



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

March 29, 2017

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

Subject: Approval of Permit Renewal, Skyline Mine, Canyon Fuel Company, LLC, C/007/0005,
Task ID #5354

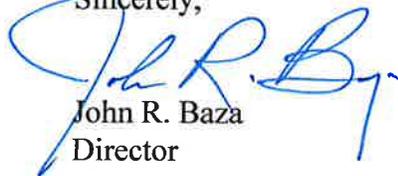
Dear Mr. Heaps:

The permit renewal for the Skyline Mine is approved effective April 30, 2017. Enclosed are two (2) copies of the renewed permanent program permit for the Skyline Mine.

Please read the permit to be sure you understand the requirements and conditions, then have both permits signed by the designated authority and return one signed copy to the Division.

If you have any questions, please call me at (801) 538-5334 or Daron Haddock at (801) 538-5325.

Sincerely,



John R. Baza
Director

JRB/DRH/sqs

Enclosures

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

**For
PERMIT RENEWAL**

**Canyon Fuel Company, LLC
Skyline Mine
C/007/0005
Carbon County, Utah**

March 29, 2017

CONTENTS

- * Administrative Overview
- * Permitting Chronology
- * Findings
- * Affidavit of Publication
- * AVS Recommendation
- * Permit

ADMINISTRATIVE OVERVIEW

Canyon Fuel Company, LLC
Skyline Mine
C/007/0005
Carbon County, Utah

March 29, 2017

PROPOSAL

Canyon Fuel Company, LLC made application to the Division of Oil, Gas and Mining for a five year permit renewal for the Skyline Mine on December 28, 2016.

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 (DOGM) 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 renewed permit for an additional 5-year period until April 30, 1997 was conditioned upon satisfactorily complying with a Division Order that required additional PHC information. The permit was transferred from Coastal States Energy Company to Canyon Fuel Company, LLC on December 20, 1996. The permit was again renewed through April 30, 2002.

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 four conditions relating to water discharge issues as well as the condition for submittal of water monitoring electronically.

The significant amounts of water encountered in the mine prompted the mining company 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.

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. Full extraction for this area received mining plan approved on February 24, 2006. The Cumulative Hydrologic Impact Assessment (CHIA) for the Skyline Mine was updated with that permitting action. On April 30, 2007 the permit was again renewed for an additional five years.

The Skyline mine plan area (including the North Lease) incorporates federal coal leases, one Carbon County coal lease and fee lease. 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 an application to construct the Winter Quarters Ventilation Facility at the Skyline mine. This application was approved on July 29, 2010. A revised permit was issued to update the permit area and authorized mining area of the Skyline mine at the time of that permitting action.

Canyon Fuel Company, LLC submitted an application to modify the North Lease area to add the Granger Ridge extension consisting of approximately 770 acres to the Skyline mine. The application was approved on October 13, 2013. A revised permit was issued to update the authorized mining area of the Skyline mine at the time of that permitting action. There were no surface facilities or disturbances with this permitting action.

Canyon Fuel Company, LLC applied to the Division to add the Swens Canyon Ventilation to the existing permit area. The Division determined the application to be administratively complete on July 14, 2015. The application was approved on July 19, 2016. A revised permit was issued adding 14.50 acres to the permit area.

An application to add the Flat Canyon lease UTU-77114 to the authorized mining area was determined to be administratively complete on November 20, 2015. The Flat Canyon lease encompasses approximately 2,692 acres of federal coal reserves and extends the life of the mine approximately 9 to 12 years. The Flat Canyon lease addition was approved by the Division on February 10, 2017 with the condition that mining in the lease cannot commence until they have received Federal mine plan approval.

The renewed permit will reflect the addition of the new Flat Canyon lease to the authorized mining area. The condition will be added to the renewed permit.

RECOMMENDATION

Canyon Fuel Company, LLC has demonstrated that mining of the Skyline Mine can be done in conformance with the Surface Mining Control and Reclamation Act and the corresponding Utah Act and performance standards. Approval for permit renewal is recommended with four conditions:

- 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://linux3.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) Canyon Fuel Company, LLC must receive federal mine approval from the Secretary of the Interior and concurrence from the Office of Surface Mining. Mining is not authorized in the Flat Canyon Lease until the Mine Plan has been signed by the Assistant Secretary of the Interior.
- 4) To protect sage-grouse habitat, Canyon Fuel, LLC must locate new appurtenant surface facilities outside priority habitat management areas, unless no technically feasible alternative exists. If new appurtenant surface facilities cannot be located outside of priority habitat management areas, locate them within any existing disturbed areas, if possible. If location within an existing disturbed area is not possible, then construct new facilities to minimize disturbed areas while meeting mine safety standards and requirements in the established mine-plan approval process and locate the facilities in an area least harmful to greater sage-grouse habitat based on vegetation, topography, or other habitat features.

PERMITTING CHRONOLOGY

Canyon Fuel Company, LLC
Skyline Mine
C/007/0005
Carbon County, Utah

March 29, 2017

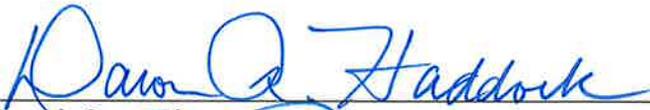
December 28, 2016	Canyon Fuel Company, LLC submits application for permit renewal.
January 13, 2017	Division notifies Canyon Fuel Company, LLC that the Skyline Mine permit renewal application is complete.
January 18, 2017	Division notifies other federal, state and local agencies about the Skyline permit renewal.
January 31 and February 7, 14 and 21, 2017	The Skyline permit renewal is published in the Sun Advocate and the Emery County Progress for four consecutive weeks.
February 2, 9, 16 and 23, 2017	The Skyline permit renewal is published in the Sanpete Messenger for four consecutive weeks.
March 27, 2017	End of public comment period and no comments received.
March 29, 2017	The Division approves the renewed permit effective April 30, 2017.

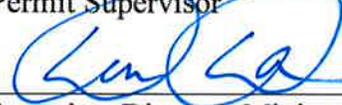
PERMIT RENEWAL FINDINGS

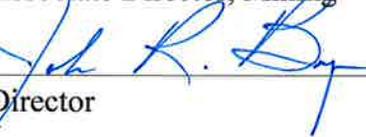
Canyon Fuel Company
Skyline Mine
C/007/0005
Carbon County, Utah

March 29, 2017

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being satisfactorily met (R645-303-233.110).
3. The present underground coal mining activities are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The permittee has provided evidence of having liability insurance (National Union Fire Ins Co Pittsburgh PA GL6576428)(R645-303-233.140).
6. The permittee has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect for the additional permit period (Surety issued by Lexon Insurance Co./Ironshore Indemnity Inc., #1093362, in the amount of \$5,799,000. (R645-303-233.150)).
7. The permittee has submitted all updated information as required by the Division at this time. (R645-233.160).


Permit Supervisor


Associate Director, Mining


Director

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,

I, Jenni Fasselín, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State of Utah a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and on the Utah legals.com website, the first publication was on the 31st day of January, 2017, and that the last publication of such notice was in the issue of such newspaper dated the 21st day of February, 2017

Jenni Fasselín

Jenni Fasselín – Publisher

Subscribed and sworn to before me this 21st day of February, 2017.

Linda Thayne

Notary Public My commission expires January 10, 2019 Residing at Price, Utah

Publication fee, \$ 1,243.20



LEGAL NOTICE

Canyon Fuel Company, LLC of Grand Junction Colorado, hereby announces its intent to renew its coal mining permit for the Skyline Mines under the laws of the State of Utah and the U.S. Office of Surface Mining. The currently approved mining permit is number C0070005.

Canyon Fuel Company, LLC operates the Skyline Mine with surface facilities located in Eccles Canyon which is approximately 4 miles southwest of the town of Scofield, Utah

Underground coal mining will take place in coal reserves owned or leased by Canyon Fuel Company, LLC. No new leases or modifications to the permit are included with the current permit renewal. A description of both the Permit Area and Authorized Mining Area follows:

Legal Description of Permit Area:

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 SW1/2NW1/4, 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 26: Portions of NW1/4NE1/4, N1/2NW1/4, SW1/4NW1/4
Section 27: Portions of the S1/2NE1/4, S1/2NW1/4
Section 35: Portions of NE1/4, S1/2
Section 36: Portions of W1/2NW1/4

Township 13 South, Range 7 East, SLBM

Section 4: Portions of SW1/4NW1/4, NW1/4SW1/4
Section 5: Portions of W1/2NE1/4
Section 6: Portions of S1/2NW1/2
Section 17: Portions of S1/2S1/2
Section 18: Portions of S1/2S1/2
Section 19: Portions of W1/2NW1/2

Township 14 South, Range 6 East, SLBM

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

Authorized Mining Area

Township 12 South, Range 6 East, SLBM

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

Township 12 South, Range 7 East, SLBM

Section 32: Portions of SE1/4SE1/4

Township 13 South, Range 6 East, SLBM

Section 1: Portions of SW1/4NE1/4, W1/4
Section 2: All
Section 3: All
Section 10: All
Section 11: All
Section 12: W1/4SW1/4, W1/4NW1/4, NE1/4NW1/4
Section 13: W1/4, portions SW1/4SE1/4
Section 14: All
Section 15: E1/4NE1/4
Section 22: All
Section 23: W1/4, NE1/4, W1/4SE1/4
Section 24: NW1/4, portions of NE1/4
Section 25: Portions of SE1/4SW1/4
Section 26: W1/2, W1/4SE1/4
Section 27: All
Section 34: All
Section 35: All
Section 36: Portions of NW1/4NW1/4

Township 13 South, Range 7 East, SLBM

Section 4: Portions of W1/4
Section 5: Portions of NE1/4
Section 6: Portions of SW1/4NE1/4
Section 17: Portions of SW1/4SE1/4
Section 18: Portions of NW1/4NW1/4
Section 19: Portions of NW1/4NW1/4

Township 14 South, Range 6 East, SLBM

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

These legal descriptions of the Permit Area and Authorized Mining Area for the Skyline Mine are included in the mining and reclamation plan on file at the Division as shown on drawing 1.5-3 Skyline Mines Permit Area.

The address of the applicant is: Canyon Fuel Company, LLC
225 North 5th Street, Suite 900
Grand Junction, CO 81501

After filing, copies of this permit renewal application will be available for inspection at the following locations: Utah Division of Oil, Gas and Mining, 1594 West North Temple, Salt Lake City, Utah, the Carbon County Courthouse, 1201 East Main Street, Price, Utah, Sanpete County Courthouse in Manti, Utah.

Written comments or requests regarding this permit renewal must be made within 30 days of the last publication of this notice, and may be addressed to the Utah Division of Oil, Gas and Mining, 1594 West North Temple, Salt Lake City, Utah 84114-5801
Published in the Emery County Progress-January 31, February 7, 14 and 21, 2017.



AFFIDAVIT OF PUBLICATION

STATE OF UTAH) ss.
County of Emery,)

I, Jenni Fasselín, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State of Utah and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and on the Utah legals.com website; the first publication was on the 31st day of January, 2017, and that the last publication of such notice was in the issue of such newspaper dated the 21st day of February, 2017.

Jenni Fasselín

Jenni Fasselín - Publisher

Subscribed and sworn to before me this 21st day of February 2017.

Linda Thrayn

Notary Public My commission expires January 10, 2019 Residing at Price, Utah

Publication fee, \$ 888.00



LEGAL NOTICE

Canyon Fuel Company, LLC of Grand Junction Colorado, hereby announces its intent to renew its coal mining permit for the Skyline Mine under the laws of the State of Utah and the U.S. Office of Surface Mining. The currently approved mining permit is number 07057/0005.

Canyon Fuel Company, LLC operates the Skyline Mine with surface facilities located in eastern Canyon which is approximately 4 miles southwest of the town of Scofield, Utah.

Underground coal mining will take place in coal reserves owned or leased by Canyon Fuel Company, LLC. No new leases or modifications to the permit are included with the current permit renewal. A description of both the Permit Area and Authorized Mining Area follows:

Legal Descriptions of Permit Area:

- Township 12 South, Range 6 East, S1, SBM
- Section 26: Portions of SW1/4SW1/4
- Section 34: Portions of NE1/4NE1/4
- Township 12 South, Range 7 East, S1, SBM
- Section 32: Portion SE1/4SE1/4
- Township 13 South, Range 6 East, S1, SBM
- 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 26: Portions of NW1/4NE1/4, N1/2NW1/4, SW1/4NW1/4
- Section 27: Portions of the S1/2NE1/4, S1/2NW1/4
- Section 36: Portions of NE1/4, S1/2
- Section 38: Portions of N1/2NW1/4

Township 13 South, Range 7 East, S1, SBM

- Section 4: Portions of SW1/4NW1/4, NW1/4SW1/4
- Section 5: Portions of E1/2NE1/4
- Section 6: Portions of S1/2S1/2
- 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, S1, SBM

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

Authorized Mining Area

- Township 12 South, Range 6 East, S1, SBM
- Section 25: SE1/4NE1/4, S1/4SE1/4, lots 3 and 4, SW1/4NE1/4, W1/4SE1/4, SW1/4
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- Section 34: Portions of the S1/4NE1/4, S1/4, NE1/4NE1/4
- Section 35: All
- Section 36: W1/4, N1/4NE1/4, SW1/4NE1/4, NW1/4SE1/4, NW1/4NE1/4
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Township 13 South, Range 6 East, S1, SBM

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- Section 10: All
- Section 11: All
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- Section 24: NW1/4, portions of NE1/4
- Section 25: Portions of SE1/4SW1/4
- Section 26: W1/4, W1/4E1/4
- Section 27: All
- Section 34: All
- Section 35: All
- Section 36: Portions of N1/4NW1/4

Township 13 South, Range 7 East, S1, SBM

- Section 4: Portions of W1/4,
- Section 5: Portions of NE1/4
- Section 6: Portions of S1/4NW1/4
- Section 17: Portions of S1/4S1/4
- Section 18: Portions of S1/4S1/4
- Section 19: Portions of W1/4NW

Township 14 South, Range 6 East, S1, SBM

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

These legal descriptions of the Permit Area and Authorized Mining Area for the Skyline Mine are included in the mining and reclamation plan on file at the Division as shown on drawing 1 C-3 Skyline Mines Permit Area.

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225 North 5th Street, Suite 900
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Published in the Sun Advocate January 31, February 7, 14 and 21, 2017

AFFIDAVIT OF PUBLICATION

COUNTY OF SANPETE }
STATE OF UTAH } ss:

I, Karen Christensen, employee of Sanpete News Company, Inc., publisher of the Sanpete Messenger, a newspaper of general circulation published weekly at Maun, Sanpete County, Utah, do solemnly swear that the

Legal Notice: Canyon Fuel Company - Coal Mining Permit

As per clipping attached, was published once a week for four successive week(s) in the regular and entire issue of said newspaper and not in a supplement thereof, commencing with the issue dated February 2, 2017 and ending with the issue dated February 23, 2017.

Karen Christensen

Subscribed and sworn to before me this 23 day of February 2017

Garrett V. [Signature]
Notary Public Signature

Notary public residing at Maun, Utah
My Commission will expire 7-6-2020

[SEAL]



LEGAL NOTICE

Canyon Fuel Company, LLC of Grand Junction, Colorado, hereby announces its intent to renew its coal mining permit for the Skyline Mine under the laws of the State of Utah and the U.S. Code of Surface Mining. The currently approved mining permit is number: C00770005.

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- Section 25: Portions of S1/2S1/2
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- Section 18: Portions of S1/2S1/2
- Section 19: Portions of N1/2N1/2
- Township 14 South, Range 8 East, SLBM
- Section 2: Portions of W1/2NW1/4
- Section 3: Portions of SE1/4NE1/4

Authorized Mining Area

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- Section 34: Portions of the S1/4NE1/4, S1/4NE1/4NE1/4
- Section 35: All
- Township 13 South, Range 7 East, SLBM
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- Section 3: E1/4NE1/4

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- Section 3: E1/4NE1/4

These legal descriptions of the Permit Area and Authorized Mining Area for the Skyline Mine are included in the mining and reclamation plan or file as the Division as shown on drawing 1 S3 Skyline Mines Permit-Area. The address of the applicant is: Canyon Fuel Company, LLC, 225 North 5th Street, Suite 900, Grand Junction, CO 81501

After filing, copies of this permit renewal application will be available to the public at the following locations: Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah; the Carbon County Courthouse, 120 East Main Street, P.O. Box 100, Sanpete County Courthouse in Maun, Utah. Written comments or requests regarding this permit renewal must be made within 30 days of the last publication of the notice, and may be addressed to the Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5501. Published Sanpete Messenger Feb. 2, 9, 16, 23, 2017



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

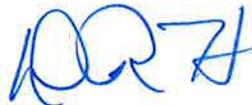
MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 29, 2017

To: Internal File

From: Daron R. Haddock, Coal Program Manager 

Subject: 510 (c) Recommendation for Canyon Fuel Company, LLC, Skyline Mine, C/007/0005, Task ID #5354

As of writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected for the Skyline Mine. There are no finalized civil penalties, which are outstanding and overdue in the name of Canyon Fuel Company, LLC. Canyon Fuel Company, LLC does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Attached is a recommendation from the OSM Applicant Violator System for the Skyline Mine that states there are no outstanding violations.

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Application Evaluation

Application Number C0070005 SEQ:10
 Applicant Name 142816 Canyon Fuel Company LLC
 Date Of Narrative 3/29/2017 10:32:16 AM
 Requestor suzanne.steab

CAUTION: The Applicant/Violator System (AVS) is an informational database. Permit eligibility determinations are made by the regulatory authority with jurisdiction over the permit application not by the AVS. Results which display outstanding violations may not include critical information about settlements or other conditions that affect permit eligibility. Consult the AVS Office at 800-643-9748 for verification of information prior to making decisions on these results.

12 Violations Found.

1: Revoked Permit	<u>11</u>	IL	Permit:11	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
2: Revoked Permit	<u>128</u>	IL	Permit:128	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
3: Revoked Permit	<u>167</u>	IL	Permit:167	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
4: Revoked Permit	<u>172</u>	IL	Permit:172	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
5: Revoked Permit	<u>192</u>	IL	Permit:192	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
6: Revoked Permit	<u>228</u>	IL	Permit:228	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
7: Revoked Permit	<u>252</u>	IL	Permit:252	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
8: Revoked Permit	<u>267</u>	IL	Permit:267	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
9: Revoked Permit	<u>8</u>	IL	Permit:8	Conditional	1/9/2004
Violator 1:	146616 Jader Coal Company LLC				
10: Bond Forfeiture	<u>8970262</u>	KY	Permit:8970262	Conditional	8/13/1993
Violator 1:	107269 Malachi Coal Company Incorporated				
11: Bond Forfeiture	<u>8970302</u>	KY	Permit:8970302	Conditional	1/8/2001
Violator 1:	101447 Flaget Fuels Inc				
12: Bond Forfeiture	<u>8970302</u>	KY	Permit:8970302	Conditional	1/8/2001
Violator 1:	101447 Flaget Fuels Inc				

Evaluation OFT

Entities: 18

249039 Halas Energy LLC - ()
 ---101448 John Joseph Siegel Jr - (Manager)
 ---101448 John Joseph Siegel Jr - (Member)
 ---249034 Cedars Energy LLC - (Subsidiary Company)
 -----101448 John Joseph Siegel Jr - (Manager)
 -----254567 Bowie Resource Partners, LLC - (Subsidiary Company)
 -----101448 John Joseph Siegel Jr - (Corporate Officer)
 -----101448 John Joseph Siegel Jr - (Director)
 -----128807 James J Wolff - (Chief Financial Officer)
 -----129465 Eugene E Diclaudio - (Chief Operations Officer)
 -----153972 Paul Warner - (Senior Vice President)
 -----254566 Bowie Resource Holdings, LLC - (Subsidiary Company)
 -----101448 John Joseph Siegel Jr - (Corporate Officer)
 -----128807 James J Wolff - (Chief Financial Officer)
 -----129465 Eugene E Diclaudio - (Chief Operations Officer)
 -----142816 Canyon Fuel Company LLC - (Subsidiary Company)
 -----101448 John Joseph Siegel Jr - (Chief Executive Officer)
 -----128807 James J Wolff - (Chief Financial Officer)
 -----129465 Eugene E Diclaudio - (Chief Operations Officer)
 -----129465 Eugene E Diclaudio - (Director)
 -----129465 Eugene E Diclaudio - (President)

-----153972 Paul Warner - (Vice President)
-----254573 Brian Settles - (General Counsel)
-----254573 Brian Settles - (Secretary)
-----254573 Brian Settles - (Vice President)
-----254617 Bruce Lindsay - (Vice President)
-----254618 Grant Quasha - (Vice President)
-----153972 Paul Warner - (Senior Vice President)
-----254573 Brian Settles - (General Counsel)
-----254573 Brian Settles - (Secretary)
-----254573 Brian Settles - (Senior Vice President)
-----254617 Bruce Lindsay - (Senior Vice President)
-----254618 Grant Quasha - (Corporate Officer)
-----254573 Brian Settles - (General Counsel)
-----254573 Brian Settles - (Secretary)
-----254573 Brian Settles - (Senior Vice President)
-----254617 Bruce Lindsay - (Senior Vice President)
-----254618 Grant Quasha - (Corporate Officer)
-----254620 Jesus Fernandez - (Director)
-----259469 Carlos Pons - (Director)
254568 Galena US Holdings, Inc. - ()
---254567 Bowie Resource Partners, LLC - (Subsidiary Company)
-----101448 John Joseph Siegel Jr - (Corporate Officer)
-----101448 John Joseph Siegel Jr - (Director)
-----128807 James J Wolff - (Chief Financial Officer)
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-----254617 Bruce Lindsay - (Senior Vice President)
-----254618 Grant Quasha - (Corporate Officer)
-----254620 Jesus Fernandez - (Director)
-----259469 Carlos Pons - (Director)
-----254574 Jeffrey Kopp - (President)
-----254575 Bryan Keogh - (Treasurer)
-----254576 Jesus Fernandez Lopez - (Secretary)

Narrative

3/29/2017 - Violations 1-12 are coded "conditional," indicating a settlement, payment plan, or pending challenge. Linking entity is John Joseph Siegel Jr. Any state evaluating an entity with conditional state violations, particularly for the purpose of a permitting action, is reminded that they should contact the state(s) that entered the violation(s) to confirm the conditional status of those state violations. DB

**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 26: Portions of NW1/4NE1/4, N1/2NW1/4, SW1/4NW1/4
Section 27: Portions of the S1/2NE1/4, S1/2NW1/4
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 SW1/4NW1/4, 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: Portions of S1/2NE1/4, W1/2
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 28: lots 1-8, S1/2NW1/4, SW1/4
Section 33: E1/2, E1/2W1/2, NW1/4NW1/4, SW1/4SW1/4
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: Portions of W1/2NW1/4
Section 3: Portions of E1/2NE1/4
Section 4: lots 1-4, S1/2N1/2, S1/2
Section 5: lots 1-4, S1/2N1/2, S1/2

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, 2022.

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. Byrnes
Date: 4/3/2017

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
April 30, 2017

- 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://linux3.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) Canyon Fuel Company, LLC must receive federal mine approval from the Secretary of the Interior and concurrence from the Office of Surface Mining. Mining is not authorized in the Flat Canyon Lease until the Mine Plan has been signed by the Assistant Secretary of the Interior.
- 4) To protect sage-grouse habitat, Canyon Fuel, LLC must locate new appurtenant surface facilities outside priority habitat management areas, unless no technically feasible alternative exists. If new appurtenant surface facilities cannot be located outside of priority habitat management areas, locate them within any existing disturbed areas, if possible. If location within an existing disturbed area is not possible, then construct new facilities to minimize disturbed areas while meeting mine safety standards and requirements in the established mine-plan approval process and locate the facilities in an area least harmful to greater sage-grouse habitat based on vegetation, topography, or other habitat features.