

**State Decision Document**

**Canyon Fuel Company, LLC  
North Lease – UTU-067939  
Full Extraction Mining  
Skyline Mine  
C/007/0005**

**December 2, 2005**

**UTAH DIVISION OF OIL, GAS AND MINING  
STATE DECISION DOCUMENT AND  
TECHNICAL ANALYSIS**

Canyon Fuel Company, LLC.  
North Lease Full Extraction Mining  
Skyline Mine  
**C/007/0005**

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## **ADMINISTRATIVE OVERVIEW**

Canyon Fuel Company, LLC  
North Lease Full Extraction Mining  
Skyline Mine  
**C/007/0005**

Carbon County, Utah

**December 2, 2005**

### **PROPOSAL:**

Canyon Fuel Company, LLC proposes to do full extraction mining in the North Lease extension to the Skyline Mine. Development mining in the North Lease received mining plan approved in December 2002 in part of the north lease. There are no surface facilities or disturbances planned for this proposal. This lease is accessed via the underground works and mining will be conducted using longwall for full extraction. Mining will occur in the Lower O'Conner A seam. It is anticipated that the mine will produce nominally four (4) million tons of coal per year.

### **BACKGROUND:**

The Mining and Reclamation Plan (MRP) for the Skyline Mine was originally approved by the Office of Surface Mining Reclamation and Enforcement (OSMRE) on June 20, 1980. The Permittee was Coastal States Energy Company and the Operator was Utah Fuel Company. On July 20, 1984 a revised permit was issued which authorized the use of a waste rock disposal site near the town of Scofield. On March 28, 1985 the Division of Oil Gas and Mining (DOG M) and OSM determined that the permit would expire on April 30, 1987 five years from the date of initial operations, and notified the Operator accordingly. The Permittee submitted a timely application for permit renewal in 1986.

Due to numerous problems in formatting and technical issues associated with the original MRP, the mine operated under short-term permits from April 30, 1987 to December 1, 1989 when a renewal was issued. That renewed permit was scheduled to expire on April 30, 1992, ten years from the date of initial operations. On December 31, 1991 Coastal States Energy Company submitted another application for permit renewal which included an updated Mining and Reclamation Plan formatted to the new R614 (R645) regulations. The permit was renewed on May 1, 1992. The permit was transferred from Coastal States Energy Company to Canyon Fuel Company, LLC on December 20, 1996.

The renewed permit for an additional five-year period until April 30, 1997 was conditioned upon satisfactorily complying with a Division Order that required additional PHC information. This condition was met on October 3, 1997.

The original application for the Winter Quarters lease was submitted in November 1996 and withdrawn in September 1997. A 28-acre IBC on fee land was approved on August 25, 2000. A fee lease to increase the permit area by 459 acres was approved on April 24, 2001. The permit was renewed on April 30, 2002 with five conditions.

In 2001 Canyon Fuel started to encounter significant amounts of water in the mine. This prompted them to move their mining efforts toward the North Lease. In order to access the North Lease, the company applied for an 84-acre Incidental Boundary Change on a fee lease which was approved on August 16, 2002.

The Skyline mine plan area (including the North Lease) incorporates federal coal leases and one Carbon County coal lease (10,374 acres of permit area with 79.12 acres of surface disturbance). The surface disturbed area includes disturbances (surface facilities) on Forest Service lands and private land (Unit Train Loadout and Waste Rock Disposal sites). The access to the Waste Rock Disposal Pit is a private road and is not scheduled for reclamation.

Canyon Fuel Company, LLC, submitted the permit application package for adding the North Lease (Winter Quarters) Tract to the Skyline Mine on September 4, 2002. Development mining in the North Lease received mining plan approval on December 20, 2002.

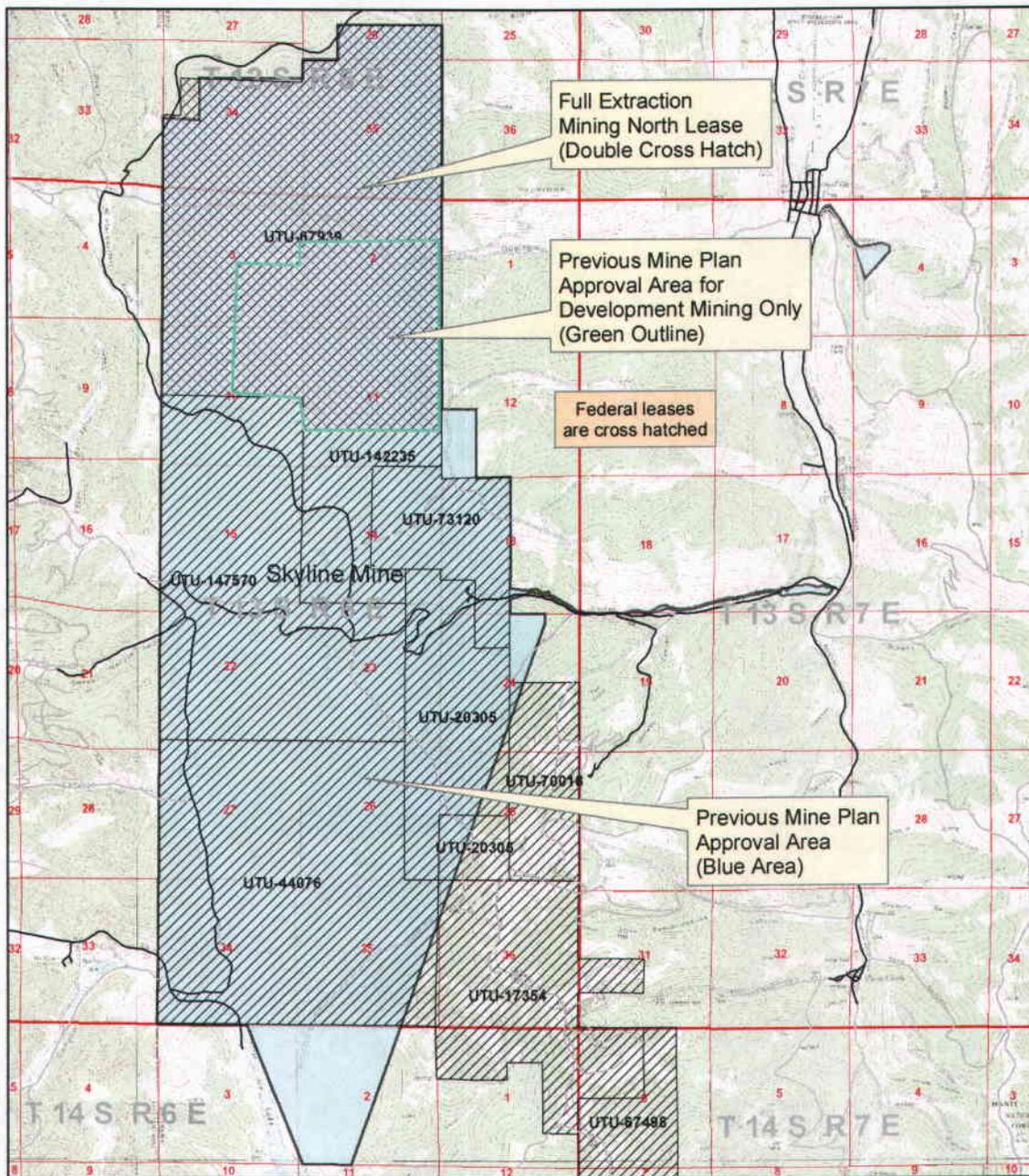
### **ANALYSIS:**

The Division of Oil Gas and Mining has conducted an Administrative and Technical Analysis of the proposed mine Permit Application Package and has produced a written TA. All appropriate State and Federal agencies have been consulted regarding this proposal. It has been determined that the Applicant has the legal right to enter and conduct mining operations in the proposed permit area through acquired leases. The probable hydrologic consequences of the action have been analyzed and a Cumulative Hydrologic Impact Assessment (CHIA) has been prepared. All requirements for public participation have been satisfied. The application meets the requirements of the Utah Coal Regulatory Program.

### **RECOMMENDATION:**

This recommendation is based on the complete permit application package (PAP), the Technical Analysis (TA) conducted by the Division, the Cumulative Hydrologic Impact Assessment (CHIA) also prepared by the Division, and the administrative record. Canyon Fuel Company, LLC has demonstrated that mining within the permit boundary can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. The 510(c) report on the Applicant Violator System was verified for this mine on November 16, 2005 and there are no violations.

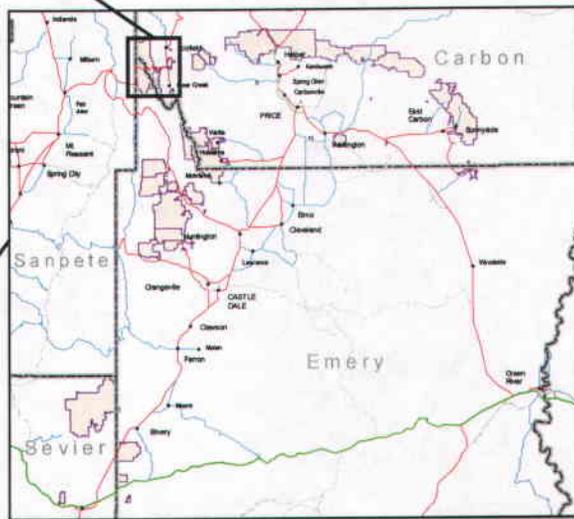
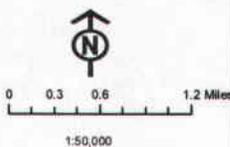
It is recommended that approval be given for full extraction mining in the North Lease extension to the Skyline Mine with the conditions summarized as Attachment A to the Permit.



## Skyline Mine Mining Plan Approval Area

ACT0070005  
Carbon & Emery County, Utah  
Oct. 2005

Township 13 South Range 6 & 7 East  
Township 14 South Range 6 & 7 East  
File: N:\gis\coal\coalareamaps\C0070005Fed.pdf



Locator Map

## **PERMITTING CHRONOLOGY**

Canyon Fuel Company, LLC  
North Lease Full Extraction Mining  
Skyline Mine  
**C/007/0005**

Carbon County, Utah

**December 2, 2005**

July 1, 2004	Canyon Fuel Company, LLC, submits the permit application package for adding the North Lease (Winter Quarters) Tract to the Skyline Mine.
September 27, 2004	OSM determination that this application is a mining plan modification.
October 29, 2004	The permit application was determined administratively complete. Canyon Fuel Company, LLC is instructed to publish a Notice of Complete Application in the local newspaper and place a copy of the application in the county courthouse.
November 5, 2004	The Division sent letters to state, federal and local planning agencies notifying them of the complete permit application and soliciting their comments.
November 18, 25, and December 2 and 9, 2004	This permitting action for full extraction in the North Lease (Winter Quarters) Tract at the Skyline Mine, is published in the <u>Sun Advocate</u> for four consecutive weeks.
January 9, 2005	End of public comment period.
October 26, 2005	R2P2 modification approved by Bureau of Land Management.
October 31, 2005	TA completed.
November 1, 2005	CHIA completed.
November 16, 2005	AVS check completed with issue recommendation.
December 1, 2005	Forest Service concurs with full extraction mining for the North Lease.
December 2, 2005	Decision Document completed and Permit issued. Sent to OSM.

## **FINDINGS**

Canyon Fuel Company, LLC  
North Lease Full Extraction Mining  
Skyline Mine  
**C/007/0005**

Carbon County, Utah

**December 2, 2005**

1. The permit application for the full extraction of coal from the North Lease at the Skyline Mine is accurate and complete and all requirements of the Surface Mining Control and Reclamation Act, and the approved Utah State Program (the "Act") are in compliance. See Technical Analysis dated October 31, 2005 (R645-300-133.100)
2. The applicant proposes acceptable practices for the reclamation of disturbed lands. The Division has determined that reclamation, as required by the Act can be feasibly accomplished following the approved plan with the attached permit conditions. No new surface disturbance will occur with the full extraction in the North Lease Extension. (R645-300-133.710)
3. An assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities in the general area on the hydrologic balance has been conducted by the Division and no significant impacts were identified. See CHIA dated November 1, 2005. The Mining and Reclamation Plan (MRP) proposed under the revised application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site areas (R645-300-133.400 and UCA 40-10-11 (2)(c)).
4. The proposed lands to be included within the permit area are:
  - a. Not included within an area designated unsuitable for underground coal mining operation (R645-300-133.220);
  - b. not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);
  - c. not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc), 761.11 {f} (public buildings, etc.) and 761.11 {g} (cemeteries);
  - d. not within 100 feet of a public road except at the location where the public road accesses the property(R645-300-133.220); and
  - e. not within 300 feet of any occupied dwelling (R645-300-133.220).

5. The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species Act of 1973. A condition is being added to the permit to survey for Mexican Spotted Owl in accordance with the Fish and Wildlife Service requirements. See Technical Analysis dated October 31, 2005 and letter from U. S. Fish and Wildlife Services dated November 25, 2002 (16 USC 1531 et seq.) (R645-300-133.500).
6. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). See Technical Analysis dated October 31, 2005. See e-mail from State Historic Preservation Office, dated November 15, 2002. (R645-300-133.600)
7. The applicant has the legal right to enter and complete mining activities in the permit area through the federal coal lease issued by the Bureau of Land Management. (Lease Document for Coal Lease UTU-67939, effective September 1, 1996.) (R645-300-133.300)
8. A 510 (c) report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; neither Canyon Fuel Company, LLC nor any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act (A 510 (c) report was run on November 16, 2005, see memo to file dated November 16, 2005). (R645-300-133.730)
9. Underground mining operations to be performed under the permit will not be inconsistent with other operations anticipated to be performed in areas adjacent to the proposed permit area. (This underground mining operation is consistent with other underground mining operations in the Wasatch Plateau).
10. The applicant has posted a surety bond for the Skyline Mine in the amount of \$5,076,000 issued by St. Paul Fire and Marine Insurance Company (Surety Number 400SA1919) (R645-300-134).
11. No lands designated as prime farmlands or alluvial valley floors occur on the permit area. See Technical Analysis dated October 31, 2005 (R645-302-313.100 and R645-302-321.100).
12. The proposed postmining land-use of the disturbed area is the same as the pre-mining land use and has been approved by the Division and the surface land management agency, the Forest Service. (See Forest Service letter of consent/concurrence dated December 2, 2005).

13. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program.
14. All procedures for public participation required by the Act, and the approved Utah State Program are in compliance. The public advertisement was published on November 18, 25 and December 2, and 9, 2004 in the Sun Advocate (R645-300-120).
15. All existing structures at the mine comply with performance standards. This application is an underground extension of an existing mine with no new surface facilities being proposed (R645-300-133.720).

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Permit Supervisor

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Permit Supervisor

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Associate Director of Mining

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Director