



Coastal
The Energy People

0065

007/005 #2

October 14, 1991

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

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DIVISION OF
OIL GAS & MINING

Dear Mr. Haddock:

We are hereby making application for a permit change to our approved M&RP as to our method of operation at our railroad loadout area by adding an open coal storage area. We feel this change should be classified as a permit amendment, as the proposed change does not require any increase in size of the existing disturbed area and does not affect the already existing drainage system. There's no new construction required; therefore, we don't feel an adjustment in our reclamation bond is needed.

We have changed pages 3-20, 3-22, and 3-22a to reflect the proposed change. Map 3.2.1-3 has also been revised to show the location of the open coal storage area. We have enclosed eight copies of each of these documents.

We feel that this open coal storage area is necessary to insure that we will be able to meet our shipping schedules. We are currently shipping 3-4 unit trains of coal per day. Our existing storage at the RLO is 30,000 tons, which is equal to approximately three unit trains. In the past we have experienced inclement winter weather that has prevented the coal trucks from hauling any significant amount of coal for a 2-4 day period. In the past when we were only shipping 1-2 unit trains a day, we had sufficient storage to meet these shipments during inclement weather. We no longer have that luxury and are therefore applying for an open coal storage area that will contain approximately 60,000 tons of coal.

We made application to the Bureau of Air Quality for this open coal storage several months ago, and they are in the process of advertising the application. We expect to receive their approval within 30 days.

We would like to store this coal at the railroad loadout area before winter sets in. If you need any additional information please contact Keith Zobell.

Sincerely,

for Glen A. Zumwalt
Vice President/General Manager

GAZ:KZ:lm

Enclosure

Utah Fuel Company

A SUBSIDIARY OF THE COASTAL CORPORATION
P. O. BOX 719 • HELPER UT 84526 • 801/637-7925 • FAX 801/637-7929
SALT LAKE 801/596-7111

AGREEMENT
BY AND BETWEEN
COASTAL STATES ENERGY COMPANY
AND
UTAH DIVISION OF OIL, GAS & MINING

This Agreement is made and entered into by and between the Utah Division of Oil Gas and Mining (the "Division") and Coastal States Energy Company ("Coastal") and is to become effective as of November 8, 1991. The intent of this Agreement is to facilitate right of access by the Division's Abandoned Mine Reclamation Program ("AMRP") across lands leased by Coastal for the purpose of reclamation of abandoned mine hazards in the Union Pacific Project.

Recitals

- A. Coastal leases land from the surface owners, the Telonis Family, a portion (the "access/haul road") of which is used for purposes of rock waste haulage from Coastal's Skyline Mine.
- B. The AMRP requires access over the access/haul road to perform reclamation activities on the Union Pacific Project. These activities involve controlling two mine fires at the abandoned Union Pacific Mine.
- C. The access/haul road is permitted under the Division's Coal Regulatory Program ("CRP"). Under said permit, Coastal has responsibilities regarding the access/haul road.
- D. The AMRP requires passage over approximately 1/2 mile of CRP permitted access/haul road for reclamation activities.

Agreement

NOW THEREFORE, in consideration of the mutual obligations and undertakings contained in this Agreement, Coastal and the Division agree to the following:

1. Coastal agrees to execute a Non-exclusive Right of Ingress/Egress, Exhibit A, for AMRP's use of the access/haul road located in Carbon County, Utah, as outlined on the attached map, Exhibit B, for the purposes of performing reclamation activities on the Union Pacific Project.
2. The Division acknowledges the access/haul road is in good and operable condition.
3. The AMRP agrees to maintain the access/haul road in accordance with the performance standards in Coastal's Mining and Reclamation Plan during reclamation activities, and upon suspension or completion of these activities, return it to the same condition prior to use by AMRP. During AMRP's use of the access/haul road, AMRP will comply with all applicable state, federal and local laws and Coastal's permit requirements with respect to the access/haul road.
4. The AMRP agrees to notify Coastal in writing of the date of onset, resumption, suspension, or completion of reclamation activities. At the completion or suspension of reclamation activities, Coastal agrees to accept responsibility for maintenance and disposition of the access/haul road as of the notification date under terms of the permit.
5. The AMRP will make a good faith effort to complete the reclamation activities by December 15, 1991.

6. Except as set forth in this Agreement, neither party shall undertake any activity, expressed or implied, nor make any representation which purports to bind the other.
7. Modification of this Agreement shall be in writing and approved by all parties hereto.
8. The AMRP acknowledges that it will obtain the consent of the surface owners prior to entering the property to perform reclamation activities.
9. The Division agrees to assume liability for any and all injuries sustained by or caused to third parties by its employees, agents, and contractors as a result of reclamation activities on the Union Pacific Project.
10. This Agreement shall remain in effect for the term of the reclamation activities, but no longer than October 1, 1992.
11. During the term of this Agreement, Coastal State's Skyline Mining and Reclamation Plan is amended to incorporate this Agreement.

COASTAL STATES ENERGY COMPANY

UTAH DIVISION OF OIL GAS & MINING



Vernal J. Mortensen
Senior Vice President



Dianne R. Nielson
Director

Date: 11-6-91

Date: 11-5-91

EXHIBIT A

CONSENT FOR RIGHT OF ENTRY - INGRESS AND EGRESS

PROJECT: AMR/007/917/R
Mine Site: Union Pacific Mine

I/We, Coastal States Energy Company, the owner(s) or leasee of record of the following described property:

SW4 NW4 of Section 4 and E2 NE4 of Section 5, Township 13 South, Range 7 East, SLBM.

HEREBY Grant to the Utah Division of Oil, Gas & Mining, its agents, employees and contractors, a non-exclusive Right to Ingress and Egress along a route designated as access/haul road on exhibit B within the above described land to gain access to the Union Pacific Mine area.

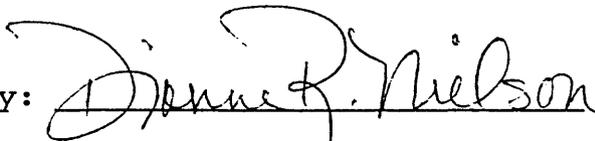
1. The Division expressly assumes liability for any and all injuries sustained by or caused to third parties by its employees, agents, and contractors.

2. The Division agrees to use the existing or designated roadway to enter and exit the Union Pacific Mine area and assumes liability for damages beyond ordinary wear of normal use caused by its employees to the roadway.

Dated this 6th day of November, 1991.

DIVISION OF OIL, GAS & MINING

COASTAL STATES ENERGY COMPANY

By: 

Name: Dianne R. Nielson

Title: Director

By: 

Name: Vernal J. Mortensen

Title: Senior Vice President

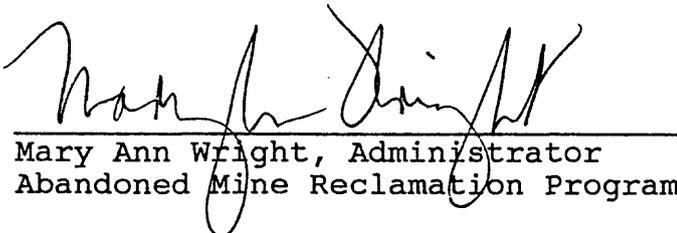
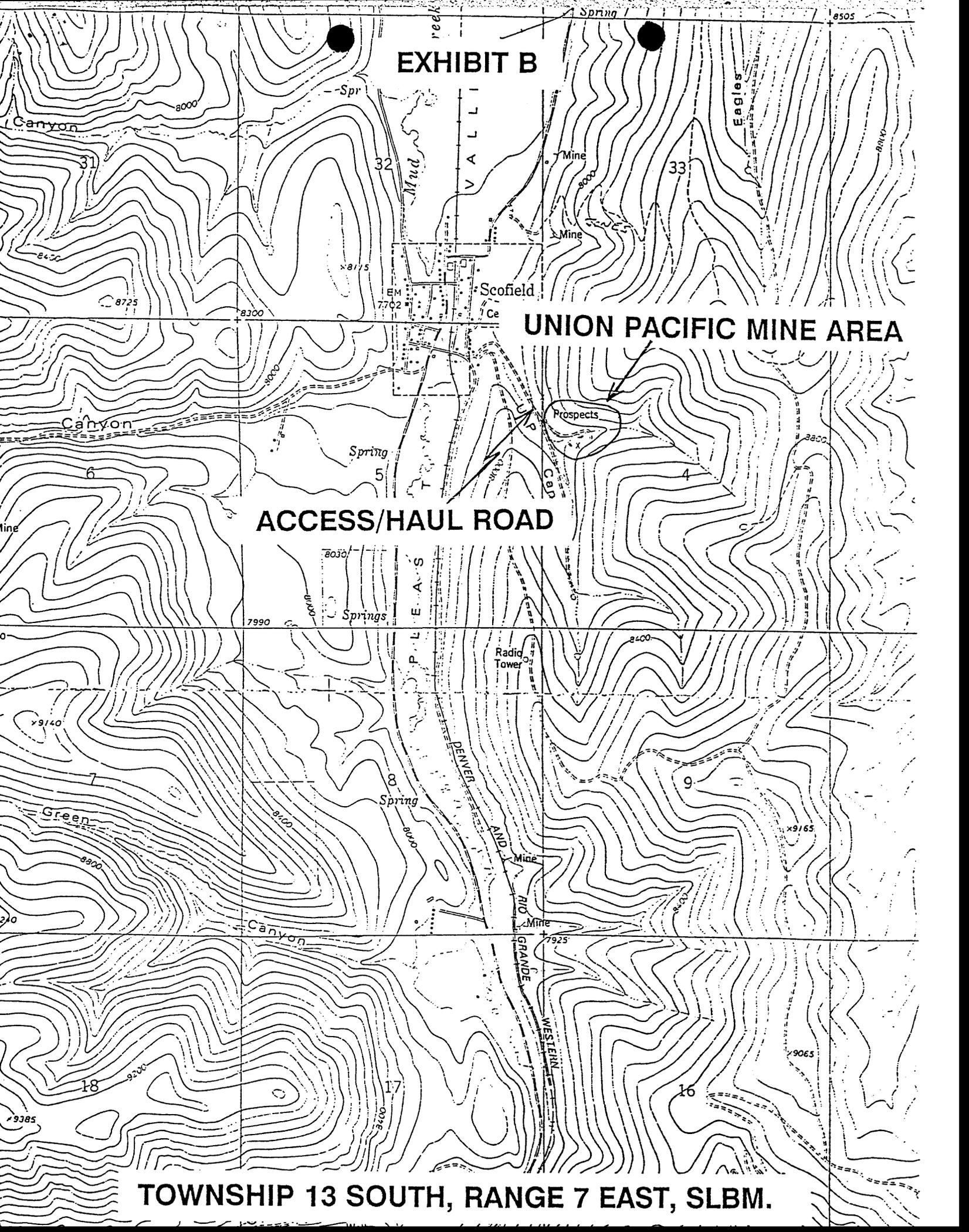

Mary Ann Wright, Administrator
Abandoned Mine Reclamation Program

EXHIBIT B



UNION PACIFIC MINE AREA

ACCESS/HAUL ROAD

TOWNSHIP 13 SOUTH, RANGE 7 EAST, SLBM.