

PLATEAU MINING COMPANY

Application for

COAL BY-PASS LEASE

September 24, 1982

RECEIVED

SEP 28 1982

DIVISION OF
OIL, GAS & MINING

PROPOSAL

Getty Mining Company (formerly Getty Mineral Resources Company), 3810 Wilshire Boulevard, Los Angeles, California, 90010 (applicant), hereby applies for an emergency lease of Federal land pursuant to the regulations in 43 CFR Subpart 3425 and agrees that the leased land if granted will be subject to the terms and conditions contained in 43 CFR Subpart 3425. This coal property is contiguous to an existing Federal Lease controlled by Plateau Mining Company and is isolated from any other leased coal property. Plateau Mining Company, a subsidiary of Getty Mining Company, has operated the Star Point Mines since 1971 and is currently producing coal from four sections in the Wattis and Third Seams of Federal Lease SL 031286 immediately adjacent to the proposed Coal By-Pass Lease.

LOCATION

The following description applies to the area of concern:

T. 15 S., R. 7 E.

S1M, Utah, Carbon County

Sec. 1: Lots 7, 9, 10 (Lots 7, 9, and 10 are included in NE $\frac{1}{4}$ of Sec. 1)

Contains 120 acres more or less.

QUALIFICATION OF APPLICANT

Getty Mining Company, a wholly owned subsidiary of Getty Oil Company, owns and operates, through Plateau Mining Company (PMC), two coal mines located near Wattis, Utah. (See Map No. 1) The applicant is a corporation registered in the State of Delaware. Please refer to Plateau Mining Company's approved Mining and Reclamation Plan of January 21, 1982, for documents establishing Getty Mining Company's and PMC's authority to conduct business.

The total acreage of Federal lands that PMC has presently leased totals 4,248.38 acres. State leased lands contribute an additional 400 acres.

Plateau Mining Company is the sole party of interest in the lease.

EMERGENCY LEASING CRITERIA

The Star Point Mines have undergone an extensive rehabilitation program since acquiring the property from Lion Coal Corporation in 1968.

Coal has been produced steadily every year during this rehabilitation program and mining has been conducted in virgin areas during the past two years. The management philosophy at PMC has been to mine the coal reserves it possesses to the fullest possible extent.

The present mining sequence shows that the northern property boundary will be reached in 1983, thus the tract being applied for would be developed in 1983 and completely mined out by the end of 1985.

The projected mining sequence complies with the three year maximum for start of mining and the eight year maximum time frame for the extraction of recoverable reserves; article 3425.1-4.

It is PMC's continued desire to mine all of the valuable coal resources possibly available to it. Although this tract may prove to be unsuitable to mine, (i.e., this area has a possibility to be burned), it enables Plateau to continue in its efforts to maximize total coal recovery from this peninsula. This particular tract would be a natural continuation of the mining development in the area. If this tract is not acquired, it would be by-passed in the near future and all existing underground access to this coal would be lost. Since the quantity of reserves in this tract is too low to justify the capital expenditures required for a new mine, these reserves would be lost unless mined from existing underground access.

Federal Coal Lease SL 031286, containing 1,631.12 acres, was first issued September 4, 1923 and is scheduled for renewal on September 4, 1983. These early coal leases were normally blocked out in areas that contained totally mineable seams of coal. Areas that contained known

physical constraints to mining such as fault zones, pinched seams, or the narrow peninsulas where the bulk of the reserve was usually burned or sloughed, were excluded from the leased tracts.

PMC has shown interest in this parcel of land previously, but the additional acreage has not been offered for competitive lease sale.

In response to the "expression of interest" listed in the Federal Register on August 23, 1979, PMC's list included: Township 15 South, Range 7 East, Section 1 NE $\frac{1}{4}$, which encompasses the tract of coal being applied for. This response was dated October 25, 1979 and a copy is included in PMC's approved Mining and Reclamation Plan. Due to the fact that the tract has not been offered for public sale, Plateau Mining Company has not been permitted to add this tract to its mining plan. Since the area of interest may be scheduled in the mine production forecast for 1983, an emergency lease sale is respectfully requested for this 120 acre tract as the area will be sealed and abandoned upon extraction of leased coal south of this area.

COAL LEASES

The coal leases under which Plateau Mining Company currently operates are as follows:

Federal Coal Lease	SL 031286
Federal Coal Lease	U 7949
Federal Coal Lease	U 13097
Federal Coal Lease	U 37045
Utah State Coal Lease	22729

In addition, the operator owns some coal property in fee.

M.S.H.A. IDENTIFICATION NUMBERS

The Mine Safety and Health Administration Identification numbers for the mining operations are:

42-00170 and 42-00171 -
42-00170 includes Star Point No. 1 Mines
42-00171 includes Star Point No. 2 Mines

SURFACE OWNERSHIP

The surface area overlying the proposed mining area contained within the lease is managed by the U.S.D.A. Forest Service, Manti-LaSal National Forest. The responsible Forest Service official is:

Reed C. Christensen
Forest Supervisor
Manti-LaSal National Forest
Price, Utah 84501
(801) 637-2817

GEOLOGIC STRUCTURE

The structure of the area of application is typical of, and similar to the surrounding countryside. The strata contains three coal seams which may be mineable. They are named from top to bottom as Wattis, Third and Hiawatha Seams, respectively. There are no drill holes located within the area, however, outcrop information is available approximately 1,000 feet southwest of the southwest corner of the described area.

All three seams share similar attitudes and dip is approximately 2° to the southeast with a strike of N. 79° E. There are two known faults trending east-west within the area; displacements range from 70 to 100 feet for each. Several north-south faults, with minor displacements have been encountered within the parcels now held by PMC. These faults are shown on Map No. 2. (A detailed description of the geology of the region is contained in PMC's approved Mining and Reclamation Plan.)

RESERVES

The reserve information supplied for this lease is based upon an extension of data collected at the previously mentioned outcrop location. In-place reserves are calculated using a constant barrier to daylight of 200 feet and include coal not accessible due to faulting. Recoverable reserves are estimated based on in-place reserves, discounted on the basis of known and projected geology and on recovery factors established by on-going mining operations.

In-place and recoverable reserves for the three seams within the area are as follows:

	<u>In-Place Tons</u>	<u>Recoverable Tons</u>
Wattis -	360,000	161,000
Third -	350,000	148,000
Hiawatha -	560,000	212,000
	<hr/>	<hr/>
Total -	1,270,000	521,000

The reserve estimates are based on outcrop data and do not account for burned coal area. When burned coal is considered in the recoverable reserves analysis, it is likely that very little, if any, mineable coal is present within this tract. The recoverable reserve figures represent the extreme upper limit of expected mineable reserves, should faults, burned areas and/or thinning not be encountered.

COAL QUALITY DATA

The following analytical data is based on the information gained from the drill hole W-4. This drill hole is the nearest one to the tract. (See Map No. 2)

	<u>Wattis</u>	<u>Third</u>	<u>Hiawatha</u>
Equilibrium Moisture %	5.79	5.89	5.25
Ash % (dry coal basis)	6.34	6.65	6.66
Total Sulfur % (dry coal basis)	.57	.77	.63
BTU/lb. (dry coal basis)	13,477	13,407	13,463

NOTE: These values are exclusive of mining dilution.

MINING PROCEDURE

Mining is scheduled to proceed in a northerly direction within Federal Lease SL 031286. (See Map No. 2) These headings will be referred to as Panel A.

The scheduled time frame for mining activities to approach the tract are as follows:

1. Entries will be driven from the 2nd Main North West entries in a northerly direction according to the layout of Panel A, beginning in January 1983.
2. Entry into the tract will be from a continuation of the Panel A entries and should commence in May 1983 barring any unforeseen circumstances.

Mining is by continuous miner/room-and-pillar mining methods. This type of mining is the only means by which peninsula areas such as this can be mined effectively. This block is too small and irregular in plan dimensions to utilize longwall or shortwall methods. All development entries in this area will consist of five headings on 72 foot centers with 72 foot cross-cut centers. This will leave four rows of 52' x 52' pillars evenly spaced.

Plateau Mining Company will operate equipment within, or produce coal from the area on any or all of the three shifts presently operating.

Mining will proceed northerly according to the layout of Panel A. Geologic adversities may, however, dictate either discontinuance of the development or a change in the direction of development. Where possible, mining will proceed to the property line or to within 200 feet of daylight, whichever is first. PMC will leave a 200' barrier to daylight and all mining activity will be surrounded by this barrier. It has been Plateau's experience in mining peninsulas such as this, that burned or oxidized coal may prohibit mining much further within the peninsula than would be dictated by the 200 foot barrier. Mining in this manner will protect steep escarpments on the surface from massive slope failures. It should also assure that no unauthorized surface breakouts or exterior portal entries will be constructed in this area. In such cases where burn or faulting prohibits mining or where pillars cannot be extracted for any reason, the M.M.S. will be notified and a request will be made to leave the coal. Mining of the three seams in this area will not be detrimental to the mining of any other area.

Ventilation, during the mining of this area, will be in accordance with PMC's approved ventilation plan using conventional block stoppings and overcasts to course fresh air to the active mining areas. All mine openings will be supported in accordance with the approved roof control plan for the Star Point No. 2 Mine.

COAL USE

Coal extracted from this tract will ultimately be used in the production of electricity from steam.

SUBSIDENCE AND HYDROLOGY

Plateau Mining Company has, in cooperation with the U.S.F.S., implemented a subsidence monitoring program covering our current permit area.

PMC established a network of permanent monuments (see Map No. 3) for ground control for aerial photography, and the permit area is photographed once each year by the U.S.F.S. Geodetic Division. Through photogrammetric techniques, horizontal or vertical movement of the ground surface, if any, can be detected. As can be observed by examining Map No. 3, PMC has sufficient survey control on the surface above the proposed by-pass lease to allow detection of any subsidence.

The proposed by-pass lease area was studied by Vaughn Hansen Associates in conjunction with the "Hydrologic Inventory" which was prepared for PMC in December 1979. Plateau's on-going hydrologic monitoring program includes two sampling points in the vicinity of the proposed by-pass lease, one in Corner Canyon and one in Mud Water Canyon.

Plateau Mining Company's current subsidence and hydrologic monitoring programs should be more than sufficient to detect any surface effects of mining.

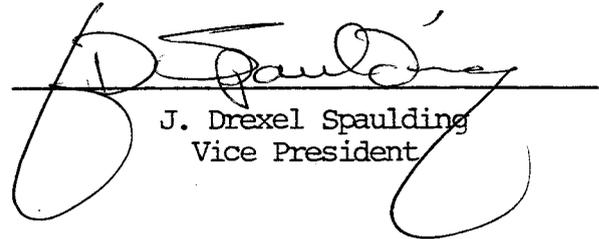
RECLAMATION

Entry into the tract will be by underground access. There will be no roads or other surface disturbance other than the possibility of surface fractures. There are no cultural, visual, paleontological or archaeological features in the area, along with wetlands or flood plains that will be affected by the proposed mining. Also, wildlife and fish will not be affected by the proposed mining. The need for future surface reclamation is not anticipated at this time.

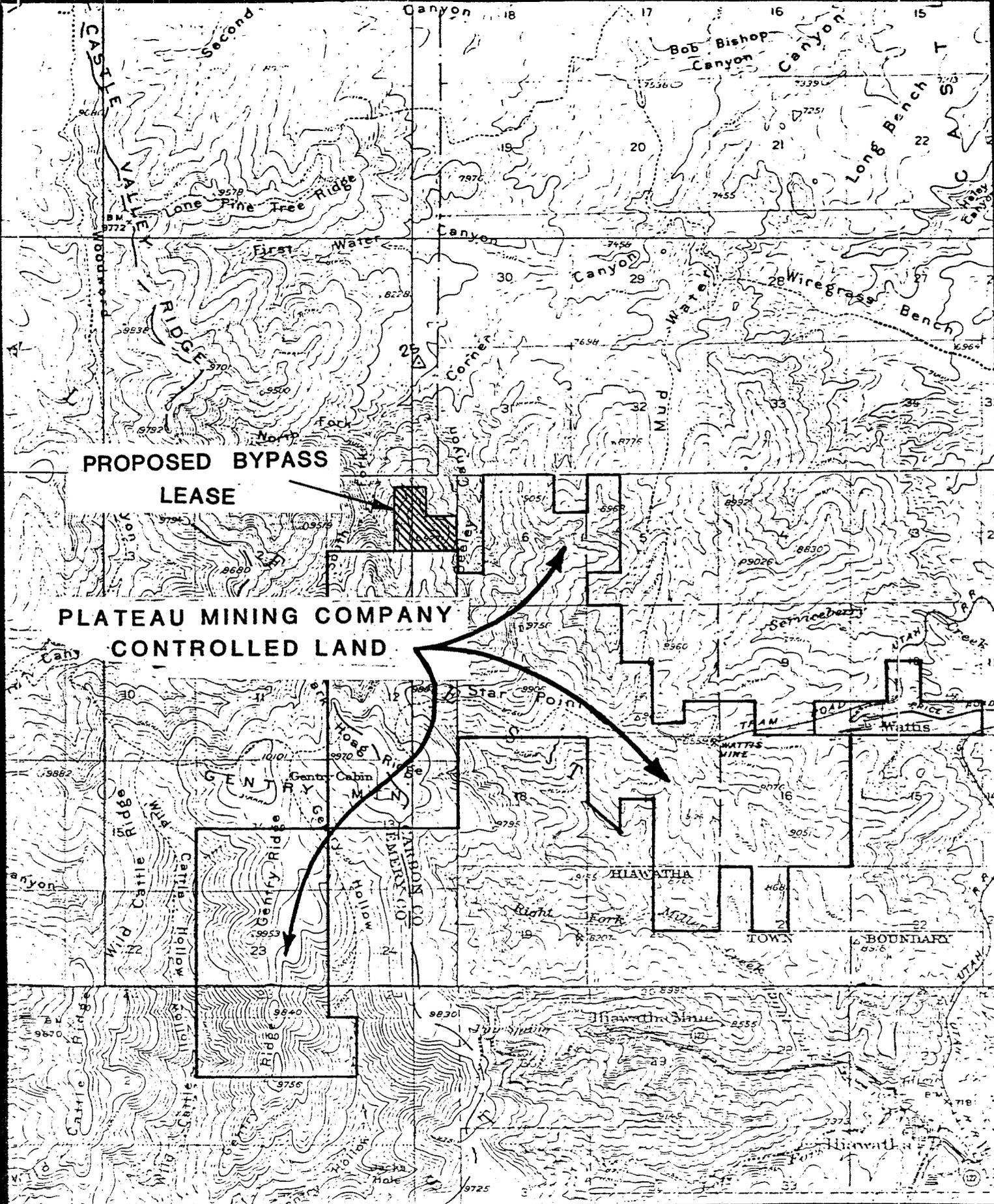
RESPONSIBLE PERSON

J. Drexel Spaulding
Vice President
Getty Mining Company
Suite 2000
5250 South 300 West
P.O. Box 7900
Salt Lake City, Utah 84107
(801) 263-3850

Signed



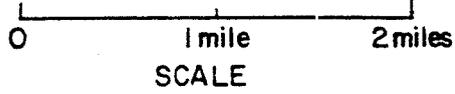
J. Drexel Spaulding
Vice President



**PROPOSED BYPASS
LEASE**

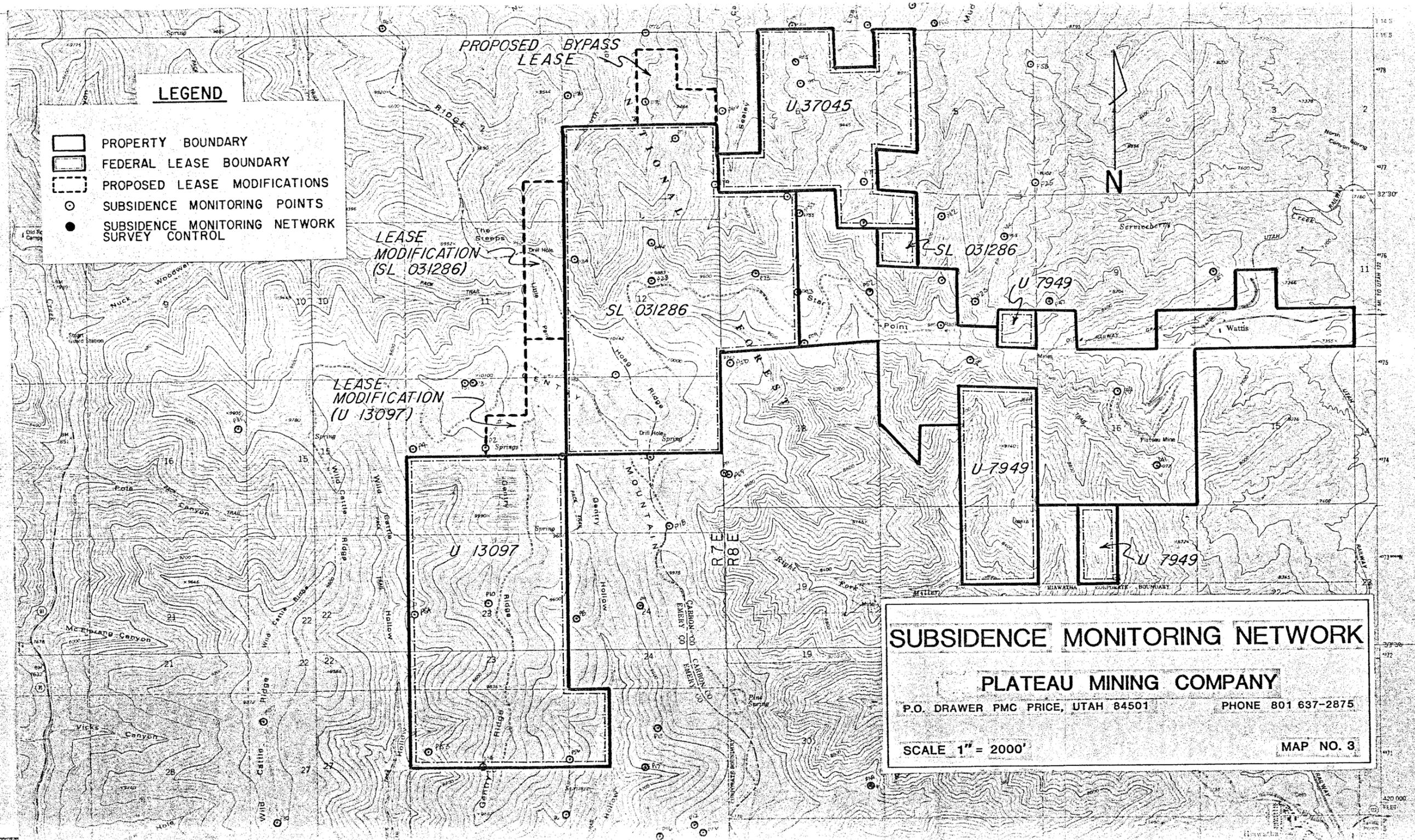
**PLATEAU MINING COMPANY
CONTROLLED LAND**

LOCATION MAP



MAP NO. 1

From Wattis and Hiawatha 15' Quadrangles



LEGEND

- PROPERTY BOUNDARY
- FEDERAL LEASE BOUNDARY
- PROPOSED LEASE MODIFICATIONS
- SUBSIDENCE MONITORING POINTS
- SUBSIDENCE MONITORING NETWORK SURVEY CONTROL

LEASE MODIFICATION (SL 031286)

LEASE MODIFICATION (U 13097)

U 13097

SL 031286

U 37045

SL 031286

U 7949

U 7949

U 7949

SUBSIDENCE MONITORING NETWORK

PLATEAU MINING COMPANY

P.O. DRAWER PMC PRICE, UTAH 84501

PHONE 801 637-2875

SCALE 1" = 2000'

MAP NO. 3