

0047



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 10, 1996

Gerald Jackson
Division of Water Quality
288 North 1460 West
Salt Lake City, Utah 84116

Re: Slurry Injection wells at AMAX Coal Company, Castle Gate Mine,
ACT/007/004-94A, Folder 4, Carbon County, Utah

Dear Mr. Jackson:

As per our phone conversation earlier today, I am enclosing some documents which indicate the amount-of-bond posted by AMAX to guarantee reclamation of the Castle Gate Mine site. Reclamation of the Slurry Injection and associated extraction wells is part of the reclamation responsibility which is recognized in the reclamation plan approved by the Division of Oil, Gas and Mining. The bond which is currently held by the Division, guarantees among other things, that the wells will be properly plugged and reclaimed.

Please call if you have questions or need further information.

Sincerely,

A handwritten signature in cursive script that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

mt

Enclosure

cc: P. Grubaugh-Littig
W. Western

h:slurryw.dwg

Original to Fireproof
Copy to ACT/007/004 #4



For All the Commitments You Make®

Permit No. ACT/007/004
Mine Name - Castle Gate Mine

GENERAL PURPOSE RIDER

To be attached to and form part of Bond Number 929 80 55 effective January 31, 1986
issued by the National Fire Insurance Company of Hartford in the amount of
Two Million Six Hundred Eighty Three Thousand
Six Hundred Three & no/100 DOLLARS, on behalf of Castle Gate Coal Company

as Principal and in favor of State of Utah, Division of Oil, Gas and Mining, and the as obligee:
U.S. Department of the Interior

Now, Therefore, it is agreed that:

The Principal's name is hereby amended from the above to:
~~Amax Coal Company~~

and

The penal sum of the bond is hereby amended from the above to:
Four Million Four Hundred Fifteen Thousand Five Hundred Five
and No/100---- (\$4,415,505.00)

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged.

This rider is to be effective the 3rd day of October 1994

Signed, sealed and dated this 3rd day of October 19 94

Amax Coal Company (Principal)
By: F. S. Hakimi
F.S. Hakimi, Asst. Treasurer

National Fire Insurance Company of Hartford (Surety)
By: Wendy W. Stuckey
Wendy W. Stuckey Attorney-in-Fact

Accepted By:
James W. Carter
Director

FEDERAL

PERMIT
ACT/007/004

Original to fireproof file
Copy to #3 - Permit Binder
September 15, 1995
and Perry

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 84180-1203

RECEIVED
SEP 20 1995
OFFICE OF THE
DIRECTOR

This permit, ACT/007/004, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

Amax Coal Company
P. O. Drawer PMC
Price, Utah 84501
(801) 637-2875

for the Castle Gate Mine. Amax Coal Company is the lessee of Federal Coal Leases U-25484, U-25485, U-058184, U-019524, SL-029093-046653, and SL-07137; State Leases ML-11940, ML-18148, and ML-13681; and of fee-owned parcels. A Surety Bond is filed with the Division in the amount of \$4,415,505.00 (Castle Gate Mine) and \$2,559,000 (Willow Creek Refuse Removal), payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSM).

- Sec. 1 **STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 **PERMIT AREA** - The permittee is authorized to conduct underground coal mining activities on the following described lands within the permit area at the Castle Gate Mine situated in the state of Utah, Carbon County, and located in:

Township 12 South, Range 9 East, SLB & M

- Section 22: Portions of SE1/4 SW1/4 and SW1/4 SE1/4
- Section 26: All but E1/2 E1/2
- Section 27: All
- Section 28: All
- Section 29: All but N1/2 NW1/4 and NW1/4 NE1/4
- Section 30: All but N1/2 N1/2
- Sec. 31, 32,
- Sec. 33, 34: All
- Section 35: Portions of N1/2, W1/2 SW1/4, and SE1/4 SE1/4
- Section 36: S1/2 NW1/4 and portions of SW1/4 and NE1/4

Township 12 South, Range 10 East, SLB & M

Section 31: Portions of SW1/4

Township 13 South, Range 9 East, SLB & M

Section 1: Portions of NW1/4 NW1/4 and portions of NE1/4
Section 2: Portions of NE1/4 and NW1/4
Section 3: NW1/4 and portions of NE1/4, SE1/4 and SW1/4
Section 4: N1/2 and portions of SE1/4 and SW1/4
Section 5: NE1/4 and portions of NW1/4, SE1/4 and SW1/4
Section 6: N1/2 and portions of SW1/4 and SE1/4
Section 8: Portion of NE1/4
Section 9: Portions of NE1/4, NW1/4 and SW1/4
Section 10: Portions of NE1/4 and NW1/4

Township 13 South, Range 10 East, SLB & M

Section 6: Portions of NW1/4

This legal description is for the permit area (as shown on Attachment A) of the Castle Gate Mine. The permittee is authorized to conduct underground coal mining activities and related surface activities on the foregoing described property subject to the conditions of all applicable conditions, laws and regulations.

- Sec. 3 **COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 **PERMIT TERM** - This permit expires on December 24, 1999.
- Sec. 5 **ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13{e} and R645-303-300.
- Sec. 6 **RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and

representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials and without delay to:

- (a) have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
- (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by a private person.

Sec. 7 **SCOPE OF OPERATIONS** - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 **ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

- (a) Any accelerated or additional monitoring necessary to determine the nature of noncompliance and the results of the noncompliance;
- (b) Immediate implementation of measures necessary to comply; and
- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 **DISPOSAL OF POLLUTANTS** - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 10 **CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:

- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- (b) Utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

- Sec. 11** **EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
- Sec. 12** **RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13** **AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14** **COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.), and the Clean Air Act (42 USC 7401 et seq.), UCA 26-11-1 et seq., and UCA 26-13-1 et seq.
- Sec. 15** **PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas with the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16** **CULTURAL RESOURCES** - If, during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by Division within the time frame specified by Division.
- Sec. 17** **APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.

Sec. 18 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements, there are special conditions associated with this permitting actions, as described in Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: Lowell P. Braxton for JWC

Date: 9/15/95

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

PERMITTEE

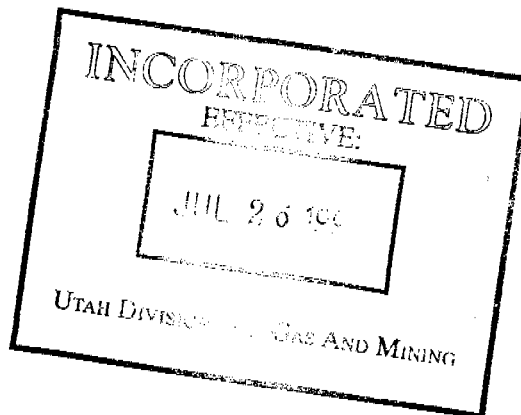
Kathleen L. Lister
Authorized Representative of Permittee

9/18/95
Date

Section 3.10, Slurry Disposal Wells
Castle Gate Mine

April 1995

(a)	Reclamation cost per drill site:	
	Regrading .23 Acres - 4 hrs. with D-6 @ \$60/hr.	\$240
	Revegetation .23 acres at \$705/AC	
	Note: Most revegetation contractors require a 1 acre minimum.	\$705
	Excavating, cutting and plugging well - 2 men 8 hrs at \$20	\$320
	Concrete	
	400' of 8" dia. well	
	Volume = $3.1416 r^2 h - 27$	
	= $(3.1416)(.66)^2(1000) = 20 \text{ yd}^3$	
	20 yd ³ x \$60/yd ³ =	\$1,200
	Total Bond Per Site	\$2,465
(b)	Removal of 4" injection and return pipes:	
	Removal of slurry line (800 feet)	\$640
	Cut off of return line - 2 ends at \$40/end	\$80
	Covering cut off ends - 2 ends at \$60/end	<u>\$120</u>
	Total	<u>\$840</u>
	GRAND TOTAL	\$3,305



007/004

3.10-14