



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 9, 2015

Corey Heaps, General Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Subject: Final Approval of North of Graben Bleeder Shaft, Canyon Fuel Company, LLC,
C/007/0005, Task ID #4883

Dear Mr. Heaps:

The above-referenced amendment was conditionally approved on September 21, 2015 upon receipt of clean copies. We received the requested clean copies on September 28, 2015. Enclosed is a stamped incorporated copy for insertion into your copy of the Mining and Reclamation Plan.

The approval of the North of Graben Bleeder Shaft increases the disturbed area of the Skyline Mine from 122.31 acres to 125.31 acres. The Reclamation Agreement for the Skyline Mine is required to be updated at the time. Attached is an Exhibit "D" to revise the reclamation agreement, an Exhibit "A" which describes the disturbed (bonded) area and the affidavits of qualification. Please submit this information to the Division as soon as possible.

Enclosed are two (2) copies of the revised permanent program permit. Please note the special conditions attached. Please have both permits signed by the designated authority and return one signed copy to the Division.

Thank you for your help during this process. If you have any questions, please feel free to call me at or Daron Haddock at (801) 538-5325.

Sincerely,

John R. Baza
Director

DRH/sqs
Attachments
Enclosures
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EXHIBIT “D”

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Mine Name: _____
Permit Number: _____
Effective Date: _____
Bond Number: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

The approval of the North of Graben Bleeder Shaft (Task #4883) increases the disturbed or bonded area from 122.31 acres to 125.31 acres. A revised Exhibit A is required.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- Replace the Reclamation Agreement in its entirety.
- Replace Exhibit "A"- bonded area.
- Rider added to existing Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ _____ to \$ _____

The bonding type is changed from _____ to _____.

The surface disturbance is revised from 122.31 acres to 125.31 acres.

The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed from
\$ _____ to \$ _____.

IN WITNESS WHEREOF, _____ the PERMITTEE has hereunto set
its signature and seal this _____ day of _____, 20__.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH this ___ day of _____, 20__.

Director,
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

EXHIBIT “A”

Bonded Area Legal Description

(Federal Coal)

Exhibit "A"
Legal Description
Federal
Bond Number _____

EXHIBIT "A"

Pursuant to R645-301- 820.110, the surety bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA :

Legal description of BONDED AREA:

The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations. The described area may also be decreased as a result of partial reclamation.

IN WITNESS WHEREOF the **SURETY** has hereunto set its signature and seal this

_____ day of _____, 20____.

SURETY

By:

Title:

FEDERAL

October 22, 2013
Revised October 9, 2015

PERMIT
C/007/0005

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340

This permit, C/007/0005, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOG M) to:

Canyon Fuel Company, LLC
225 North 5th Street, Suite 900
Grand Junction, Colorado 81501

for the Skyline Mine. Canyon Fuel Company, LLC is the lessee of federal, state and fee-owned property. A performance bond is filed with the DOGM in the amount of \$5,799,000, 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 surface disturbing activities only as described in the approved Mining and Reclamation Plan and within areas covered by the Performance Bond which are within the described permit area at the Skyline Mine situated in the state of Utah, Carbon County, and located as follows:

Township 12 South, Range 6 East, SLBM

Section 26: Portions of SW1/4SW1/4

Section 34: Portions of NE1/4NE1/4

Township 12 South, Range 7 East, SLBM

Section 32: Portion SE1/4SE1/4

Township 13 South, Range 6 East, SLBM

Section 1: Portions of S1/2NW1/4, S1/2NE1/4,

Section 13: Portions of SW1/4, S1/2SE1/4

Section 23: Portions of E1/2NE1/4,

Section 24: Portions of W1/2, NE1/4,
Section 25: Portions of S1/2S1/2,
Section 35: Portions of NE1/4, S1/2,
Section 36: Portions of N1/2NW1/4

Township 13 South, Range 7 East, SLBM

Section 4: Portions of S1/2NW1/4, NW1/4SW1/4,
Section 5: Portions of E1/2NE1/4,
Section 6: Portions of S1/2N1/2,
Section 17: Portions of S1/2S1/2,
Section 18: Portions of S1/2S1/2,
Section 19: Portions of N1/2N1/2

Township 14 South, Range 6 East, SLBM

Section 2: Portions of W1/2NW1/4,
Section 3: Portions of SE1/4NE1/4

This legal description is for the permit area of the Skyline Mine included in the mining and reclamation plan on file at the Division as shown on Drawing 1.6-3 Skyline Mines Permit Area.

Sec. 3 AUTHORIZED MINING AREA - The permittee is authorized to conduct underground coal mining and reclamation activities only as described in the approved Mining and Reclamation Plan and on lands where the "Right-of-Entry" has been acquired. This area includes the area above underground works and areas subject to subsidence and is described as follows:

Township 12 South, Range 6 East, SLBM

Section 25: SE1/4NE1/4, S1/2SE1/4, lots 3 and 4, SW1/4NE1/4,
W1/2SE1/4, SW1/4
Section 26: S1/2SE1/4, SE1/4SW1/4, lots 1-4, N1/2S1/2, SW1/4SW1/4
Section 34: Portions of S1/2N1/2, S1/2, NE1/4NE1/4
Section 35: All
Section 36: W1/2, N1/2NE1/4, SW1/4NE1/4, NW1/4SE1/4, N1/2NE1/4

Township 12 South, Range 7 East, SLBM

Section 32: Portions of SE1/4SE1/4,

Township 13 South, Range 6 East, SLBM

Section 1: W1/2, portions of S1/2NE1/4
Section 2: All,
Section 3: All,
Section 10: All,
Section 11: All,

Section 12: W1/2SW1/4, W1/2NW1/4, NE1/4NW1/4,
Section 13: W1/2, portions of S1/2SE1/4,
Section 14: All,
Section 15: E1/2NE1/4
Section 22: All,
Section 23: W1/2, NE1/4, W1/2SE1/4,
Section 24: NW1/4, Portions of NE1/4,
Section 25: Portions of SE1/4SW1/4,
Section 26: W1/2, W1/2E1/2,
Section 27: All,
Section 34: All,
Section 35: All
Section 36: Portions of N1/2NW1/4

Township 13 South, Range 7 East, SLBM

Section 4: Portions of W1/2,
Section 5: Portions of NE1/4,
Section 6: Portions of S1/2N1/2
Section 17: Portions of S1/2S1/2
Section 18: Portions of S1/2S1/2
Section 19: Portions of N1/2NW

Township 14 South, Range 6 East, SLBM

Section 2: W1/2NW1/4
Section 3: E1/2NE1/4

This legal description is for the authorized mining area of the Skyline Mine. The permittee is authorized to conduct coal mining and reclamation operations 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. 4 COMPLIANCE - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

Sec. 5 PERMIT TERM - This permit expires on April 30, 2017.

Sec. 6 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 R645-303.

Sec. 7 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, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
- B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 8 SCOPE OF OPERATIONS - The permittee shall conduct surface disturbing activities only on those lands specifically designated as within the permit area (in section 2 above) 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. All coal mining and reclamation operations are to be conducted within the bounds of the authorized mining area.

Sec. 9 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. 10 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. 11 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. 12 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 13 RECLAMATION FEE PAYMENT - The permittee shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 14 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. 15 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. 16 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. 17 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. 18 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

Sec. 19 SPECIAL CONDITIONS - There are special conditions associated with this permitting action attached as Attachment A.

The above conditions (Secs. 1-19) 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 include these conditions in the contracts between and among them. 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: John R. By
Date: 10/13/2015

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: _____

ATTACHMENT A
Special Conditions
C/007/0005
October 22, 2013

- 1) Canyon Fuel Company, LLC must submit water quality data for the Skyline Mine in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>
- 2) Canyon Fuel Company, LLC must submit cumulative monthly flow data for discharges into Electric Lake and Eccles Creek. This monthly data must be submitted in the first week of the following month.
- 3) Mining within the boundary of the 770 acre North Lease Modification area known as Granger Ridge can only proceed after Federal Mine Plan Approval is granted and concurrence is received from OSM