File ACT/007/005 #3

FEDERAL
(April 1987)

Permit Number ACT/007/005, May 1, 1987

RECEIVED
SEP 14 1988
DIVISION OF
OIL, GAS & MINING

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
(801) 538-5340

This permit, ACT/007/005, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Coastal States Energy Company
175 East 400 South, Suite 800
Salt Lake City, Utah 84111
(801) 596-7111

for the Skyline Mine. Coastal States Energy Company is the lessee of federal coal leases U-020305, U-044076, U-0142235, U-0147570, and U-073120, a Carbon County coal lease and of fee-owned parcels. A performance bond is filed with the DOGM in the amount of $1,850,500.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

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 (as shown on the map appended as Attachment B) within the permit area at the Skyline Mine situated in the state of Utah, Carbon County, and located:

<u>Township 13 South, Range 6 East, SLBM</u>

All or portions of Sections 10, 11, 13, 14, 15, 22, 23, 24, 25, 26, 27, 34 and 35.

<u>Township 13 South, Range 7 East, SLBM</u>

All or portions of Sections 4, 5, 17, 18 and 19

This legal description is for the permit area (as shown on Attachment B) of the Skyline Mine. The permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the leases, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

Sec. 3 PERMIT TERM - This permit becomes effective on May 1 1987, and expires on April 1, 1989.

Sec. 4 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. 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 UMC 788.17-.19.

Sec. 5 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, 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, UMC 840.12, 30 CFR 842.13 and UMC 842.13; and,

B. be accompanied by private persons for the purpose of conducting an inspection in accordance with UMC 842.12 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 6 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 mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

Sec. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

A. accelerated monitoring 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. 8 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. 9 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 DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 10 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. 11 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. 12 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. 13 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 DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.

Sec. 14 APPEALS - The permittee shall have the right to appeal as provided for under UMC 787.

Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in the leases, the federal mining plan approval, and this permit, the permittee shall comply with the schedule for submission of data, as outlined in the attached August 10, 1988 letter, appended hereto as Attachment A.

The above conditions (Secs. 1-15) 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 comply with these conditions. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: Dianne R. Nielson

Date: 8/31/88

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

Authorized Representative of
the Permittee

Date: Sept. 14-1988

APPROVED AS TO FORM:

By: _____
Assistant Attorney General

Date: August 31, 1980

1566R

ATTACHMENT A

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

August 10, 1988

Mr. Vernal J. Mortensen
Senior Vice President
Coastal States Energy Company
175 East 400 South Suite 800
P. O. Box 3
Salt Lake City, Utah 84111

Dear Mr. Mortensen:

Re: Five-Year Permit Renewal, Utah Fuel Company, Skyline Mine, ACT/007/005, Folder #2, Carbon County, Utah

In our meeting of July 19, 1988, we agreed to establish a schedule for submission of information necessary for approval of the above-referenced permit. On July 26, 1988, Keith Welch met with Susan Linner and Lowell Braxton in that regard.

Both parties agreed that sufficient time must be given to research and provide requisite data for permit approval, and that the Division needs to time the receipt of this data such that minimum delay will result prior to the Division's review. Specific requests for information are enumerated in the Division's May 25, 1988 letter.

The meeting held on July 26, 1988 subdivided permitting activity into four categories as follows:

1. Miscellaneous Submissions: Including revisions to permit and disturbed area boundaries, land use, vegetational data, wildlife, soils, acid- and toxic-forming materials. Informational data relative to the waste rock disposal area not discussed in Items 2 and 3, below.

   Schedule: Utah Fuel response by November 1, 1988.
   Division review by December 1, 1988.

2. Operational Hydrologic Design: Disturbed, undisturbed diversion design; sediment pond design calculations; sediment control calculations for roads and waste rock disposal areas; supporting data for small area exemptions.

Schedule: Utah Fuel submits requisite data to the Division by December 1, 1988.

The Division completes its review by February 1, 1989.

3. Final Reclamation Design: Backfilling, grading, stream channel reconstruction, Phase I and II hydrologic information, reclamation plans for conveyor bench, culvert crossings and roads.

Schedule: Submission of information by Utah Fuel to the Division by December 1, 1988.

The Division completes its review by February 1, 1989.

4. Monitoring Commitments (Ground Water and Subsidence): Commitments to monitor groundwater, including the South Fork and Huntington Canyon areas, and commitment to monitor subsidence to insure protection of hydrologic balance.

Schedule: Submission of response by Utah Fuel to the Division by December 1, 1988.

Division completes its review by January 1, 1989.

Based on the above schedule, the Division would complete its review no later than February 1, 1989. If all the requisite data are submitted, a 60-day public comment period could commence, with permit issuance by April 1, 1989. The Division will issue a short-term permit, conditioned with the above-schedule, which will expire April 1, 1989. On April 1, based on the completion of that work, a new permit will be issued, with an expiration date of April 30, 1992, reflecting the expiration of the original permit.

Enclosed is the calendar schedule for this permit action. I believe the subject submission schedule is reasonable, based on the magnitude of technical issues pending resolution, and I commend Utah Fuel Company's commitment to this schedule. In order to avoid enforcement action, it is essential that these mutually-established deadlines be met.

The Division technical staff is looking forward to working through the technical permitting problems with your representatives. Please contact Lowell Braxton or Susan Linner of my staff, should clarification of any of the above be required.

Best regards,

Dianne

Dianne R. Nielson
Director

LPB/djh
Enclosure
cc: K. May
L. Braxton
S. Linner
0799R/53-55

Company	Facility	File #
Utah Fuel	Skyline Mine	007/005

Permit Action

5 year permit renewal (partial schedule only)

ticipated Schedule	Actual Schedule	Remarks
r. Defic. letter company		
dro, final reclm, ound water monitr isc. data submission heduled		Meeting with dogm re.schedul Meeting establishes schedule
ivision response n waste rock rd nt requirements due		
sc. data due-11-1 vision review Dec. 1.		
niterng, Hydro. sign &final reclm ign due Division nds by Feb. 1		
day public comment riod starts		
ermit issuance		

1988

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MAY

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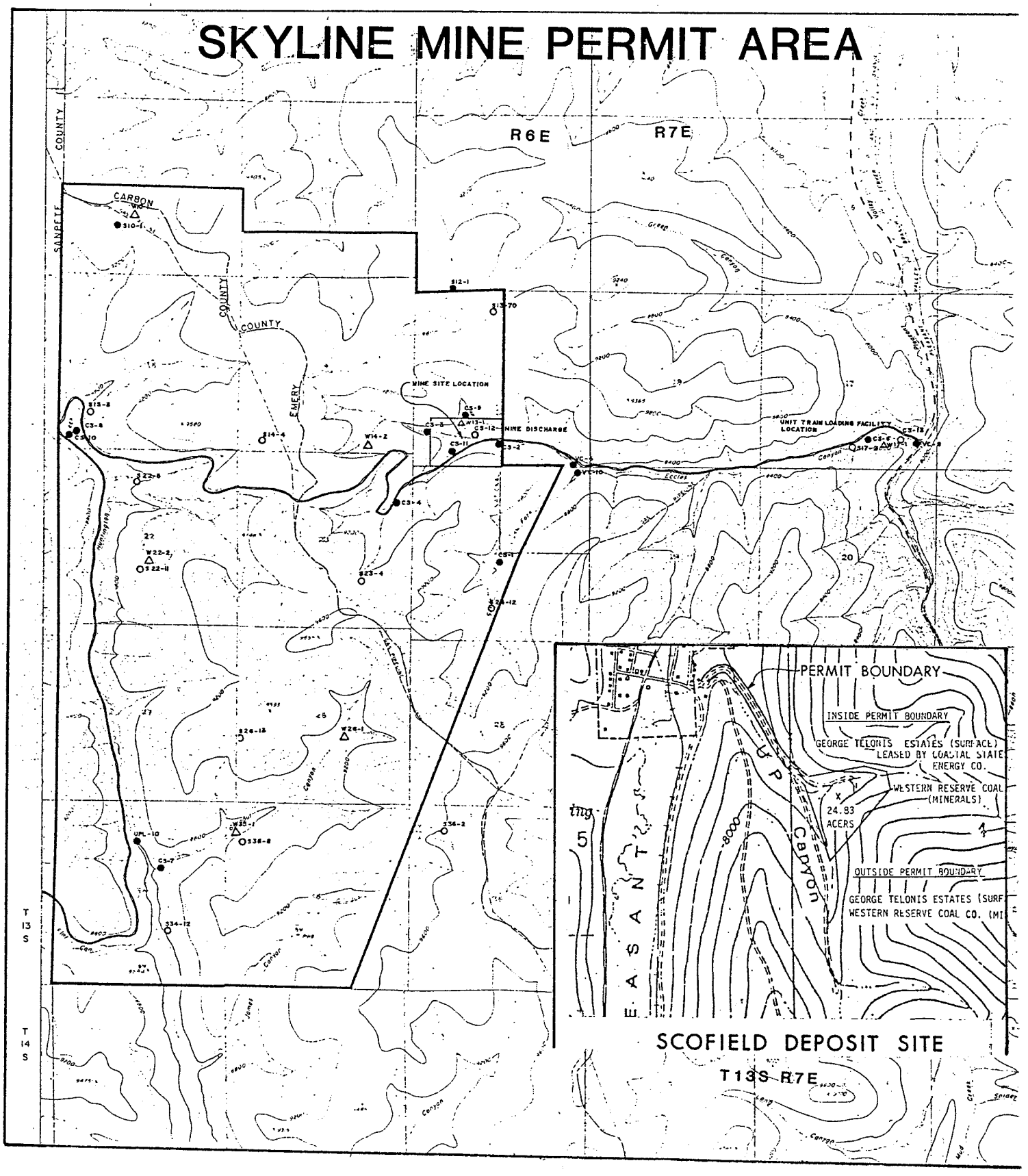
ATTACHMENT B