



GARY R. HERBERT  
Governor

GREGORY S. BELL  
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

Outgoing  
C0070011  
#3951  
R

March 14, 2012

Elliot Finley, Resident Agent  
Hiawatha Coal Company  
P.O Box 1240  
Huntington, Utah 84528

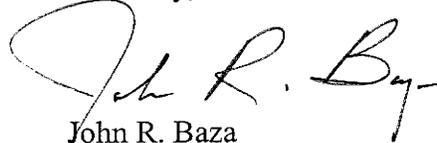
Subject: Five-Year Permit Renewal, Hiawatha Coal Company, Hiawatha Mine, C/007/0011,  
Task ID #3951

Dear Mr. Finley:

Enclosed are two (2) copies of the Decision Document for the permit renewal and the renewed permanent program mining permit for the Hiawatha Mine. 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 Daron Haddock at (801) 538-5325.

Sincerely,

  
John R. Baza  
Director

JRB/DRH/sqs  
Enclosures  
cc: Kenneth Walker, OSM  
O:\007011.HIA\PERMIT\2012\Decision.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, 2012

**CONTENTS:**

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

## **ADMINISTRATIVE OVERVIEW**

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

March 14, 2012

### **PERMITTING ACTION**

The Hiawatha Coal Mine is currently operated by Hiawatha Coal Company. No underground mining is occurring, but is planned for sometime in the future. Coal has not been actively mined from the underground for a number of years. Since about 1997 the mine was considered active only because coal fines were being mined from the slurry ponds. Even this was eventually curtailed and on October 11, 2010 notice was provided to the Division that the mine was in "Temporary Cessation." The mine remains in Temporary Cessation with no indication as to when it may reopen. The permit area is comprised of 12,177 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 Mine on November 16, 2011. 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, March 14, 2002 and March 14, 2007.

### **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.

Circa 1997, U. S. Fuel Company sold the leases and much of the property to ANR Company who then entered an operating agreement with Hiawatha Coal Company to operate the mine. The permit was transferred from U.S. Fuel Company to Hiawatha Coal Company on December 12, 1997.

In 2010 the operating agreement was subject to the CW Mining bankruptcy proceedings and was considered part of the assets of C. E. Mining who operated the adjacent Bear Canyon Mine. The operating agreement came under the control of the Bankruptcy Trustee and was subsequently sold to Rhino Energy who currently operates the Bear Canyon Mine.

Because of this, Hiawatha Coal Company no longer has right-of-entry to mine the coal within the Bear Canyon Logical Mining Unit (LMU). It is anticipated that when the operating agreement with Rhino Energy expires, Hiawatha Coal Company may once again acquire the right to mine the coal. In the meantime they are still responsible for maintenance, bonding and reclamation of all disturbances within the permit boundary and are required to comply with the approved mining and reclamation plan. Underground mining within the Bear Canyon LMU is conditioned upon right of entry reverting back to Hiawatha Coal Company and the permit will be conditioned as such.

### **PUBLIC NOTICE**

The public notice for this permit renewal was published in the Sun Advocate on December 6, 13, 20 and 27, 2011. No comments were received.

### **RECOMMENDATION**

The Division made the decision on March 14, 2012 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 a) to submit water quality data through the Electronic Data Input web site and b) that underground mining within the Bear Canyon LMU is subject to right-of-entry reverting back to Hiawatha Coal Company.

## PERMITTING CHRONOLOGY

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

March 14, 2012

November 16, 2011	Hiawatha Coal Company submits a permit renewal application.
November 16, 2011	Determination of Administrative Completeness of permit renewal application.
November 18, 2011	Permit renewal completeness determination sent to applicable state, federal and local agencies and interested parties.
December 6, 13, 20 and 27, 2011	Five-year permit renewal published in the <u>Sun Advocate</u> for four consecutive weeks.
January 26, 2012	No comments received.
March 14, 2012	Approval of permit renewal effective March 14, 2012.

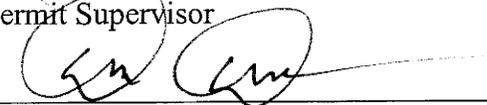
## PERMIT RENEWAL FINDINGS

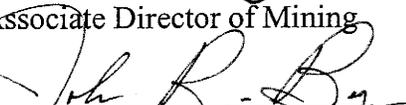
Hiawatha Coal Company  
Hiawatha Mine  
Five-Year Permit Renewal  
C/007/011  
Carbon County, Utah

March 14, 2012

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).
3. The present coal mining 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 (Federal Insurance Company, 35907576) (R645-303-233.140).
6. The operator has posted Treasury Notes in the amount of \$2,128,000 (held by Bank of Utah [#6101876]) and has provided evidence that this 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

  
\_\_\_\_\_  
Associate Director of Mining

  
\_\_\_\_\_  
Director  
Division of Oil, Gas & Mining

**FEDERAL**

**PERMIT  
C/007/0011**

**March 14, 2012**

**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 (DOG M) to:

**Hiawatha Coal Company  
P. O. Box 1240  
Huntington, Utah 84528  
(435) 636-0069**

for the Hiawatha Mine. Hiawatha Coal Company is the permit holder and responsible party for this Coal Mining and Reclamation Permit. Treasury Notes are filed with the DOGM in the amount of \$2,128,000, 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, subject to all permit conditions and lease terms 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: S1/2, S1/2N1/2;
- Sec. 18: S1/2S1/2, NE1/4SW1/4(part), NW1/4SW1/4 (part);
- Sec. 19: All;
- Sec. 20: All;
- Sec. 21: All;
- Sec. 26: W1/2SW1/4;
- Sec. 27: S1/2, SW1/4NW1/4;
- Sec. 28: All;
- Sec. 29: All;
- Sec. 30: All;
- Sec. 31: All;
- Sec. 32: All;
- Sec. 33: All;
- Sec. 34: N1/2, SW1/4, N1/2SE1/4 ;
- Sec. 35: NW1/4, NW1/4SW1/4;

**Township 16 South, Range 8 East, SLM**

- 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;

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 permit 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, 2017.

**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 coal mining and reclamation operations 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: John R. Bay

Date: 3/19/12

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://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>
2. Underground coal mining within the Bear Canyon LMU is conditioned upon right-of-entry reverting back to Hiawatha Coal Company. Until Hiawatha Coal Company has appropriate right-of-entry, no coal mining may occur in the Bear Canyon LMU under this permit.

**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 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 6th day of December, 2011, and that the last publication of such notice was in the issue of such newspaper dated the 27th day of December 2011.



Richard Shaw -- Publisher

Subscribed and sworn to before me this 27th day of December, 2011.



Notary Public My commission expires January 10, 2015 Residing at Price, Utah

Publication fee, \$ 436.80



**NOTICE**

Hlawatha Coal Company, P.O. Box 1282, Huntington, Utah, 84326, hereby announces its intent to renew its coal mine and reclamation permit for coal mining activities at the Hlawatha Mine Complex, Permit No. C/007/011. The Hlawatha Mine Complex is located in Hlawatha, Utah, approximately 18 road miles south of Price, Utah. The permit area, found on the USGS (Hlawatha Quadrangle map, is described as follows:

**Township 15 South, Range 7 East, S1M**

- Sect 13: All
- Sect 24: All
- Sect 25: E1/2, E1/2NW1/4

**Township 15 South, Range 8 East, S1M**

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

**Township 16 South, Range 8 East, S1M**

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

Excluding 55 acres for the town of Hlawatha in T15S, R8E, S1M, Sects 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, 1504 West North Temple, Suite 4210, P.O. Box 145801, Salt Lake City, Utah, 84113-5801. Copies of the renewal application are available for public inspection at the office of the Utah Division of Oil, Gas, & Mining in Salt Lake City, and at the Carbon County Courthouse in Price.

Published in the Sun Advocate December 6, 13, 20 and 27, 2011.

RECEIVED

MAR 07 2012

DIV. OF OIL, GAS & MINING



GARY R. HERBERT  
*Governor*

GREGORY S. BELL  
*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 8, 2012

To: Internal File

From: Daron R. Haddock, Coal Program Manager 

Subject: 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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suzanne.steab (UT) |

[Click for the Office of Surface Mining Website](#)

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[HOME](#) > ENTITY EVALUATE

**Evaluation on Permit Number: ACT007011 SEQ:2  
0 Violations**

[Print Report](#)

**Permit Evaluation**

Permit Number	ACT007011 SEQ:2
Permitee Name	144578 Hiawatha Coal Company Incorporated
Date of Request	3/8/2012 9:46:59 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.

There were no violations retrieved by the system

**Evaluation OFT**

Entities: 10

- 247907 ANR Company Incorporated - ()
- 134509 C W Mining Co - (Subsidiary Company)
- 071172 John A Gustafson - (Vice President)
- 137875 Dorothy J Sanders - (Director)
- 144578 Hiawatha Coal Company Incorporated - (Subsidiary Company)
- 144579 Elliot Finley - (President)
- 144580 Nathaniel Finley - (Secretary)
- 144580 Nathaniel Finley - (Treasurer)
- 144580 Nathaniel Finley - (Vice President)
- 247904 Charles W Reynolds - (Director)

-----247904 Charles W Reynolds - (President)  
-----250505 Maurine O Gustafson - (Secretary)  
-----250505 Maurine O Gustafson - (Treasurer)  
---247908 J O Kingston - (Director)  
--247908 J O Kingston - (President)

**Narrative**

Request Narrative