16. The applicant has complied with all other requirements of applicable Federal laws and either has or has applied for permits from the Environmental Protection Agency. [30 CFR 741.17(d)]



Administrator
Western Technical Center

Headquarters Reviewing Officer



**CASTLE
GATE**

COAL COMPANY

March 6, 1991

Daron Haddock
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180

Re: Castle Gate Coal Company Permit # ACT/007/004
Transfer of Permit to AMAX Coal Company

Dear Mr. Haddock,

Enclosed is the Affidavit of Publication for the revised newspaper advertisement that was placed in the Sun Advocate, located in Price, Utah, on February 21, 1991. The publication was in regards to Castle Gate Coal Company's application for transfer of their Coal Mining and Reclamation Permit to AMAX Coal Company.

Should you have any questions concerning this matter, please feel free to contact me at (812) 421-3966.

Sincerely,
AMAX Coal Company

Darlene M. Murphy
Darlene M. Murphy
Planning Engineer

DMM/dm

Enclosures

XC: P. Ferguson - CGCC (w/ enclosure)
J. Buck - E'ville (w/ enclosure)

RECEIVED

MAR 11 1991

DIVISION OF
OIL GAS & MINING

AFFIDAVIT OF PUBLICATION

RECEIVED

MAR 11 1991

DIVISION OF OIL GAS & MINING

STATE OF UTAH)
ss.
County of Carbon,)

NOTICE OF APPLICATION FOR PERMIT TRANSFER AMAX Coal Company

I, Dan Stockburger, on oath, say that I am the Publisher of the The Sun Advocate, a weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for One (1) consecutive issues, and that the first publication was on the 21st day of February, 1991

Notice is hereby given that AMAX Coal Company, 20 N.W. First Street, One Riverfront Place, Evansville, Indiana 47708, has submitted an application to the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining for transfer of a permit to operate under the provisions of the Utah Coal Mining and Reclamation Act (Utah Code Ann. 40-10-1 et seq.) and the Utah Coal Program Regulations R614. The present permittee is Castle Gate Coal Company, Permit No. ACT-007/004. The permit area is located in Carbon County, Utah as follows:

Township 12 South, Range 9 East, SLBM, Portions of the SW 1/4 and SE 1/4 Section 22; Section 26 all except E 1/2 E 1/2; Section 27; Section 28; Section 29 all except N 1/2 NW 1/4 and NW 1/4 NE 1/4; Section 30 all except N 1/2 N 1/2; Section 31; Section 32; Section 33; Section 34; Section 35, portion; Section 36, portion.

Township 13 South, Range 9 East, SLBM, Section 1, portion; Section 2, portion; Section 3, portion; Section 4, portion; Section 5, portion; Section 6, portion; Section 8, portion; Section 9, portion; Section 10 portion.

The permit area for which responsibility is being transferred is shown on exhibit 1-1 in Castle Gate Coal Company's Permit.

The project area is shown on the following U.S. Geological Survey 7.5-minute maps: Standardville, Kyune, Matt's Summit, Helper and Deadman Canyon.

Notice is hereby given to all interested persons that the general liability insurance held by AMAX Coal Company is a Claims Made Policy. Any person having an interest which is or may be adversely effected by a decision on the transfer, assignment or sale of the permit rights, including an official of any federal, state or local government agency, may submit written comments within thirty (30) days of the date of this publication to:

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
III Triad, Suite 350
Salt Lake City, Utah 84108

Published in the Sun Advocate February 21, 1991.

and that the last publication of such notice was in the issue of such newspaper dated the 21st day of February, 1991

day of February, 1991

[Signature]

Subscribed and sworn to before me this

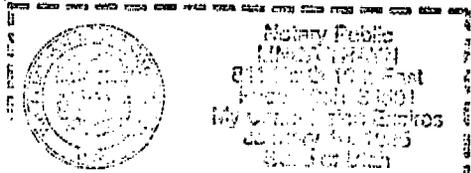
21st day of February, 1991

[Signature]
Notary Public.

My Commission expires October 22, 1994

Residing at Price, Utah

Publication fee, \$ 27.00





State of Utah

Division of State History
(Utah State Historical Society)
Department of Community and Economic Development

Norman H. Bangertter
Governor
Max J. Evans
Director

300 Rio Grande
Salt Lake City, Utah 84101-1182
801-533-5755

FAX 801-364-6436

February 4, 1991

Daron R. Haddock
Permit Supervisor
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RE: Updated Mining and Reclamation Plan, Castle Gate Coal Company, Castle Gate Mine Complex, ACT/007/004, Folder #2, Carbon County, Utah

In Reply Please Refer to Case No. K867

Dear Mr. Haddock:

The Utah State Historic Preservation Office has received the above referenced project. This mine plan has along history of cultural resource survey work. The main area of concern has been what is left in Crandell Canyon from the old mines. It appears from our review of the plan that the sites have been protected and that there will be no new disturbance to areas that contain known cultural resources.

The Utah Preservation Office recommends to the Division of Oil Gas and Mining the adequacy of the report.

The above is provided on request as outlined by 36 CFR 800 or Utah Code, Title 63-18-37. The Utah SHPO makes no regulatory requirement in this matter. If you have questions or need additional assistance, please contact me at (801) 533-7039.

Sincerely,

James L. Dykman
Regulation Assistance Coordinator

JLD:K867 OSM/NE



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

May 21, 1991

TO: Daron R. Haddock, Permit Supervisor *DRT*

FROM: Joseph C. Helfrich, Regulatory Program Coordinator *JCH*

RE: Compliance Review for Section 510(c) Findings, Amax Coal Company
(Permit Transfer from Castle Gate Coal Company), Castle Gate Mine,
ACT/007/004, Folder #5, Emery County, Utah

As of the writing of this letter, there are no NOV's or CO's which are not corrected or in the process of being corrected. Any NOV's or CO's that are outstanding are in the process of administrative or judicial review. There are no finalized Civil Penalties which are outstanding and overdue in the name of Amax Coal Company.

Finally, they do not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

jbe
A:\510(C)

DATE: 21 MAY 91

APPLICANT VIOLATOR SYSTEM
APPLICATION EVALUATION REPORT

TIME: 17:30:54

STATE: UT

APPNO: ACT007004

SEQNO: 0

PAGE: 1

APPLICANT'S ENTITY ID: 112319

APPLICANT'S NAME : AMAX COAL INDUSTRIES INC

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

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*                                                                 *  
* SYSTEM RECOMMENDATION           :          ISSUE           *  
* PREVIOUS SYSTEM RECOMMENDATION:          DENY(901218)      *  
* OSMRE RECOMMENDATION            :          ISSUE(910226)    *  
*                                                                 *  
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?/PROCEED F3/QUIT F4/MAIN F6/REPORT F9/V.VIOL F10/V.OFT