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#2

FEDERAL
(February 1985)

Permit Number ACT/007/007, 1/86

RECEIVED

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

JAN 16 1986

DIVISION OF OIL
GAS & MINING

This permit, ACT/007/007, which incorporates the Office of Surface Mining (OSM) Permit UT-0014, 1/86, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Kaiser Coal Corporation
P. O. Box 2679
102 South Tejon, Suite 800
Colorado Springs, Colorado 80901-2679

for the Sunnyside Mine. Kaiser Coal Corporation is the lessee of federal coal leases SL 062966-063383, U 010140, U 32083, SL 068754, and/or the lessee/owner of certain fee-owned parcels listed in the Legal Description following Section 2. The permit is not valid until a performance bond is filed with the DOGM in the amount of \$3,397,349.00, payable to the state of Utah, Division of Oil, Gas and Mining and OSM, and the DOGM has received 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 UCMRA.
- Sec. 2 The permittee is authorized to conduct surface coal mining and reclamation operations on the following described lands (as shown on ownership map) within the permit area at the Sunnyside Mines situated in the state of Utah, Carbon County, and located:

Fee Land

Township 14 South, Range 14 East, SLB&M, Utah

Sec. 6: N1/2, S1/2 SW1/4, S1/2 SE1/4, NW1/4 SE1/4

Sec. 7: NW1/4, SW1/4 NE1/4, E1/2 SW1/4, S1/2 SE1/4, NW1/4 SE1/4

Sec. 17: NE1/4, SE1/4 NW1/4, SW1/4, S1/2 SE1/4

Sec. 18: E1/2, S1/2 SW1/4, NE1/4 SW1/4, NW1/4 SW1/4, SW1/4 NW1/4 less the following described area:

Beginning at the NW corner of SW1/4 NW1/4 of Section 18, Township 14 South, Range 14 East:

thence S 45° 05' E, 1,577.42 ft;
thence S 39° 25' W, 1,759.22 ft;
thence N 2,472.87 ft to point of beginning.

Sec. 19 and 20: All
Sec. 21: W1/2
Sec. 28 and 29: All
Sec. 30: NE1/4, NE1/4 NW1/4, NW1/4 SE1/4
Sec. 31: S1/2 NE1/4, NE1/4 NE1/4
Sec. 32 and 33: All
Sec. 34: W1/2

Township 15 South, Range 14, East, SLB&M, Utah

Sec. 3: W1/2
Sec. 4: All
Sec. 5: NE1/4, N1/2 SE1/4, SE1/4 SE1/4, W1/2, SW1/4 SE1/4
Sec. 6: S1/2 SE1/4, SE1/4 SW1/4, portions of N1/2 SE1/4
and NE1/4 SW1/4, South of the D&RGW Railroad right-of-way.
Sec. 7: N1/2 NE1/4, N3/4 NW1/4
Sec. 8: NE1/4 NE1/4, N1/2 NW1/4, NW1/4 NE1/4
Sec. 9: All
Sec. 10: W1/2, SE1/4
Sec. 15: W1/2, N1/2 NE1/4
Sec. 16: E1/2, NW1/4, E1/2 SW1/4
Sec. 17: E1/2 NE1/4

Federal Leases

Federal Coal Leases numbers Salt Lake 062966-063383-Utah 010140, Utah 32083 and SL-068754. Areas within both the leases and the permit area are described as follows:

Township 14 South, Range 13 East, SLB&M, Utah

Sec. 1: SE1/4, SE1/4 SW1/4
Sec. 12: NW1/4, NE1/4, SE1/4, NE1/4 SW1/4 less the following described area:

Beginning at a point which bears S 1,320 ft from the NW corner of Section 12:

thence S, 1,320 ft;
thence S 89° 55' 30" E, 1,327.01 ft;
thence S, 1,320 ft;
thence S 89° 53' 15" E, 1,327.22 ft;
thence S, 1,320 ft;
thence S 89° 51' E, 1,327.43 ft;
thence N 45° 05' 07" W, 5,623.40 ft to the place of beginning.

Sec. 13: Portions of: NE1/4 NE1/4, E1/2 SE1/4, SW1/4 SE1/4, SE1/4 SW1/4, NE1/4 SW1/4, NW1/4 SW1/4, SW1/4 NW1/4 which are shown on Plate II-2 of the Mining and Reclamation Plan (MRP).

Sec. 24: S1/2 SE1/4, Portions of: N1/2 NE1/4, SE1/4 NE1/4, N1/2 SE1/4 and NE1/4 SW1/4 which are shown on Plate II-2 of the MRP.

Sec. 14: Portions of: NE1/4 which is shown on Plate II-2 of the MRP.

Sec. 11: Portions of: SW1/4 SE1/4 which is shown on Plate II-2 of the MRP.

Sec. 25: NE1/4 NE1/4

Township 14 South, Range 14 East, SLB&M, Utah

Sec. 6: N1/2 SW1/4

Sec. 7: W1/2 SW1/4

Sec. 8: SW1/4, SW1/4 SE1/4

Sec. 17: W1/2 NW1/4, NE1/4 NW1/4, N1/2 SE1/4

Sec. 18: E1/2 NW1/4, NW1/4 NW1/4

Sec. 30: NW1/4 NW1/4, SE1/4 NW1/4, NE1/4 SW1/4, S1/2 SE1/4, NE1/4 SE1/4

Sec. 31: NW1/4 NE1/4

Carbon County Lease

Salt Lake Meridian, Utah

Township 14 South, Range 14 East

Sec. 21: SE1/4

Sec. 27: SW1/4, SW1/4 NW1/4

Sec. 34: E1/2

Township 15 South, Range 14 East

Sec. 3: E1/2

Sec. 10: NE1/4

This legal description is for the permit boundary (as shown on the permit area map) of the Sunnyside Mines. The permittee is authorized to conduct surface and reclamation operations connected with mining on the foregoing described property subject to the conditions of the leases, the approved mining plan, and OSM permit UT-0014, 1/86, to be issued January 6, 1986, including all conditions and all other applicable conditions, laws and regulations.

Sec. 3 This permit is issued for a term of five (5) years commencing on the date the permit is signed by the permittee, except that this permit will terminate if the permittee has not begun the surface coal mining and reclamation operations covered herein within three (3) years of the date of issuance.

- Sec. 4 The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Request for 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 UMC 788.17-.19.
- Sec. 5 The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of the Office of Surface Mining, 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, UMC 840.12, 30 CFR 842.13 and UMC 842.13; and,
 - B. be accompanied by private persons for the purpose of conducting an inspection in accordance with UMC 842.12 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 6 The permittee shall conduct surface coal mining and reclamation operations only on those lands specifically designated as within the permit area on the maps submitted in the mining plan and permit application and approved for the term of the permit and which are subject to the performance bond.
- Sec. 7 The permittee shall minimize any adverse impact to the environment or public health and safety including 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. 8 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. 9 The lessee 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 and OSM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

- Sec. 10 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. 11 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. 12 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. 13 If during the course of mining operations, previously unidentified cultural resources are discovered, the applicant shall ensure that the site(s) is not disturbed and shall notify the state Regulatory Authority (RA). The state RA, after coordination with OSM, shall inform the operator of necessary actions required.
- Sec. 14 APPEALS - The lessee shall have the right to appeal: (a) under 30 CFR 775 from actions or decisions of any official of OSM; (b) under 43 CFR 3000.4 from an action or decision of any official of the Bureau of Land Management; (c) under 30 CFR 290 from an action, order or decision of any official of the Minerals Management Service; or (d) under applicable regulations from any action or decision of any other official of the Department of the Interior arising in connection with this permit. In addition, the lessee shall have the right to appeal as provided for under UMC 787.
- Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and of performance set out in the leases, OSM permit UT-0014, 1/86 and this permit, the permittee shall comply with the special conditions of OSM permit UT-0014, 1/86 and the conditions appended hereto as Attachment A.

The above conditions (Secs. 1-15) 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 the grantor and the permittee at any time to adjust to changed conditions or to correct an oversight. The grantor 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: Dwayne R. Nelson
Date: January 6, 1986

I certify that I have read and understand the requirements of this permit and any special conditions attached.

 Kaiser Coal Corporation
 Charles B. McNeil
 President
Authorized Representative of
the Permittee

Date: 1-11-86

APPROVED AS TO FORM:

By: Barbara W. Roberts
Assistant Attorney General

Date: January 3, 1986

ATTACHMENT A

STIPULATIONS DOCUMENT

Kaiser Coal Corporation
Sunnyside Mines
ACT/007/007, Carbon County, Utah

January 3, 1986

Stipulation 817.43-(1)-JW

1. The applicant shall assure that during construction of outlet protection measures, shown on Plate III-35 of the MRP, that the edges of fabric liner are secured by burying with at least eight inches of soil.

Stipulation 817.44-(1, 2)-JW

1. The applicant shall not retain culverts shown as RC2-4 and RC3-1 on Plate III-28 of the mine plan as permanent culverts after mining unless these culverts are replaced at the termination of mining with adequately sized culverts as determined and approved by the regulatory authority.
2. The applicant shall install a well-graded riprap with a median size of 12 inches in the #2 Canyon channel in those areas which cross the reclaimed area during final reclamation or utilize other such measures approved by the regulatory authority to achieve a stable postmining channel configuration.

Stipulation 817.47-(1)-JW

1. The applicant shall install, no later than June 15, 1986, the proposed wire basket rock gabions at the outlets from the hoisthouse and manshaft sediment ponds.

Stipulation 817.91-.93-(1)-PGL

1. The applicant may not use the ESC until the Division approves the embankment configuration that meets the partial pool steady seepage saturation condition minimum safety factor of 1.5 and the seismic safety factor of at least 1.2.

Stipulation 817.116-.117-(1, 2, 3)-LK

1. The applicant shall not disturb the approved pinyon-juniper/grass reference area currently shown on Plate IX-1 until a revised Plate IX-1 showing the location of the proposed new reference area and vegetation sampling data are submitted to and approved by the Division.

2. The success standard for productivity on reclaimed areas shall be achievement of at least 90 percent of the productivity of the corresponding reference area for the last two years of the liability period, using statistically adequate samples at 80 percent confidence with a 10 percent change in the mean.

3. Kaiser Coal Corporation will monitor all permanently reclaimed areas as per the following schedule:

year 1: reconnaissance survey to determine initial species establishment and woody plant density;

years 2, 3, 5, and 7: sample for cover, woody plant density and determine diversity;

If year 3 equals at least 90 percent of and year 5 equals or exceeds the success standard for cover and woody plant density, year 7 monitoring may be waived.

Productivity monitoring is optional for years 1-8. However, no harvest methods (i.e., clipping) shall be used.

The results of monitoring permanently reclaimed areas shall be submitted to the Division by December 31 of each year monitoring is performed.

Stipulation 817.160-.166-(1)-PGL

1. The right-of-way from the BLM for the Water Canyon Road must be submitted to the Division within 30 days of permit approval (Section 8 is owned by the USA) (UMC 782.150).