

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

July 14, 2010

TO: Internal File

THRU: Daron Haddock, Lead *DH*

FROM: Angela Nance, Business Analyst/Bond Coordinator *AN*

RE: Winter Quarters Ventilation Facility, Canyon Fuel Company, LLC, Skyline Mine, C/007/0005, Task ID #3549

SUMMARY:

Canyon Fuel Company, LLC submitted an application requesting approval to construct a ventilation facility in the Winter Quarters Canyon in October 2009. The application was withdrawn and returned to the Permittee in November 2009. The Permittee resubmitted the application on January 11, 2010. The application was returned deficient/denied on February 24, 2010. The application was resubmitted on March 23, 2010 and later returned to the Permittee with deficiencies on May 17, 2010.

On June 8, 2010 the Division received a complete re-submittal of the Winter Quarters Ventilation Facility with the recommended modifications identified. On July 8, 2010 supplemental information was received. The Winter Quarters Canyon Facility proposes to add approximately 8 acres to the permit area. The Winter Quarters Ventilation Facility is on private land and has been conveyed to Ark Land Company from the Allred Family Trust by way of a deed. Ark Land Company will conduct an inter-company perpetual and exclusive lease with Canyon Fuel Company, LLC – Skyline Mine. Canyon Fuel Company plans to construct the facility in summer 2010.

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TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

A list of the names and addresses of the owners of record of all property contiguous to any part of the proposed permit area can be found on page 1-20 in Volume 1 of the MRP. Skyline Mine submitted a revised Drawing 1.6-2 to illustrate the owners of property adjacent to the permit area.

Findings:

Information on Identification of Interests is sufficient to meet the requirements of the Utah Coal Mining Rules.

RIGHT OF ENTRY

Regulatory Reference: 30 CFR 778.15; R645-301-114

Analysis:

A description of the documents upon which the Permittee bases their legal right to enter and begin coal mining and reclamation operations can be found on page 1-34. A deed from the Allred Family Trust to Ark Land Company conveys about 12.7 acres of surface land to Ark Land Company. The parcel is located in the Winter Quarters Canyon in the N1/2 of Section 1, T. 13S., R. 6E., SLB&M.

The Permittee was asked to provide a date of execution of the deed, as well as the specific legal description of the parcel to which the document pertains. Additionally, the Permittee was asked to confirm by address and/or EIN that Ark Land Company is the same company as the one listed in AVS. Lastly, the Permittee was asked to clarify the connection between Canyon Fuel Company and Ark Land Company.

Findings:

The Permittee provided an executed copy of the Easement made as of June 9, 2010, from D. Euray Allred Family Trust to and in favor of Ark Land Company. Ark Land Company has been confirmed by way of EIN and address to be the same Ark Land Company that is listed in AVS. Text was added to page 1-34 to better reflect the Allred Family Trustleas to Ark Land Company, and the association between Ark Land and Canyon Fuel Company, LLC.

Information on Right-of-Entry is sufficient to meet the requirements of the Utah Coal Mining Rules.

LEGAL DESCRIPTION AND STATUS OF UNSUITABILITY CLAIMS

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

Analysis:

During the previous task it was noted that the road leading up to Winter Quarters is a public road for approximately one mile, after which it becomes a private road, as noted on the carbon county website: <http://ims.carbon.utah.gov/zoning/mainpage.asp>, accessed January 27, 2010. Also, Priscilla Burton visited with the Carbon County Planning and Zoning office on February 16, 2010 and was informed that the county claims the road up winter quarters as a public road for ¼ mile into Section 6. This is probably one mile from the mine site. Also, while determining suitability, it was discovered that the area is zoned Watershed.

Skyline Mine submitted a Conditional Use Permit application with Carbon County on March 16, 2010. A copy of the application was provided. The Carbon County Planning Commission will review the information and Skyline Mine anticipates an approval recommendation in late April 2010. Skyline Mine commits to providing this information to the Division.

Findings:

A copy of the Condition Use Permit from the Carbon County Department of Planning dated July 7, 2010, which grants approval to construct a ventilation facility in Winter Quarters Canyon (R645-301-115.100) has been provided to the Division.

RECOMMENDATIONS:

Approval of the Winter Quarter's Ventilation Facility is recommended.