Mig file ACT007/005

0003

FEDERAL
(April 1987)

Permit Number ACT/007/005, December 1, 1989

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 $2,225,000.00, 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 December 1 1989, and expires on April 30, 1992.

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 special conditions 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: 12/1/89

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

Vernal J. Martinson

Authorized Representative of the Permittee

Date: 12-21-89

APPROVED AS TO FORM:

By: Barbara W. Roberts
Assistant Attorney General

Date: December 1, 1989

BT228/1-4

ATTACHMENT A

STIPULATIONS

Coastal States Energy Company
Skyline Mine
ACT/007/005
Carbon County, Utah

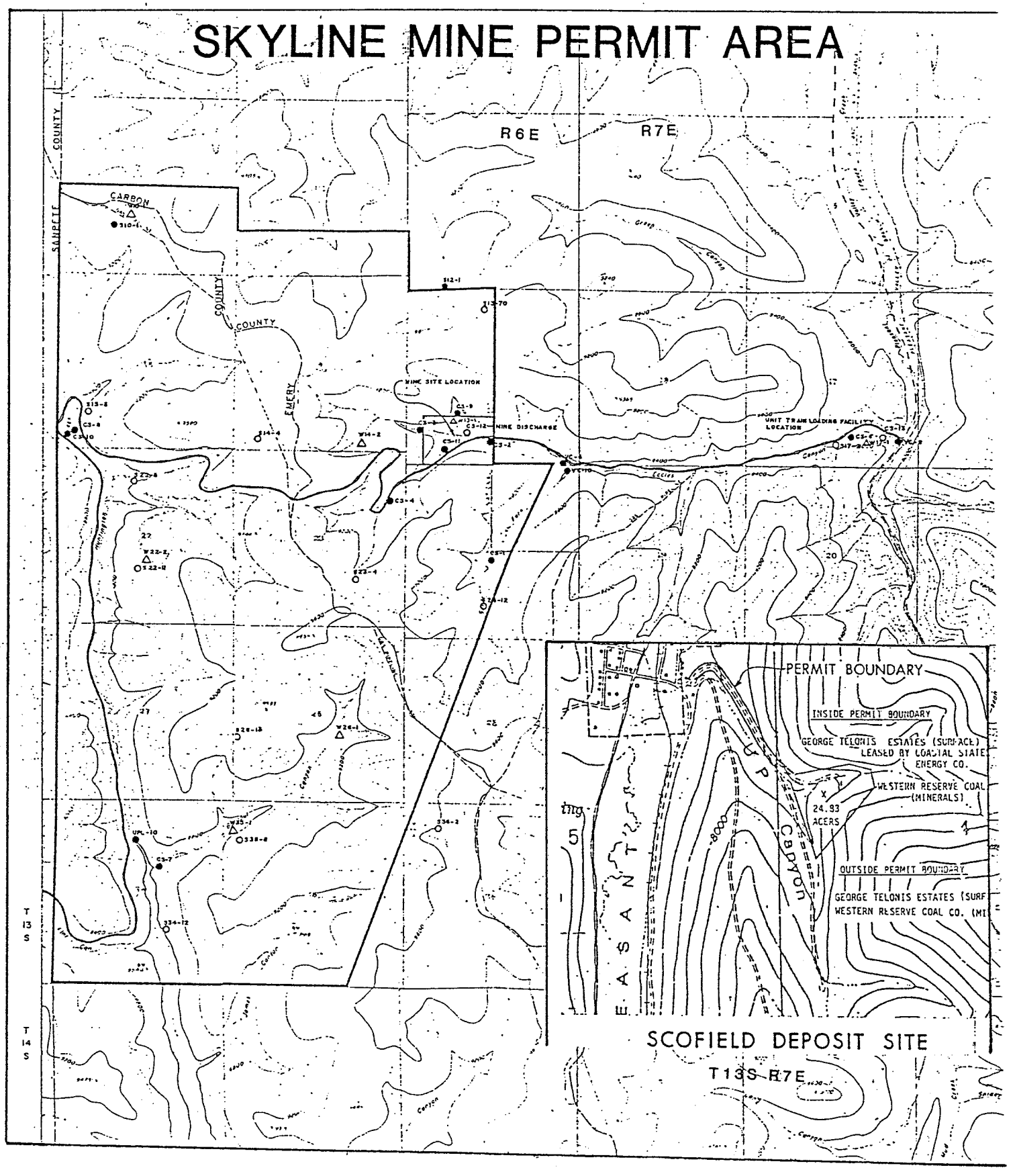
December 1, 1989

Stipulations UMC 817. 46 - (1-2) - RS

1. Prior to June 1, 1990, the applicant must submit revisions to the mine facilities area sediment pond design as necessary to demonstrate compliance with UMC 817.46 and UMC 817.49. These revisions may include revised mine water discharge values, drainage area values, sediment volume and yield predictions, stage - volume calculations, and detention time modeling.

2. Within 90 days of permit issuance, the permittee shall submit an adequate design for a spillway system for the loadout area sediment pond to be installed during the reclamation period.

Stipulation UMC 817.180 - (1) - JRH

1. The operator shall submit detailed drawings of the overland conveyor and well house disturbed areas at a scale of not less than 1"=50' within 180 days from the effective date of this permit approval. These drawings shall accurately depict the surface contours and facilities for those areas currently affected by surface mining activities including but not limited to; permit area, disturbed area, sediment control, structures, and reclamation treatments.

ATTACHMENT B