

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 14, 2007

Mark Reynolds, Resident Agent
Hiawatha Coal Company
P.O. Box 1245
Huntington, Utah 84528

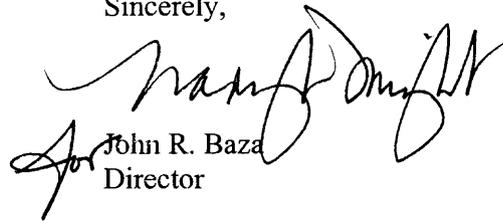
Subject: Five-Year Permit Renewal, Hiawatha Coal Company, Hiawatha Mine, C/007/0011, Task ID #2701, Outgoing File

Dear Mr. Reynolds:

Enclosed are two (2) copies of the Decision Document for the permit renewal and the renewed permanent program mining permit for the Hiawatha Mines Complex. Please read the permit to be sure you understand the requirements of the permit and its conditions, then have both copies signed by the authorized representative of Hiawatha Coal Company and return one to the Division.

If you have any questions, please call Pamela Grubaugh-Littig at (801) 538-5268.

Sincerely,



John R. Baza
Director

an
Enclosures
cc: Jim Fulton, OSM
O:\007011.HIA\FINAL\Permit\Renewal2007\DD_RN07.doc

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
FIVE-YEAR PERMIT RENEWAL**

Hiawatha Coal Company
Hiawatha Mine
Five-Year Permit Renewal
C/007/0011
Carbon County, Utah

March 14, 2007

CONTENTS:

- * Administrative Overview
- * Location Map
- * Permitting Chronology
- * Findings
- * Permit
- * Affidavit of Publication
- * AVS Recommendation, March 12, 2007

ADMINISTRATIVE OVERVIEW

Hiawatha Coal Company
Hiawatha Mine
Five-Year Permit Renewal
C/007/0011
Carbon County, Utah

March 14, 2007

PERMITTING ACTION

The Hiawatha Coal Mine is a mine permitted by Hiawatha Coal Company. No underground mining is currently occurring, but is planned for sometime in the future. Coal slurry, however is being mined and shipped from the slurry ponds. (Note: A surface coal royalty is charged on this coal). The permit area is comprised of 12,117 acres with 290 acres of disturbed area.

Hiawatha Coal Company made application to the Division of Oil Gas and Mining for a five year permit Renewal for the Hiawatha Mines Complex on November 16, 2006. This renewal encompasses the same permit area and disturbance as currently approved in the permit issued March 13, 1987, and successively renewed on March 13, 1992, March 13, 1997, and March 14, 2002.

BACKGROUND

U.S. Fuel Company received initial approval for the Hiawatha Mine by the Division of Oil, Gas and Mining (DOG M) and the Office of Surface Mining Reclamation and Enforcement (OSMRE) on March 13, 1987. The approved permit area consisted of all or parts of federal coal leases, SL-025431, SL-069985, U-058261, U-026583, U-51923 and a large portion of privately owned coal and a large area of surface which does not contain minable coal reserves.

The Hiawatha Mines Complex is a consolidation of the original King, Hiawatha, Black Hawk, and Mohrland coal mines, which began operating in the early 1900's. U. S. Fuel was organized in 1915 and began operations in 1916, when it took over the properties of the Consolidated Fuel Company, Castle Valley Coal Company, and the Black Hawk Coal Company, all of which are located within the current permit boundary.

A permit transfer application was received from American Fuel Corporation on April 3, 1995 and conditionally approved on April 26, 1995, pending insurance and posting of a bond. This agreement was terminated on November 19, 1996. The permit was, however, transferred from U.S. Fuel Company to Hiawatha Coal Company on December 12, 1997.

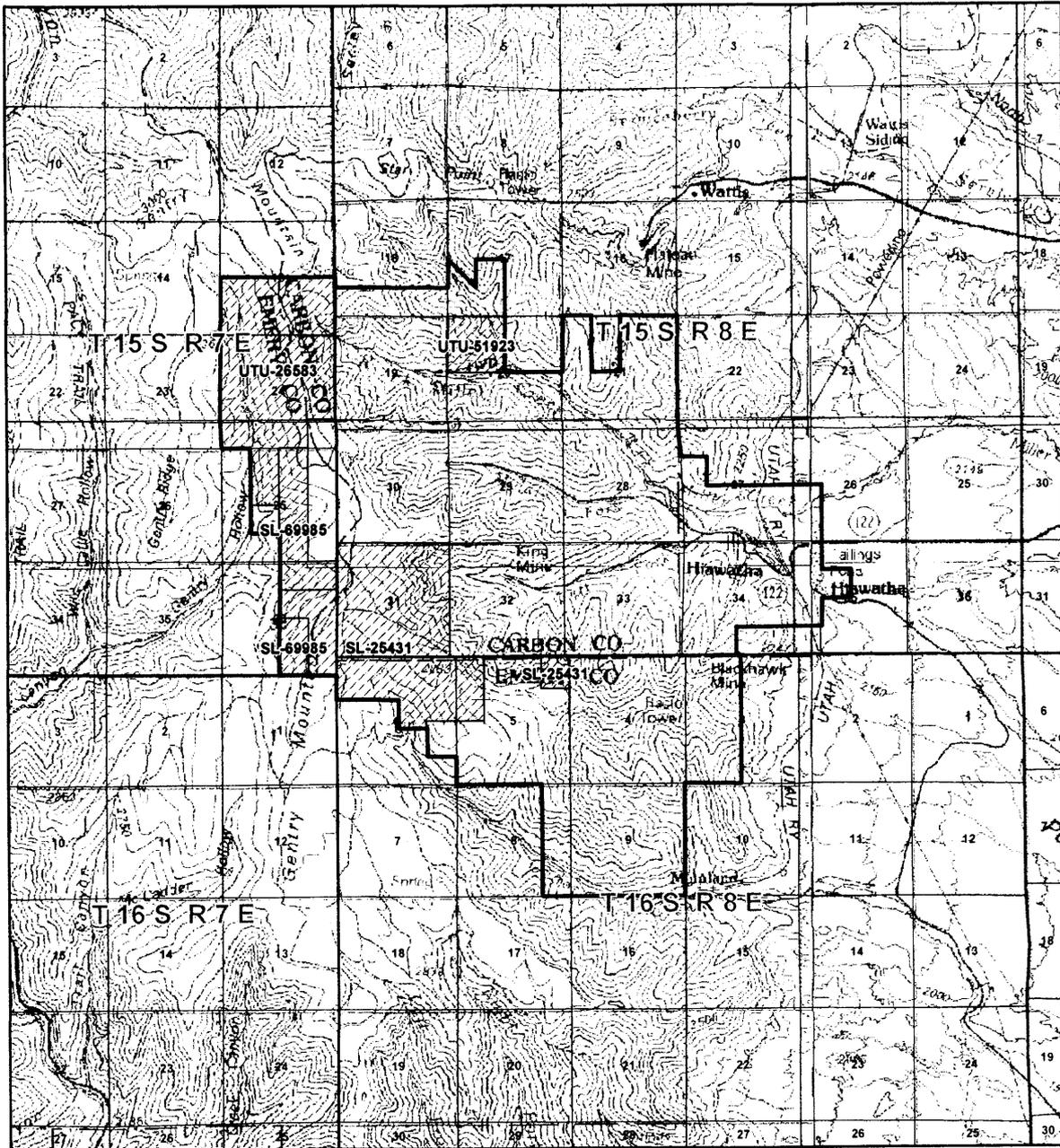
PUBLIC NOTICE

The public notice for this permit renewal was published in the Sun Advocate on December 28, 2006 and January 4, 11, and 18, 2007. No comments were received.

RECOMMENDATION

The Division made the decision on March 14, 2007 to approve the permit renewal for five years based on the fact that:

- 1) The terms and conditions of the existing permit are being satisfactorily met;
- 2) The present coal mining and reclamation operations are in compliance with the environmental protection standards of the State Program;
- 3) The renewal does not substantially jeopardize the operator's continuing ability to comply with the State Program on existing permit areas;
- 4) The operator has provided evidence of having liability insurance and a performance bond which will be in effect for the operation and will continue in full force and effect; and
- 5) The permit is conditioned with the requirement to submit water quality data through the Electronic Data Input web site.



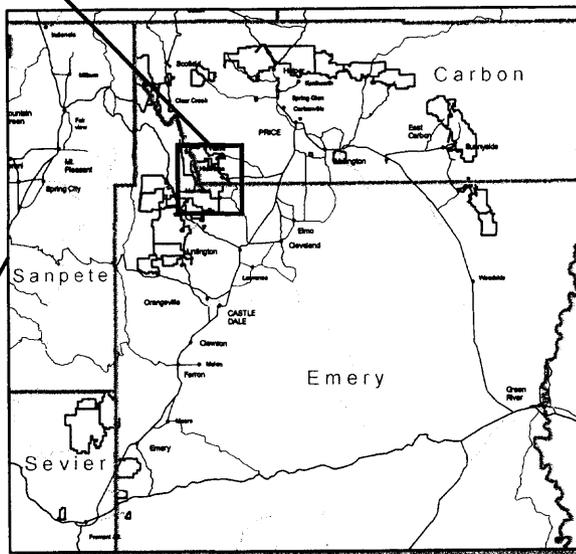
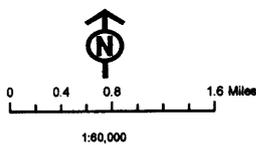
Hiawatha Complex

C0070011
Carbon County, Utah
October 2006

Township 15 South Range 7 & 8 East
Township 16 South Range 7 & 8 East

File: N:\gis\coal\coalareamaps\C0070011.pdf

-  Permit Area
-  Proposed Mine Plan Modification (if shown)
-  Federal Lease Areas



Locator Map

PERMITTING CHRONOLOGY

Hiawatha Coal Company
Hiawatha Mine
Five-Year Permit Renewal
C/007/0011
Carbon County, Utah

March 14, 2007

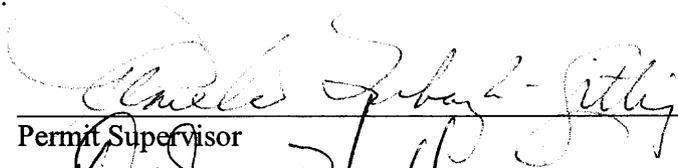
November 16, 2006	Hiawatha Coal Company submits a permit renewal application.
November 30, 2006	Division requested more information for the permit renewal application.
December 12, 2006	More information received – verification of liability insurance and bonding information.
December 15, 2006	Determination of Administrative Completeness of permit renewal application. Permit renewal completeness determination sent to applicable state, federal, and local agencies and interested parties.
December 28, 2006 and January 4, 11 and 18, 2007	Five-year permit renewal published in the <u>Sun Advocate</u> for four consecutive weeks.
February 20, 2007	No comments received.
March 14, 2007	Permit Renewal is issued to Hiawatha Coal Company with one condition.

PERMIT RENEWAL FINDINGS

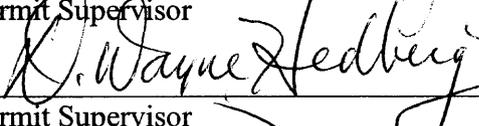
Hiawatha Coal Company
Hiawatha Mine
Five-Year Permit Renewal
C/007/011
Carbon County, Utah

March 14, 2007

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 met (R645-303-233.110), see TA dated October 26, 2005.
3. The present coal mining (removal of coal slurry) and reclamation operations 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 operator has provided evidence of having liability insurance (Scottsdale Insurance Company CLS0900016) (R645-303-233.140).
6. The operator has posted an Irrevocable Letter of Credit (ILOC) in the amount of \$2,838,000 (issued by Bank One [#5005519]) and has provided evidence that this ILOC will remain in full effect. (R645-303-233.150).
7. The operator has submitted all updated information as required by the Division at this time (R645-233.160).



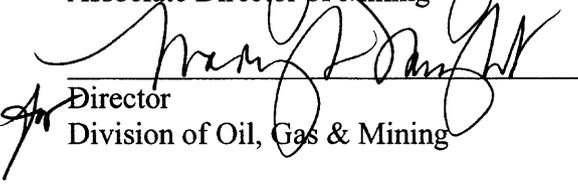
Permit Supervisor



Permit Supervisor



Associate Director of Mining



Director
Division of Oil, Gas & Mining

FEDERAL

PERMIT
C/007/0011

March 14, 2007

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340

This permit, C/007/0011, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Hiawatha Coal Company
P. O. Box 1245
Huntington, Utah 84528
(801) 637-1778

for the Hiawatha Mine. Hiawatha Coal Company is the lessee of federal coal leases SL-025431, SL-069985, U-058261, U-026583 and U-51923, the remainder of the coal in the life of mine area is owned by Hiawatha Coal Company. An Irrevocable Letter of Credit is filed with the DOGM in the amount of \$2,838,000, 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 coal mining and reclamation operations on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Hiawatha Mines Complex situated in the state of Utah, Carbon and Emery Counties, and located:

Township 15 South, Range 7 East, SLM

Sec. 13: S¹/₂;

Sec. 24: All;

Sec. 25: E¹/₂, E¹/₂NW¹/₄;

Sec. 36: E¹/₂;

Township 15 South, Range 8 East, SLM

- Sec. 17: $S^{1/2}, S^{1/2}N^{1/2}$;
- Sec. 18: $S^{1/2}S^{1/2}, NE^{1/4}, SW^{1/4}(\text{part}), NW^{1/4}SW^{1/4}(\text{part})$;
- Sec. 19: All;
- Sec. 20: All;
- Sec. 21: All;
- Sec. 26: $W^{1/2}SW^{1/4}$;
- Sec. 27: $S^{1/2}, SW^{1/4}, NW^{1/4}$;
- Sec. 28: All;
- Sec. 29: All;
- Sec. 30: All;
- Sec. 31: All;
- Sec. 32: All;
- Sec. 33: All;
- Sec. 34: $N^{1/2}, SW^{1/4}, N^{1/2}SE^{1/4}$;
- Sec. 35: $NW^{1/4}, NW^{1/4}SW^{1/4}$;

Township 16 South, Range 8 East, SLM

- Sec. 3: $W^{1/2}$;
- Sec. 4: All;
- Sec. 5: All;
- Sec. 6: $NE^{1/4}SE^{1/4}$, Lots 1 thru 10;
- Sec. 8: $E^{1/2}E^{1/2}$;
- Sec. 9: All;

This legal description is for the permit area of the Hiawatha Mine. The permittee is authorized to conduct coal mining and reclamation operations on the foregoing described property subject to the conditions of the leases, including all conditions of the previous permit term and all other applicable conditions, laws and regulations.

The designated permit area as described above excludes 55 acres for the town of Hiawatha in:

T. 15 S., R. 8 E., SLM, Secs. 27 and 34

Sec. 3 COMPLIANCE - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

Sec. 4 PERMIT TERM - This permit expires on March 14, 2012.

Sec. 5 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. 6 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, R645-400-200 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area 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.

Sec. 8 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. 9 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. 10 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. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENTS - The operator shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 13 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. 14 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. 15 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. 16 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. 17 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

Sec. 18 SPECIAL CONDITIONS - There are special conditions associated with these permitting actions as described in Attachment A.

The above conditions (Sections 1-18) 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: *Norm A. Dwyer, Acting Director*
Date: *3/13/07*

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

PERMITTEE

Authorized Representative of the Permittee

Date: _____

Attachment A

SPECIAL CONDITIONS

1. Hiawatha Coal Company will submit water quality data for the Hiawatha Mine in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Richard Shaw, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and the first publication was on the 28th day of December, 2006, and that the last publication of such notice was in the issue of such newspaper dated the 18th day of January, 2007.

Richard Shaw

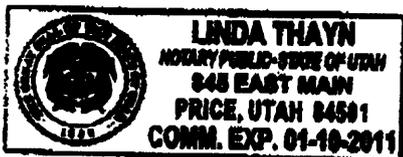
Richard Shaw - Publisher

Subscribed and sworn to before me this 18th day of January, 2007.

Linda Mayn

Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, \$432.64



NOTICE

Hiawatha Coal Company, P.O. Box 1202, Huntington, Utah 84528 hereby announces its intent to renew its coal mine and reclamation permit for coal mining activities at the Hiawatha Mine Complex, Permit No. C/007/011. The Hiawatha Mine Complex is located in Hiawatha, Utah, approximately 16 miles south of Price, Utah. The permit area, found on the USGS Hiawatha Quadrangle map, is described as follows:

Township 15 South, Range 7 East, S1M

- Sec. 13: S1/2
- Sec. 24: All
- Sec. 25: E1/2, E1/2NW1/4
- Sec. 36: E1/2

Township 15 South, Range 8 East, S1M

- Sec. 17: S1/2, S1/2N1/2
- Sec. 18: S1/2S1/2, NE1/4SW1/4 (part), NW1/4SW1/4 (part)
- Sec. 19 Thru 21: All
- Sec. 26: W1/2SW1/4
- Sec. 27: S1/2, SW1/4, NW1/4
- Sec. 28 Thru 33: All
- Sec. 34: N1/2, SW1/4, N1/2SE1/4
- Sec. 35: NW1/4, NW1/4SW1/4

Township 16 South, Range 8 East, S1M, Utah

- Sec. 3: W1/2
- Sec. 4: All
- Sec. 5: All
- Sec. 6: NE1/4SE1/4, Lots 1 thru 10
- Sec. 8: E1/2E1/2
- Sec. 9: All

Excluding 65 acres for the town of Hiawatha in T15S, R8E, S1M, Secs. 27 and 34, as shown on Exhibit IV-3 of the Mining and Reclamation Plan. Written comments, objections, or requests for informal conferences should be directed to the Utah Division of Oil, Gas & Mining, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801. Copies of the renewal applications are available for public inspection at the office of the Utah Division of Oil, Gas & Mining, Salt Lake City and at the Carbon County Courthouse, Price, Utah, 84501. Published in the Sun Advocate December 28 2006 and January 4, 11 and 18, 2007.

RECEIVED

FEB 2 / 2007

DIV. OF OIL, GAS & MINING



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
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JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 12, 2007

To: Compliance File

From: Pamela Grubaugh-Littig, Permit Supervisor *with for PGL*

Re: 510 (c) Recommendation for Hiawatha Coal Company, Hiawatha Mine, C/007/0011

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 Hiawatha Mine. There are no finalized civil penalties, which are outstanding and overdue in the name of Hiawatha Coal Company. Hiawatha Coal Company 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 Hiawatha Mine that states there are no outstanding violations.

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Application Evaluation Report Applicant Violator System 12-Mar-2007 10:34:36

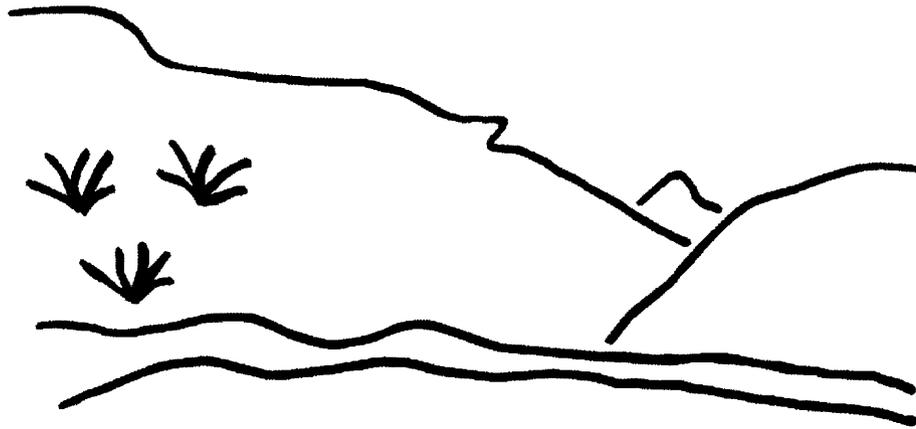
State : UT Permit No : ACT007611 Appl No : AC00761
Permittee : 140578(HIAWATHA COAL CO INC)
Applicant : 140578(HIAWATHA COAL CO INC)

OSMRE: Comments/Analysis: Date : 12-Mar-2007 Mode : VIEW

SPA: Comments/Analysis: Date : 12-Mar-2007 Mode : UPDATE

SAVE(F5) DELETE(F8)
PRV SCR(F3) QUIT(F4) CHOICES(F10)

State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Hiawatha Mine
Hiawatha Coal Company
Technical Analysis
Midterm Review
October 26, 2005

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TECHNICAL ANALYSIS DESCRIPTION

TECHNICAL ANALYSIS DESCRIPTION

The Division ensures that coal mining and reclamation operations in the State of Utah are consistent with the Coal Mining Reclamation Act of 1979 (Utah Code Annotated 40-10) and the Surface Mining Control and Reclamation Act of 1977 (Public Law 95-87). The Utah R645 Coal Mining Rules are the procedures to implement the Act. The Division reviews each permit or application for permit change, renewal, transfer, assignment, or sale of permit right for conformance to the R645-Coal Mining Rules. The Applicant/Permittee must comply with all the minimum regulatory requirements as established by the R645 Coal Mining Rules.

The regulatory requirements for obtaining a Utah Coal Mining Permit are included in the section headings of the Technical Analysis (TA) for reference. A complete and current copy of the coal rules can be found at <http://ogm.utah.gov>

The TA is organized into section headings following the organization of the R645-Coal Mining Rules. The Division analyzes each section and writes findings to indicate whether or not the application is in compliance with the requirements of that section of the R645-Coal Mining Rules.

Page 2
C/007/0011
Task ID # 2066
October 26, 2005

TECHNICAL ANALYSIS DESCRIPTION

GENERAL CONTENTS

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

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

Analysis:

The ownership and control information is provided for in chapter one of the mining and reclamation plan. Hiawatha Coal Company Inc. is a corporation incorporated in good standing in the state of Utah. The name and address of each officer, principal, principal shareholder and director are included in section 112.310 of chapter one.

Findings:

The ownership and control information provided for in chapter one of the mining and reclamation plan is current with the information in the Applicant Violator System, (AVS).

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

The violation information is included in section R645-301-113 of chapter one of the mining and reclamation plan.

Findings:

Neither the permittee nor any of its affiliates have any outstanding notices of violation.

PERMIT TERM

Regulatory References: 30 CFR 778.17; R645-301-116.

Analysis:

The DOGM permit was issued on March 14, 2002 and expires on March 14, 2007.

Findings:

No findings necessary for this section.

PERMIT APPLICATION FORMAT AND CONTENTS

Regulatory Reference: 30 CFR 777.11; R645-301-120.

Analysis:

Volume one of the mining and reclamation plan, (MRP), contains a plan update register. This register is located at the beginning of chapter one and provides a current listing of the changes and updates to the MRP.

Findings:

As of the date of this review the register is up to date. The mine plan changes have been correctly incorporated into the MRP.

OPERATON PLAN

OPERATION PLAN

SUBSIDENCE CONTROL PLAN

Regulatory Reference: 30 CFR 784.20, 817.121, 817.122; R645-301-521, -301-525, -301-724.

Analysis:

Subsidence Control Plan

The Permittee committed to monitoring the site every year to determine the amount of subsidence. Annual subsidence surveys and the information are in located in the annual reports.

The Division examined the annual reports for the past five years and determined that the annual subsidence surveys were adequate.

Findings:

The information in the MRP is adequate to meet the minimum requirements of this section.

FISH AND WILDLIFE INFORMATION

Regulatory Reference: 30 CFR Sec. 784.21, 817.97; R645-301-322, -301-333, -301-342, -301-358.

Analysis:

Endangered and Threatened Species

The Windy Gap process addresses impacts from mining to endangered and threatened fish species in watersheds comprising the Colorado River drainage system. Should water consumption from mining activities exceed 100 acre/feet per year, a one-time fee of \$15 per each acre/foot in excess is assessed to the mining company for mitigation. The Hiawatha mine is currently inactive, the portals are sealed and there are no ongoing activities other than an occasional loading of slurry fines on to a railroad car

Findings:

The Hiawatha mine in its current status is not creating depletion in the water supply to the Colorado River drainage system.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 773.17, 774.13, 784.14, 784.16, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-300-140, -300-141, -300-142, -300-143, -300-144, -300-145, -300-146, -300-147, -300-148, -301-512, -301-514, -301-521, -301-531, -301-532, -301-533, -301-536, -301-542, -301-720, -301-731, -301-732, -301-733, -301-742, -301-743, -301-750, -301-761, -301-764.

Analysis:

Hiawatha Coal Company intends to mine in coal reserves in the Hiawatha Mine permit area in the future and plans to continue to monitor hydrologic resources including age dating of mine in-flows.

Through recent amendments and a Division Order, HCC has made significant updates to the MRP to make the available data both useable and understandable. Modifications have also been incorporated into the Water Monitoring program that will enable the Division to better assess any potential future impacts once mining resumes.

Hiawatha Coal Company updated their water monitoring plan June 6, 2003. Water monitoring stations have been established throughout the permit area to determine the impacts of the mining operation on the hydrologic balance. Table 7-14 identifies the surface and ground water monitoring sites and provides a description of their location. The locations of monitoring sites Exhibit 7-1. HCC currently monitors four stream sites on a monthly basis. There are six springs monitored on the permit area. Samples are analyzed according to Table 7-12 or Table 7-15 for both streams and springs.

The Permittee currently monitors springs SP-2, SP-4, SP-5, SP-11, SP-12 and SP-13 two times per year for operational parameters (Table 7-15), in June and October, or when access permits.

The Permittee is required to monitor Stream Sites ST-1, ST-2, ST-2B, ST-3, ST-3A, ST-4, ST-4A, ST-4B, ST-5 on a monthly based during the months of April through October. Operational parameters are monitored in April and September or subsequent months as access dictates. Field parameters are measured in the other months.

OPERATON PLAN

Four UPDES sites are permitted and monitored at the Hiawatha Mine. These points have been assigned EPA identification numbers D001, D002, D010, D012 and D013. Monitoring requirements for these points are given in Tables 7-13 and 7-17, Exhibit 7-1 of the MRP. Two of the sites are mine water discharge from the Mohrland Portal. The MRP shows the locations of mine water discharge points monitored by Hiawatha Coal Company. Mine water production at sites D001 and D002 continues to be monitored (Mohrland UPDES sites). Point D010 is a discharge from the King 4 mine ventilation portal in North Fork Canyon and is currently inactive, but may become active when the mine reopens. Point D013 is from an overflow pipe from the King 6 water tank in South Fork Canyon. The King 6 mine is currently inactive and the water tank is not being used.

Other sedimentation ponds were removed from commission by the U.S. Environmental Protection Agency (EPA) on August 20, 1998. The sites were decommissioned, because the mine had shut down and the ponds had not discharged in years. The EPA felt there was no reason to make the mine continue monitoring. The Permittee recently reapplied to get all the sedimentation ponds placed back in commission and include the ponds in their monitoring plan.

The Permittee sends all monitoring data (quality and quantity) to the Utah Division of Oil Gas and Coal Mining Database.

Gravity Discharges From Underground Mines

The Permittee has identified Site D001, Mohrland Portal, as a gravity discharge site. Point D001 is located at the Mohrland Portal (King No. 2 Mine) in Cedar Creek Canyon. This discharge is monitored twice a month from April through September and once a month during the rest of the year. D002 is overflow from the Hiawatha Town water tanks. This water originates from the Mohrland Portal via the Mohrland Pipeline. Sampling is done once a month. When mining resumes, the sources for the water discharge at the Mohrland Portal will be tested for age according to the method used in the Mayo Report (Appendix 7-21). Point D012 is at a valve on the Mohrland Pipeline. Water is monitored at this point whenever the pipeline must be drained for major repairs.

Water-Quality Standards And Effluent Limitations

The Permittee submitted an updated copy of the UPDES Permit No. 0023094 in Appendix 7-5. The permit was approved and issued on October 28, 2004. All discharges of water from disturbed areas will be in compliance with all Utah and federal water quality laws and regulations and with effluent limitations for coal mining contained in 40 CFR Part 434.

Sediment Control Measures

All disturbed areas associated with mining and reclamation operations are protected by sediment control structures. All of the larger disturbed areas are treated by sedimentation ponds or slurry ponds. Other disturbed areas, classified as Alternate Sediment Control Areas (ASCA's), utilize alternative methods of sediment control such as catch basins, silt fences and interim revegetation.

To minimize disturbance to the hydrologic cycle, sediment ponds and slurry ponds were placed such that disturbed area drainage will flow into and be contained in them. The sedimentation ponds are designed to contain the total flow from a 10 year-24 hour precipitation event. Pond outflows in excess of the 10 year-24 hour event will discharge through a spillway and oil skimmer to treat and control the water. Each pond has been assigned an EP identification number and will be included in Hiawatha's UPDES Permit when it is renewed. To date, none of the ponds have discharged any water. Table 7-18 lists each pond and its location.

Table 7-18. Sediment Pond Locations

Pond No.	Location
D003	Upper Coal Storage Yard
D004	North of Slurry Pond No. 1
D005	East of Slurry Pond No. 4
D006	North East of Slurry Pond No. 5
D007	South East of Slurry Pond No. 5
D008	Middle Fork Mine Yard
D009	South Fork Mine Yard
D011	South Fork Truck Loading Facility

Siltation Structures: Exemptions

The Permittee is using best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area. Hydrologic structures (culverts, berms, sedimentation ponds and surface roughening of reclaimed areas) route or contain disturbed surface runoff so it does not contaminate down stream sources.

Findings:

The hydrology issues expressed in Section 4 of the Midterm notification letter of November 18, 2004 have been incorporated and addressed in the MRP by the Permittee. There are no further requirements of the Permittee at this time.

RECLAMATION PLAN

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

The current bond amount for the Hiawatha Mine is \$2,838,000. The Division reviewed the bond amount and determined it adequate to cover the reclamation costs.

Findings:

The information in this section of the MRP is adequate to meet the minimum requirements of the regulations.