



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 8, 2017

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

Subject: Approval of Permit Renewal, Hiawatha Mine, Hiawatha Coal Company, C/007/0011,
Task ID #5309

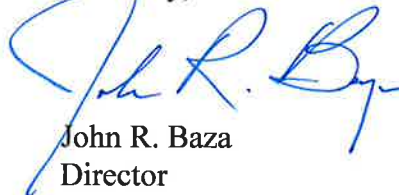
Dear Mr. Finley:

The permit renewal for the Hiawatha Mine is approved effective March 14, 2017.
Enclosed are two (2) copies of the renewed permanent program permit for the Hiawatha 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 Daron Haddock at (801) 538-5325 or myself at
(801) 538-5334.

Sincerely,



John R. Baza
Director

JRB/DRH/sqs
Enclosures
O:\007011.HIA\PERMIT\2017\BazaLetter.doc

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

**Hiawatha Coal Company
Hiawatha Mine
C/007/0011
Carbon County, Utah**

March 8, 2017

CONTENTS

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- * Permitting Chronology
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- * Permit
- * Affidavit of Publication
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ADMINISTRATIVE OVERVIEW

**Hiawatha Coal Company
Hiawatha Mine
C/007/0011
Carbon County, Utah**

March 8, 2017

PROPOSAL

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, 2016.

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 occasionally 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 207 acres of disturbed area. The disturbed acreage is reduced 83 acres from the previous permit since a phase III bond release was granted on July 19, 2016.

With the exception of the above 83 acre bond release, this renewal encompasses the same permit area and disturbance as previously approved in the permit issued March 13, 1987, and successively renewed on March 13, 1992, March 13, 1997, March 14, 2002, March 14, 2007, and March 14, 2012.

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. Since this time, very little mining has occurred. The underground mine has been idle and the only mining has been the recovery of coal fines from the slurry ponds.

PUBLIC NOTICE

The public notice for this permit renewal was published in the Sun Advocate on January 24, 31, and February 7 and 14, 2017. No comments were received. Because the public notice was a little late in getting published, the comment period will not have ended prior to the date of renewal and will extend until March 17, 2017. A condition has been added to the permit that Hiawatha Coal Company must work with the Division of Oil Gas and Mining to satisfactorily address any comments received during this extended period.

RECOMMENDATION

The Division has made the decision 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 1) the requirement to submit water quality data through the Electronic Data Input web site and 2) because the comment period for this renewal extends to March 17, 2017, Hiawatha Coal Company must work with the Division of Oil Gas and Mining to satisfactorily address any comments received during this extended period.

PERMITTING CHRONOLOGY

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

March 8, 2017

November 16, 2016	Hiawatha Coal Company submits a permit renewal application.
January 18, 2017	Determination of Administrative Completeness of permit renewal application. Permit renewal completeness determination sent to applicable state, federal, and local agencies and interested parties.
January 24, 31 and February 7 and 14, 2017	Five-year permit renewal published in the <u>Sun Advocate</u> for four consecutive weeks.
March 8, 2017	No comments received, however comment period is extended to March 17, 2017 because publication was not completed until February 14, 2017.
March 8, 2017	Permit Renewal is issued to Hiawatha Coal Company effective March 14, 2017 with three conditions.


PERMIT RENEWAL FINDINGS

Hiawatha Coal Company
Hiawatha Mine

Five-Year Permit Renewal
C/007/011
Carbon County, Utah

March 8, 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 met (R645-303-233.110).
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 (Federal Insurance Company (Policy 35907576) (R645-303-233.140).
6. The operator has posted Collateral in the form of Treasury Securities in the amount of at least \$1,708,000 (issued by Bank One) and has provided evidence that these Securities will remain in full effect for the term of the permit. (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, 2017

**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 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. Reclamation Surety in the form of Treasury Notes is filed with the DOGM in the amount of \$1,708,000, 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, 2022.

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.

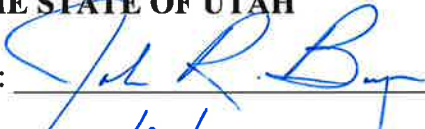
Sec. 16 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. 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: 
Date: 3/8/2017

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://linux3.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.
3. As the comment period for this renewal extends to March 17, 2017, Hiawatha Coal Company must work with the Division of Oil Gas and Mining to satisfactorily address any comments received during this extended period.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Carbon,)

I, Jenni Fasselin, 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 24th day of January, 2017, and that the last publication of such notice was in the issue of such newspaper dated the 14th day of February, 2017

Jenni Fasselin

Jenni Fasselin – Publisher

Subscribed and sworn to before me this 14th day of February, 2017.

Linda Thayne

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

Publication fee, \$ 403.20



NOTICE

Hiawatha Coal Company, P.O. Box 1240, 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 /0011. The Hiawatha Mine Complex is located in Hiawatha, Utah, approximately 18 road 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, SLM

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

Township 15 South, Range 8 East, SLM

- Sect 17: S1/2, S1/2N1/2
- Sect 18: S1/2S1/2, NE1/4SW1/4 (part), NW1/4SW1/4 (part)
- Sect 19 thru 21: All
- Sect 26: W1/2SW1/4
- 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, SLM

- 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 Hiawatha in T15S, R8E, SLM, Sects 27 and 34, as shown on Exhibit JV-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 application are available for public inspection at the office of the Utah Division of Oil, Gas & Mining in Salt Lake City.

Published in the Sun Advocate January 24, 31, February 7 and 14, 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 8, 2017

TO: Internal File

FROM: Daron R. Haddock, Permit Supervisor 

RE: Compliance Review for Section 510 (c) Findings, Hiawatha Coal Company

As of the writing of this memo, there are no NOV'S or CO's which are not corrected or in the process of being corrected. There are no finalized Civil Penalties, which are outstanding and overdue in the name of Hiawatha Coal Company. Hiawatha Coal Company does not demonstrate a pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

The recommendation from the Applicant Violator System (AVS) denotes that all connected entities either do not have any civil penalties or are under a settlement agreement (attached).

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U.S. Department of the Interior Office of Surface Mining
Applicant/Violator System

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Evaluation on Application Number: C0070011 SEQ:7

0 Violations

[Print Report](#)

Application Evaluation

Application Number	C0070011 SEQ:7
Applicant Name	144578 Hiawatha Coal Company Incorporated
Date of Request	3/8/2017 9:05:15 AM
Requestor	Guest

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