

0004



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

Memo file

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

May 28, 1998

John Pappas
Sr. Reclamation Engineer
P.O. Drawer 7007
Price, UT 84501

Re: Bond Coverage at Castle Gate Mine and Willow Creek Mine, ACT/007/004 and ACT/007/038, Folder #4, Carbon County, Utah

Dear Mr. Pappas:

There has been some confusion about the bond coverage for these two mines. A review of the history is helpful:

Bond # 929-80-55:

Issued by National Fire Insurance Company on January 31, 1986. This bond was rideder to \$6,757,451 from \$4,415,505 on February 6, 1996. This bond was also rideder to \$1,804,000 on September 9, 1997, as a result of the separation of overlapping permit areas at the Castle Gate Mine and Willow Creek Mine, and also included the phase I bond release at Sowbelly Gulch #5 Mine, approved January 31, 1997. This bond amount represents the current reclamation costs for the Castle Gate Mine (see memo to file dated August 29, 1997 and approved September 11, 1997).

Bond # JT1133:

Issued by United Pacific Insurance Company on September 12, 1995. This bond represented the costs associated with the "Willow Creek" refuse removal. Due to the fact that the Willow Creek Mine permit application was under review, this permitting action was associated with the Castle Gate Mine. These reclamation costs were transferred from the Castle Gate Mine permit and are now in the Willow Creek permit.

Bond # 2644-518:

Issued by United Pacific Insurance Company on April 14, 1996 in the amount of \$11,949,205 for the Willow Creek Mine. It was realized at the time when the Willow Creek Mine permit was issued that overlapping permit areas and

Page 2

J. Pappas

ACT/007/004 & ACT/007/038

May 28, 1998

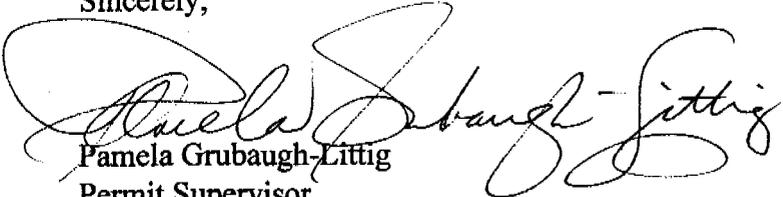
overlapping bonding obligations existed. An amendment was approved in September 1997 to correct the overlapping permit situation. The obligations for reclamation under bond #JT1133 (removal of the Willow Creek Refuse) were transferred to bond #2644-518 at that time.

Therefore, Bond JT1133 issued by United Pacific Insurance Company can be released.

Areas that each of the bonding obligations represent (Bond #2644-518 for the Willow Creek Mine and Bond #929-80-55 for the Castle Gate Mine); however, need to be updated. The bonded area is the permit area, see R645-301-820.111. A form has been attached for you to complete for each mine, i.e. the legal descriptions of the permit areas. (The permits for these mines are also enclosed for your assistance, which includes the legal description of the permit areas).

If you have any questions, please call me.

Sincerely,


Pamela Grubaugh-Littig
Permit Supervisor

sd

Enclosures

cc: Paul Baker
PFO

O:\007004.CGABOND COVE.WPD

EXHIBIT "A"
PERMIT AREA
LEGAL DESCRIPTION

Permit Number _____

EXHIBIT "A"

PERMIT AREA

In accordance with the RECLAMATION AGREEMENT, the PERMITTEE intends to conduct coal mining and reclamation activities on or within the PERMIT AREA as described hereunder:

Total acres within the approved PERMIT AREA: _____

Total acres of DISTURBED AREAS within the Permit Area: _____

Map(s) showing the approved PERMIT AREA are attached and provided as:

Map(s) showing the DISTURBED AREAS within the approved Permit Area are attached and provided as:

Legal Description of Bonded Area (Permit Area):

NOTE: In the event that more than one bond is provided for the Permit Area, the Permittee must provide a map and legal description for each sub area of the Permit Area for which each bond is provided.

EXHIBIT "D"
STIPULATION TO REVISE
RECLAMATION AGREEMENT

Permit Number: _____

Effective Date: _____

**COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT**

--ooOOoo--

This STIPULATION TO REVISE RECLAMATION AGREEMENT entered into by and between the PERMITTEE and DIVISION incorporates the following revisions or changes to the RECLAMATION AGREEMENT: (Identify and Describe Revisions Below)

In accordance with this STIPULATION TO REVISE RECLAMATION AGREEMENT, the following Exhibits have been replaced by the PERMITTEE and are approved by the DIVISION:

___ Replace the RECLAMATION AGREEMENT in its entirety.

___ Replace Exhibit "A" - PERMIT AREA.

___ Replace Exhibit "B" - BONDING AGREEMENT.

___ Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$ _____) to (\$ _____).

The BONDING Type is changed from _____ to _____.

The EXPIRATION DATE is revised from _____ to _____.

The LIABILITY INSURANCE carrier is changed from _____

to _____.

The AMOUNT of INSURANCE coverage for bodily injury and property damage

is changed from (\$ _____) to (\$ _____).

IN WITNESS WHEREOF the PERMITTEE has hereunto set its signature and seal
this ____ day of _____, 19____.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH
this ____ day of _____, 19____.

Director, Division of Oil, Gas and Mining

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

SURETY BOND
(FEDERAL COAL)

--ooOOoo--

THIS SURETY BOND entered into and by and between the undersigned PERMITTEE, and SURETY COMPANY, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of (\$ 2,559,000.00) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement.

This SURETY BOND shall remain in effect until all of the PERMITTEE's reclamation obligation have been met and released by the DIVISION and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, SMCRA, the approved permit and the DIVISION.

The SURETY will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The SURETY and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the DIVISION and OSM from any and all expenses which the DIVISION and OSM may sustain as a result of the PERMITTEE's failure to comply with the condition(s) of the reclamation obligation.

The SURETY will give prompt notice to the PERMITTEE and to the DIVISION and OSM of any notice received or action alleging to insolvency or bankruptcy of the SURETY, or alleging any violations or regulatory requirements which could result in suspension or revocation of the SURETY's license.

Terms for release or adjustment of this BOND are as written and agreed to by the DIVISION and the PERMITTEE in the RECLAMATION AGREEMENT incorporated by reference herein, to which this SURETY AGREEMENT has been attached as Exhibit "B".

Revised October 1990
Exhibit "B" - BONDING AGREEMENT
SURETY BOND

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this 12th day of September, 19 95.

Amax Coal Company
PERMITTEE

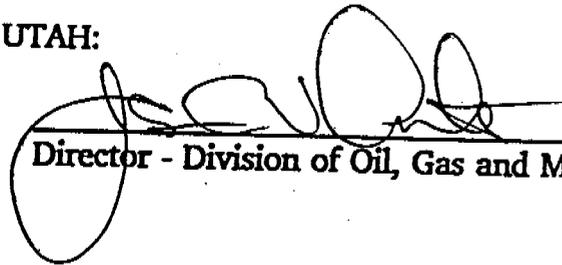
By: Frank J. Wood
Title: Vice President

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this
12th day of September, 19 95.

St. Paul Fire and Marine Insurance Company
SURETY

By: Wendy W. Stuckey
Title: Wendy W. Stuckey, Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH:


Director - Division of Oil, Gas and Mining

NOTE:

An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY
385 Washington Street, St. Paul, Minnesota 55102
ENDORSEMENT

The Principal's name is hereby amended to Amax Coal Holding Company

This endorsement is effective on the 6th day of June 19 96

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, agreements, or limitations of the attached bond other than as above stated.

Attached to and forming a part of Bond No. JT1133

Issued to Amax Coal Company

St. Paul Fire and Marine

In Witness Whereof, Insurance Company

has caused this endorsement to be executed

by its officers or agent duly authorized thereunto, this 6th day of June 19 96

Amax Coal Holding Company

By: Denise R. Danner

Attest:

[Signature]

St. Paul Fire and Marine Insurance Company

By: Wendy W. Stuckey

(Attorney-in-Fact)

SIGNIFICANT PERMIT REVISION APPROVAL

Title: <u>Refuse Removal Project</u>	PERMIT NUMBER: <u>ACT 007/004</u>
Description: <u>Castle Gate revision</u>	PERMIT CHANGE #: <u>95B</u>
	MINE: <u>Castle Gate</u>
	PERMITTEE: <u>Amaybaal Co.</u>

WRITTEN FINDINGS FOR PERMIT APPLICATION APPROVAL

YES, NO or N/A

1. The application is complete and accurate and the applicant has complied with all the requirements of the State Program.	Yes
2. The proposed permit area is not within an area under study or administrative proceedings under a petition, filed pursuant to R645-103-400 or 30 CFR 769, to have an area designated as unsuitable for coal mining and reclamation operations, unless:	Yes
A. The applicant has demonstrated that before January 4, 1977, substantial legal and financial commitments were made in relation to the operation covered by the permit application, or	Yes
B. The applicant has demonstrated that the proposed permit area is not within an area designated as unsuitable for mining pursuant to R645-103-300 and R645-103-400 or 30 CFR 769 or subject to the prohibitions or limitations of R645-103-230.	Yes
3. For coal mining and reclamation operations where the private mineral estate to be mined has been severed from the private surface estate, the applicant has submitted to the Division the documentation required under R645-301-114.200.	Yes
4. The Division has made an assessment of the probable cumulative impacts of all anticipated coal mining and reclamation operations on the hydrologic balance in the cumulative impact area and has determined that the proposed operation has been designed to prevent material damage to the hydrologic balance outside the permit area.	Yes
5. The operation would not affect the continued existence of endangered or threatened species or result in destruction or adverse modification of their critical habitats, as determined under the Endangered Species Act of 1973 (16 U.S.C. 1531 et.seq.).	Yes
6. The Division has taken into account the effect of the proposed permitting action on properties listed on and eligible for listing on the National Register of Historic Places. This finding may be supported in part by inclusion of appropriate permit conditions or changes in the operation plan protecting historic resources, or a documented decision that the Division has determined that no additional protection measures are necessary.	Yes
7. The Applicant has demonstrated that reclamation as required by the State Program can be accomplished according to information given in the permit application.	Yes
8. The Applicant has demonstrated that any existing structure will comply with the applicable performance standards of R645-301 and R645-302.	Yes
9. The Applicant has paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR Part 870.	Yes
10. The Applicant has satisfied the applicable requirements of R645-302.	N/A
11. The Applicant has, if applicable, satisfied the requirements for approval of a long-term, intensive agricultural postmining land use, in accordance with the requirements of R645-301-353.400.	N/A
12. Public notice, comment period, and any subsequent hearings or appeals prior to approval of the proposed permit change have been completed with no adverse decision regarding this Significant Permit Revision.	Yes

SPECIAL CONDITIONS OR STIPULATIONS TO THE SIGNIFICANT PERMIT REVISION APPROVAL

YES NO

1. Are there any variances associated with this significant permit revision approval? If yes, attach.	X
2. Are there any special conditions associated with this significant permit revision approval? If yes, attach.	X
3. Are there any stipulations associated with this significant permit revision approval? If yes, attach.	X

The Division hereby grants approval for a Significant Permit Revision to the Existing Permit by incorporation of the proposed changes described herein and effective the date signed below. All other terms and conditions of the Existing Permit shall be maintained and in effect except as superseded by this Significant Permit Revision.

Signed

David A. Hedrick
 Division of Oil, Gas and Mining

9/5/95
 EFFECTIVE DATE

**Willow Creek Refuse Removal
Summary of Bond Estimate**

Demolition Costs

Activity	Cost
Demolition	15771
Total Rough Grading	1414748
Survey	8400
Drainage Controls	5421
Total Topsoil	157388
Revegetation	47465
Reseeding and Replanting (25%)	11866
Total Direct Costs	\$1,661,059

Indirect Costs

Startup Cost @ 5% (mob/demob, permits, bond)	\$83,053
Contingency @ 10%	\$166,106
Engineering Fee @ 5%	\$83,053
Contract Management @ 5%	\$83,053
Monitoring & Maintenance @ 10%	\$166,106
Total Indirect Costs	\$581,371

Total Reclamation Costs \$2,242,430

Escalation to Jan 2000 dollars \$317,029

Bond Amount \$2,559,459

Rounded to nearest \$1,000 \$2,559,000



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

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

August 29, 1997

TO: File

THRU: Daron Haddock, Permit Supervisor *DH*

FROM: Wayne H. Western, Senior Reclamation Specialist *W H W*

RE: Revised Bond Calculation, AMAX Coal Company, Castle Gate Mine, ACT/007/004, File #2, Carbon County, Utah

Summary

The Castle Gate Bond should be changed to \$1,804,000.

Analysis:

Johnny Pappas requested that the Division increase the bond for the Castle Gate mine from \$1,792,000 to \$1,804,000. The reason for the request is so that the Division's estimate and the Permittee's estimate are the same. The Division made the adjustment to the bond calculations.

Recommendation:

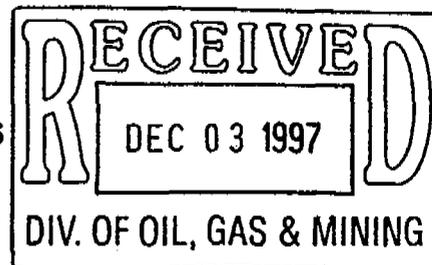
The bond amount for the Castle Gate Mine should be \$1,804,000.

FEDERAL

PERMIT
ACT/007/004

November 4, 1997

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801



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 has rights of entry to the permit area described below, and these rights of entry are contained in leases, subleases and related documentation. A Surety Bond is filed with the Division in the amount of \$1,804,000, 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 S1/2 SE1/4
- Section 26:** Portions of W1/2
- Section 27:** Except portions of NW1/4 and NW1/4 NW1/4 SW1/4
- Section 28:** Except portions of SE1/4 SE1/4 NE1/4, SE/14, and SW1/4
- Section 29:** All except N1/2 NW1/4, NW1/4 NE1/4 and portions of S1/2 NE1/4, and N1/2 SE1/4
- Section 30:** All except N1/2 N1/2
- Sec. 31, 32,**
- Sec. 33, 34:** All
- Section 35:** Portions of N1/2, W1/2 SW1/4, and SE1/4

Township 13 South, Range 9 East, SLB & M

- Section 1:** Portions of NW1/4 NW1/4
- 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

This legal description is for the permit area of the Castle Gate Mine as shown on Plate 1-1 of the approved Mining and Reclamation Plan. 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** - There are special conditions associated with this permitting action as described in Attachment A.

Sec. 18 SPECIAL CONDITIONS - There are special conditions associated with this permitting action 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: James P. Bepton

Date: 11/4/97

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

PERMITTEE

Frank J. Wood
Authorized Representative of Permittee

11/20/97
Date

ACT/007/004
Permit
November 4, 1997
Page 6

ATTACHMENT A

Special Permit Stipulation - Within fourteen (14) days of completion of the resolution of the Pittston litigation, as referenced in the Applicant Violator System OSM recommendation, Amax Coal Company will notify the Division of the terms of resolution.

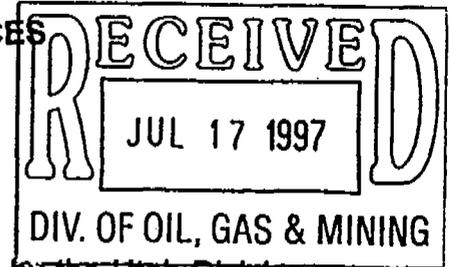
Original - Fire Proof
ACT/007/038 #3
Green Binder
Pam

FEDERAL

Permit Number ACT/007/038

June 26, 1997

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340



This permit, ACT/007/038, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

Cyprus Plateau Mining Corporation
P.O. Box PMC
Price, Utah 84501
(801-637-2875)

for the Willow Creek Mine. A Surety Bond is filed with the Division in the amount of \$11,949,205 payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSM). Underground coal mining will be conducted in Federal Leases: SL-048442-050115, SL-046652, U-0148779, U-0146345, UTU-73975, and U-0148779; State Leases: ML-1892 and SL-046652-ST (transferred from the federal to the state on April 22, 1954); a county lease and fee coal.

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 Willow Creek Mine, situated in the state of Utah, Carbon County. The area to be mined is contained on the USGS 7.5-minute quadrangle maps (Helper, Kyune, Standardville, Matts Summit.) The areas contained in the permit area, approximately 14,670 acres are:

Township 12 South, Range 9 East

- Section 22: Portions of SW/4 SE/4; SE/4 SW/4;
- Section 25: All;
- Section 26: *East of the Price River;*
- Section 27: *East of the Price River;*
Portions of S/2 NW/4; NE/4 NW/4; NW/4 SW/4;
- Section 28: Portions of S/2;
- Section 35: Portions of SE/4 NE/4 and E/2 SE/4 west of the Price River
E/2 east of the Price River;

Less and Except:

A tract in the NW/4 NE/4 containing 2.61 acres, more or less, described by metes and bounds; as conveyed to the City of Price, a body politic, by Warranty Deed dated December 19, 1960, and recorded in Book 70 at page 416 of the official records of Carbon County; and
Section 36: All east of the Price River.

Township 13 South, Range 9 East

Section 1: Lots 1, 2, 3 and 4 (N/2 N/2) east of the Price River; SE/4 NE/4;
E/2 SW/4 NE/4;

Less and Except:

1. The Utah Power and Light Company coal stockpile.
2. A tract in Lot 3 containing 1.43 acres total, more or less, and a tract in the NE/4 SW/4 containing 9.48 acres, more or less, described by metes and bounds; as conveyed to The Utah Power and Light Company by Special Warranty Deed dated July 10, 1986, and recorded in Book 262 at page 309 of the official records of Carbon County;
3. A tract in Lot 3 containing 1.02 acres, more or less, described by metes and bounds; as conveyed to The Utah Power and Light Company by Quitclaim Deed dated May 28, 1953, and recorded in Book 20 at page 492 of the official records of Carbon County;
4. A roadway 30 feet wide in the NW/4 described by metes and bounds; as conveyed to Castle Gate Town, a municipal corporation, by Quitclaim Deed dated September 26, 1969, and recorded in Book 122 at page 400 of the official records of Carbon County.

Township 12 South, Range 10 East

Section 26: N/2; SE/4; N/2 SW/4; SE/4 SW/4;
Section 27: All;
Section 28: All;
Section 29: All;
Section 30: All;
Section 31: All;
Section 32: All;
Section 33: All;
Section 34: S/2; NW/4; S/2 NE/4; NW/4 NE/4; and
Section 35: E/2; SW/4; S/2 NW/4.

Township 13 South, Range 10 East

Section 2: All;
Section 3: All;
Section 4: All;
Section 5: All;
Section 6: Lots 1, 2, 3, 4 (N/2 N/2); Lot 5 (SW/4 NW/4); SE/4 NW/4; S/2
NE/4; SE/4;
Section 7: Lots 1, 2, 6-9, 12, and 13 (E/2);
Section 8: Lot 1, 2 and 3 (N/2 NE/4 and NE/4 NW/4); S/2 N/2; S/2;
Section 9: E/2; SW/4; E/2 NW/4; NW/4 NW/4;
Section 10: E/2; NW/4; E/2 SW/4; NW/4 SW/4;
Section 11: All;
Section 17: NE/4; N/2 NW/4; and
Section 18: N/2 NE/4.

This legal description is for the permit area of the Willow Creek 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 April 24, 2001.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Director, Division. 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 the 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 and extent 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 within 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** - There are special conditions associated with this permitting action 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: Samuel P. Baehner for J.W. Carter

Date: 6/27/97

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

Ruth H. Lister
Authorized Representative of Permittee

Date: 7/14/97