0009

STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

February 25, 1986

Mr. Charles S. McNeil, President
Kaiser Coal Corporation
102 South Tejon, Suite 800
Colorado Springs, Colorado 80903

Dear Mr. McNeil:

Re: Approval for Permit Transfer, Wellington Preparation Plant, ACT/007/012, Folder No. 2 and 4, Carbon County, Utah

The Division has found that Kaiser Coal Corporation has met all requirements for a permit transfer as required under UMC 788.18. Therefore, in accordance with the attached Findings, the request for transfer of the permit for the Wellington Preparation Plant is hereby approved.

As you are aware, Kaiser Coal Corporation is now responsible for all prior commitments relating to this operation as made by U. S. Steel Corporation. Please contact me or Lowell Braxton if we can provide further assistance.

Best regards,

Dianne R. Nielson

Dianne R. Nielson
Director

SCL:jvb
cc: A. Klein
Denise Dragoo
Marty Holmes
L. Braxton
S. Linner
0028R-72

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FINDINGS

Transfer of Permit Rights
Wellington Preparation Plant
Kaiser Coal Corporation
ACT/007/018
Carbon County, Utah

February 18, 1986

The applicant for transfer of permit rights, Kaiser Coal Corporation has committed to continue to conduct the operations involved in full compliance with the terms and conditions of the original permit issued to U. S. Steel Corporation (UMC 788.18(c)(3)). Therefore, Findings 2-5, and 10-17 of the original Decision Document (attached) are still pertinent.

The following findings specifically apply to the application for transfer of permit rights.

1. The State of Utah has determined that the application for transfer of permit rights is accurate and complete, and complies with the requirements of UMC 788.18(a) and (b).

2. The applicant has obtained a performance bond equivalent to the bonding requirements of the original permit, in the amount of $4,360,775 (1989 Dollars) (UMC 788.18(c)(2)).

3. The applicant has the legal right to enter and begin coal processing activities pursuant to the Purchase and Sale Agreement between U. S. Steel Corporation and Kaiser Coal Corporation.

4. The Division of Oil, Gas and Mining has checked with all appropriate state regulatory authorities and Office of Surface Mining personnel and has determined that neither Kaiser Steel Corporation nor its subsidiaries, Kaiser Coal Corporation and Perma Mining Corporation, have any outstanding unabated violations, demonstrated patterns of willful violations of the Act of such nature and duration with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of SMCRA, or have forfeited a bond within the last three years. In addition, all monetary penalties and federal reclamation fees have been paid.

5. Procedures for public participation have complied with requirements of the Act and the Utah State Program. Notice was published as required by UMC 788.18(b)(1).

Susan C. Linner
DOGM Lead Reviewer

Lowell P. Braxton
Administrator, Mineral Resource Development and Reclamation Program

Kenneth E. May
Associate Director, Mining

Barbara W. Roberts
Attorney General
Approved as Form

Dianne R. Nielson
Director

jvb
0685R

FINDINGS DOCUMENT

United States Steel Corporation
Wellington Coal Cleaning Plant
ACT/007/012
Carbon County, Utah

August 22, 1984

1. The Permit Application Package (PAP) and the permit with conditions are accurate and complete and all requirements of the Surface Mining Control and Reclamation Act (the "Act"), and the approved Utah State Program have been complied with (UMC 786.19 (a)).

2. The applicant proposes acceptable practices for the reclamation of disturbed lands (Determination of Completeness Response, Appendix I). The applicant has also submitted designs for reclamation test plots (also in Appendix I). Test plot results will be used to validate the proposed reclamation plan or to indicate areas where changes need to be made. The Division of Oil, Gas and Mining has determined that reclamation, as required by the Act, can be feasibly accomplished under the PAP (See Technical Analysis (TA) section UMC 817.111 - .117) (UMC 786.19(b)).

3. The assessment of the probable cumulative impacts of all anticipated coal mining in the general area on the hydrologic balance has been made by the DOGM. The mining operation proposed under the application has been designed to prevent damage to the hydrologic balance in the permit area and in the associated off-site areas (UMC 786.19(c)). (See Cumulative Hydrologic Impact Section, attached to this Findings Document.)

4. The proposed permit area is:

   A. Not included within an area designated unsuitable for underground coal mining operations. (This operation does not include any underground coal mining).

   B. Not within an area under study for designated lands unsuitable for underground coal mining operations.

   C. Not on any lands subject to the prohibitions or limitations of 30 CFR 761.11(a) (national parks, etc.), 761.11(f) (public buildings, etc.) and 761.11(g) (cemeteries).

   D. Within 100 feet of the outside right-of-way line of a public road, however, the cleaning plant was in operation prior to August 3, 1977, and is therefore subject to Valid Existing Rights (UMC 761.5) (UMC 761.11).

13. The proposed postmining land-use of the permit area has been approved by the Division of Oil, Gas & Mining. U. S. Steel Corporation controls the land surface in the permit area (see TA, Section UMC 817.133) (UMC 786.19(n)).

14. The DOGM has made all specific approvals required by the Act, and the approved State Program (UMC 786.19(n)).

15. The proposed operation will not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats (ORP, p. E-2; ACR Response, Appendix F) (UMC 786.19 (o)). Since no Federal Surface or Coal is involved the U. S. Fish and Wildlife Service has made no comments relative to Threatened or Endangered species on the permit area.

16. All procedures for public participation required by the Act, and the approved Utah State Program have been complied with (UMC 786.23[a][ii]).

17. The regulatory authority has found, based on the PAP, that operations at the Wellington Preparation Plant will be conducted in compliance with the requirements of UMC 827 (UMC 785.21).

Prior to the permit taking effect, the applicant must forward a letter stating its compliance with the special stipulations in the permit and post the performance bond for reclamation activities.

Susan C Linner
Permit Supervisor

James W Smith Jr
Administrator, Mineral Resource
Development and Reclamation Program

Associate Director, Mining
Division of Oil, Gas and Mining

Director,
Division of Oil, Gas and Mining

76250

WELLINGTON PREPARATION PLANT

PERMIT NO. ACT/007/012

UMC 788.18 APPLICATION FOR APPROVAL,

TRANSFER, ASSIGNMENT OR SALE OF PERMIT RIGHT

UMC 788.18 APPLICATION FOR APPROVAL, TRANSFER, ASSIGNMENT OR SALE OF PERMIT RIGHT

This is an application for transfer of all permit rights under the Utah Coal Program for the Wellington Preparation Plant, located in Carbon County, Utah, from the existing permittee, United States Steel Corporation, a Delaware corporation, to Kaiser Coal Corporation, a Delaware corporation.

788.18(a)(2)(i):

Existing Permittee

U.S. Steel Mining Company, Inc.
600 Grant Street
Pittsburgh, Pennsylvania 15230

District Office Representing the Existing Permittee

U.S. Steel Mining Company - Western District
P.O. Box A.E.
Paonia, Colorado 81428

788.18(a)(2)(ii)

Applicant

Kaiser Coal Corporation
102 South Tejon, Suite 800
Colorado Springs, Colorado 80903

District Office Representing the Proposed Permittee

Kaiser Coal Corporation
Sunnyside Coal Mine
P.O. Box D
Sunnyside, Utah 84539

Resident Agent for Service

Denise A. Dragoo, Esq.
FABIAN & CLENDENIN,
a Professional Corporation
215 South State, 12th Floor
Salt Lake City, Utah 84111
Phone: (801) 531-8900

782.13 Identification of Interests

(a) Names and Addresses

(1) Permit Applicant

Kaiser Coal Corporation
102 South Tejon, Suite 800
Colorado Springs, Colorado 80903

(2) Legal or Equitable Owners of Record

The legal or equitable owners of the areas to be affected by the surface operations and facilities are:

Kaiser Coal Corporation
102 South Tejon, Suite 800
Colorado Springs, Colorado 80903
Phone: (303) 475-7005

(3) The holders of record of any leasehold interest in areas to be affected by surface operations or facilities:

None.

(4) There are no purchasers of record under a real estate contract of the areas affected by surface operations and facilities.

(5) The Operator is:

Kaiser Coal Corporation of Sunnyside
District Office - Sunnyside Mine
P.O. Box D
Sunnyside, Utah 84539
Phone: (801) 888-4421

(6) The resident agent of the Applicant who will accept service of process:

Denise A. Dragoo, Esq.
FABIAN & CLENDENIN,
a Professional Corporation
215 South State, 12th Floor
Salt Lake City, Utah 84111
Phone: (801) 531-8900

782.13(b)

Applicant is a corporation, incorporated as Kaiser Coal Corporation.

Part 3 of 3 UMC 817.41(c)(d) UMC 817.42(c) UMC 817.42(a)(1) UMC 817.42(a)(7)

Failure to conduct operations to minimize water pollution. Failure to meet State and Federal quality effluent limitations. Failure to pass drainage from the disturbed area through a treatment facility before leaving the permit area.

Submit plans to ensure operations are conducted to minimize water pollution and meet effluent limitations. Submit plans for treatment facilities needed to meet these ends. Implement plans upon approval by the Division.

Conference held 3/10/83.
$920 penalty assessed.
Terminated 4/21/83.

NOTICE OF VIOLATION 83-6-10-1 (8/17/83)

Part 1 of 1 UMC 771.19 UMC 817.41 UMC 817.45

Failure to mine in accordance with an approved plan.

Failure to plan and conduct activities to minimize impact on hydrologic balance.

Failure to maintain sediment controls.

Regrade and seed area.

$600 penalty assessed.
Vacated by board order.

NOTICE OF VIOLATION 84-6-4-1 (4/12/84)

Part 1 of 1 UMC 817.42

Failure to pass disturbed area runoff through sediment or water treatment before entering undisturbed drainage.

Repair berm.

$220 penalty assessed.
Terminated 4/12/84.

NOTICE OF VIOLATION 84-6-9-1 (8/10/84)

Part 1 of 1 UMC 771.19

Failure to mine in accordance with approved plan.

Cessation of mine water discharge into No. 2 Canyon.

No penalty assessed.
Terminated 8/10/84.

NOTICE OF VIOLATION 84-4-17-3 (11/19/84)

Part 1 of 3 UMC 817.23(b)

Failure to protect stockpiled topsoil material.

Complete the ditch and berm and/or use straw bales.

Penalty pending.
Terminated 11/19/84.

Part 2 of 3 UMC 817.42 UMC 817.43 UMC 817.45

Failure to maintain sediment control measures to ensure that disturbed area drainage passes through a sediment pond before leaving the permit area.

Maintain ditch so it is properly sized and has adequate slope to prevent ponding in the diversion.

Penalty pending.
Terminated 11/19/84.

Part 3 of 3 UMC 817.42 UMC 817.45

Failure to maintain sediment controls to ensure all disturbed area drainage passes through a sediment pond before leaving the permit area.

Maintain the sediment controls to ensure that the drainage from the substation area goes to the sediment pond.

Penalty pending.
Terminated 11/29/84.

NOTICE OF VIOLATION 85-4-1-4 (1/7/85)

Part 1 of 4 UMC 771.19 UCA 40-10-22(i)(c)

Failure to mine in accordance with an approved mine plan (001 mine water pond).

Submit plans to the Division for approval of the as-built mine water pond.

Penalty pending.
Terminated 1/24/85.

Part 2 of 4 UMC 771.19 UMC 817.47 UCA 40-10-22(i)(c)

Failure to mine in accordance with an approved mine plan (hoist house and manshaft sediment ponds).

Submit plans to the division for approval of the as-built sediment ponds. Said plans must address all modification to the approved design including construction of adequate discharge structures.

Penalty pending.
Terminated 1/23/85.

Part 3 of 4 UMC 817.46 UMC 817.49 UMC 817.93

Failure to conduct weekly sediment pond impoundment inspections.

Conduct inspections and keep records as required.

Penalty pending.
Terminated 1/12/85.

Part 4 of 4 UMC 817.82

Failure to conduct inspections of coal processing waste banks.

Conduct inspections in accordance with UMC 817.82.

Penalty pending.
Terminated 2/12/85.

NOTICE OF VIOLATION 85-4-4-2 (2/22/85)

Part 1 of 2 UMC 817.42 UMC 817.45

Failure to pass all surface drainage from the disturbed area (parking lot and office area) through a sediment pond or treatment facility before leaving the permit area.

Install loose straw filter dikes along the tracks to treat the runoff.

Submit drainage control plans to the Division for this area.

Penalty pending.
Terminated 3/8/85.

Part 2 of 2 UMC 817.42 UMC 817.45

Failure to pass all surface drainage from the disturbed area (No. 2 Canyon bridge) through a sediment pond or treatment facility before leaving the permit area.

Maintain the area so that disturbed area runoff bypasses the bridge and goes to the lower #2 Canyon sediment pond as designed.

Penalty pending.
Terminated 3/8/85.

NOTICE OF VIOLATION 85-4-10-1 (3/22/85)

Part 1 of 1 UMC 771.19

Failure to mine in accordance with an approved interim permit.

Stop using the dirt road from the coarse refuse haul road to state highway 123. Install sediment controls to ensure that there are no additional contributions of suspended solids to Grassytrail Creek from the newly disturbed area associated with the stream crossing southwest of the coal stockpile. Submit plans for the Class I road. Submit plans for the permitting of, or reclamation of the dirt road from the coarse refuse haul road to state highway 123 in accordance with UMC 817.150 - .156.

Penalty pending.
Terminated 4/15/85.

CESSATION ORDER 85-4-2-1 (3/22/85)

Part 1 of 1 UCA 40-10-22 (1)(c)

Failure to abate NOV 85-4-4-2 within the time set for abatement.

Comply with the remedial actions required in the violation, immediately.

Terminated 3/22/85.

NOTICE OF VIOLATION 85-4-11-1 (4/4/85)

Part 1 of 1 UMC 817.42 (c)

Failure to maintain water treatment facilities as approved.

Maintain facilities in accordance with approved plan.

Penalty pending.
Terminated 4/4/85.

NOTICE OF VIOLATION 85-4-17-3 (5/13/85)

Part 1 of 3 UCA 40-10-22 (1)(c), UMC 771.19, UMC 43 (a)

Failure to construct and maintain diversion to (manshaft and No. 2 Canyon) divert runoff from a sediment pond, to ensure that they will pass safely the

peak runoff from a 10 year, 24 hour precipitation event. Failure to mine in accordance with an approved interim mine plan.

Construct and maintain the diversions in accordance with the approved plan.

Penalty pending.
Terminated 5/13/85.

Part 2 of 3 UCA 40-10-22 (1)(c), UMC 771.19, UMC 817.46 (e)(1)(m) UMC 817.47

Failure to conduct mining activities in accordance with an approved interim permit (coarse refuse toe pond).

Failure to provide an adequate discharge structure.

Reconstruct and maintain the pond to meet approved design specifications. Submit complete and adequate plans to the Division for adequate erosion protection of the emergency spillway outlet.

Penalty pending.
Waiting for State Board of Health approval.

Part 3 of 3 UMC 817.49 (b), UMC 817.46 (e)

Failure to construct and maintain a pond (001 mine water pond) to prevent short circuiting to the extent possible.

Cease pumping water into the pond. Submit complete and adequate plans to the Division which show how piping along the spillway will be stopped.

Penalty pending.
Terminated 5/13/85.

CESSATION ORDER 85-4-6-1 (6/20/85)

Part 1 of 1 UCA 40-10-22(i)(c)

Failure to abate a violation within the time set for abatement. Water was discharged into the pond without approval.

Comply with the remedial actions required in the violation, immediately.

Penalty pending.
Terminated 6/20/85.

NOTICE OF VIOLATION 85-4-19-1 (6/20/85)

Part 1 of 1 UMC 817.45

Failure to prevent, to the extent possible, additional contributions of sediment to stream flow or to runoff outside the permit area.

Cease all discharge into and from the clear water pond until otherwise notified in writing by the Division.

Submit complete and adequate plans to the Division detailing what measures will be taken to repair the damage to the slurry cell system to ensure that discharge from the clear water pond will meet all applicable state and federal water quality standards.

Implement said plan immediately upon Division approval.

Not abated.
Penalty pending.

NOTICE OF VIOLATION 85-4-20-2 (6/21/85)

Part 1 of 2 UCA 40-10-22(i)(c) UMC 771.19 UMC 817.42(a)(i)

Failure to mine in accordance with an approved interim mine plan (parking lot and office area runoff).

Remedial actions completed.

Penalty pending.
Terminated 7/25/85.

Part 2 of 2 UMC 817.42(c)

Failure to maintain water treatment facilities (course refuse seep).

Remedial actions completed.

Penalty pending.
Terminated 6/28/85.

NOTICE OF VIOLATION 85-4-21-3 (7/25/85)

Part 1 of 3 UCA 40-10-18(2)(i)(ii) UMC 817.41(c) UMC 817.42(a)(1) UMC 817.45

Failure to meet state and federal water quality effluent limitations.

Failure to pass all disturbed area drainage through a sediment pond before leaving the permit area.

Failure to prevent, to the extent possible, additional contributions of sediment to stream flow or to runoff outside the permit area.

Plug both the inlet and outlet of the pipe permanently or remove the culvert.

Abated 7/25/85.
Penalty pending.
Terminated 8/29/85

Part 2 of 3 UCA 40-10-18(2)(i)(ii) UMC 817.42(a)(1) UMC 817.43(c) UMC 817.45

Failure to pass all surface drainage from the disturbed area through a sediment pond before leaving the disturbed area.

Failure to maintain a diversion in a manner which prevents additional contributions of suspended solids to stream flow or runoff outside the permit area.

Failure to minimize erosion to the extent possible.

A. Maintain the downspout and diversion ditch from the downspout to the sediment pond.

B. Submit complete and adequate plans to the Division for the stabilization of the old coarse refuse pond area collection ditch, to repair the diversion and protect it from further erosion. Implement these plans immediately upon Division approval.

NOV abatement deadline extended to 9/23/85. Final approval on plans received 10/29/85.

Penalty pending.

CESSATION ORDER 85-4-8-3 (9/25/85)

Part 1 of 3 UCA 40-10-22(1)(c) UMC 843.11(b)(1) UMC 843.12(d)

Failure to abate a Notice of Violation within the time set for abatement.

Comply with part A of the remedial actions required in the violation immediately.

Cleaned out and maintained downspout as required.

Terminated 9/30/85.

Part 3 of 3 UCA 40-10-22(1)(c) UMC 771.19

Failure to conduct mining activities in accordance with an approved interim permit.

Submit complete and adequate plans to the Division to modify the approved design and which ensure compliance with UMC 817.46 and UMC 817.49. Plans must be implemented immediately upon approval.

Final approval on plans received 10/29/85.

Penalty pending.

NOTICE OF VIOLATION 85-4-24-3 (9/6/85)

Part 1 of 3 UCA 40-10-18(2)(i)(ii) UMC 771.19 UMC 817.45

Failure to mine in accordance with an approved interim permit.

Failure to install and maintain sediment controls to prevent, to the extent possible, additional contributions of sediment to stream flow or to runoff outside the permit area.

Implement the drainage control plans approved for the site.

NOV abatement deadline 9/23/85. Water canyon drainage controls were implemented.

Penalty pending.
Terminated 9/27/85.

CESSATION ORDER 85-4-8-3 (9/25/85)

Part 2 of 3 UCA 40-10-22(1)(c) UMC 843.11(b)(1) UMC 843.12(d)

Failure to abate Notice of Violation within the time set for abatement.

Comply with the remedial actions required in the violation immediately.

Drainage controls were implemented.

Terminated 9/27/85.

Part 2 of 3 UCA 40-10-18(2)(i)(ii) UMC 817.45 UMC 817.150(a)(b) UMC 817.153(a)(2)

Failure to maintain sediment controls to prevent, to the extent possible, additional contributions of sediment to stream flow or to runoff outside the permit area.

Failure to maintain Class I roads in order to minimize contributions of suspended solids to stream flow or runoff outside the permit area.

Maintain the silt fences at the stream crossing: Clean out sediment collected, dispose of the sediment properly, and reinstall the silt fence as necessary to ensure the runoff does not short circuit it.

Maintain a berm (minimum height 2 feet) along the outside edge of the road where it parallels Grassy Trail Creek and remove the material deposited along the inside of the road which inhabits runoff from the road from entering the slurry ditch.

Abatement deadline 9/17/85
Class I drainage controls were maintained.

Penalty pending.
Terminated 9/27/85.

CESSATTION ORDER 85-4-8-3 (9/25/85)

Part 3 of 3 UCA 40-10-22(1)(c) UMC 893.11(b)(1) UMC 843.12(d)

Failure to abate a Notice of Violation within the time set for abatement.

Comply with the remedial actions required in the violation, immediately.

Class I road drainage controls were maintained.

Terminated 9/27/85.

Part 3 of 3 UCA 40-10-22(1)(c) UMC 771.19 UMC 817.45

Failure to mine in accordance with an approved interim permit.

Failure to maintain sediment control measures to minimize erosion to the extent possible.

Maintain diversion D-3 to design specifications.

Remove all large boulders from the #2 canyon undisturbed drainage which will significantly obstruct flow.

Abatement deadline 9/23/85
#2 canyon undisturbed drainages maintained

Penalty pending.
Terminated 9/25/85.

782.13(b)(1)

Names and addresses of officers and directors of the applicant:

Charles S. McNeil	President	102 South Tejon, Suite 800 Colorado Springs, Colorado 80903
W. Wesley Emerson	Vice-President Finance and Treasurer	102 South Tejon, Suite 800 Colorado Springs, Colorado 80903
David G. Wolach	Vice-President Marketing	102 South Tejon, Suite 800 Colorado Springs, Colorado 80903
Jeffrey C. Collins	Secretary	102 South Tejon, Suite 800 Colorado Springs, Colorado 80903
Richard F. Hodges	Vice-President Human Resources	102 South Tejon, Suite 800 Colorado Springs, Colorado 80903
Clyde I. Borrell	Vice-President Engineering	102 South Tejon, Suite 800 Colorado Springs, Colorado 80903

Directors of Applicant

Monty H. Rial	9400 Cherry Avenue Fontana, California
Miles Yeagley	102 South Tejon, Suite 800 Colorado Springs, Colorado
Charles S. McNeil	102 South Tejon, Suite 800 Colorado Springs, Colorado

782.13(b)(2)

Names and addresses of principal shareholders of applicant:

All common stock of Kaiser Coal Corporation is controlled by Kaiser Steel Corporation located at 9400 Cherry Avenue, P.O. Box 5050, Fontana, California. The details of control of this stock are outlined in Kaiser Steel Corporation's Form 10K filed

with the Securities and Exchange Commission for the fiscal year ended December 31, 1984.

782.13(b)(3)

Names under which the applicant and principal shareholders have previously operated mining activities:

Principal Shareholder has conducted mining activities under the name of Kaiser Steel Corporation, Kaiser Coal Corporation and Perma Mining Corporation.

782.13(c) See 788.18(a)(2)(ii) and 782.13(b)(1)(2) above.

782.13(d)

Current or previous coal mining permits or pending permit applications:

1. Geneva Mine, Carbon County and Emery County, Utah, Interim Permit No. ACT/007/013 transferred to Kaiser Steel Corporation on December 10, 1984; Self Bond and Indemnity Agreement approved November 4, 1985 by:

   State of Utah
   Department of Natural Resoruces
   Division of Oil, Gas & Mining

2. Sunnyside Mine, Carbon County, Utah, Interim Permit No. ACT/007/007 was issued on May 11, 1978 by:

   State of Utah
   Department of Natural Resoruces
   Division of Oil, Gas & Mining

   A new application under the Permanent Program regulations has been filed and is currently pending before the Utah Division of Oil, Gas & Mining and the federal Office of Surface Mining.

3. York Canyon Underground Mines, Colfax County, New Mexico, Permit No. 11 was issued on January 8, 1979 by:

   State of New Mexico
   Energy and Minerals Department
   Mining and Minerals Division

   A new application under the Permanent Program is currently pending before the Mining and Minerals Division.

4. York Canyon Surface Mine, Colfax County, New Mexico, Permit No. 1, dated August 8, 1973, was amended to Permit No. 1-A-2 by:

   State of New Mexico
   Energy and Minerals Department
   Mining and Minerals Division

   A new application under the Permanent Program has been filed and was found to be complete and is currently pending before the Mining and Minerals Division.

5. Potato Canyon, Colfax County, New Mexico. An Exploration Coal Mine Permit Application applicable to the Upper York Canyon; Upper Left Fork Seam, Colfax County, New Mexico, under the Permanent Program regulations was filed on July 13, 1981. Approval was granted on September 17, 1981 by:

   State of New Mexico
   Energy and Minerals Department
   Mining and Minerals Division

6. Cimarron Mine, Colfax County, New Mexico. Underground Mine Permit # 23-8P was issued on September 30, 1985 by:

   State of New Mexico
   Energy and Minerals Department
   Mining and Minerals Division

7. Ancho Canyon, Colfax County, New Mexico. An Exploration Coal Mine Permit Application, Permit No. 28 was issued and approved on April 14, 1982 by:

   State of New Mexico
   Energy and Minerals Department
   Mining and Minerals Division

8. Chimney Rock Mine, Archuleta County, Colorado. Permit No. C-023-81 was issued in January, 1983 by:

   State of Colorado
   Department of Natural Resources
   Mined Land Reclamation Division

9. Colorado Coal Mine #1, Huerfano County, Colorado (inactive). Permit No. C-024-81 was issued March, 1984 by:

State of Colorado
Department of Natural Resources
Mined Land Reclamation Division

782.13(e)) Owners of record of surface and subsurface areas contiguous to the permit area:

Surface:

United States Steel Corporation
600 Grant Street
Pittsburgh, PA 15230

State of Utah
State Lands Division
231 East 400 South
Salt Lake City, UT 84111

United States of America
Bureau of Land Management
Moab District Office
P.O. Box 970
Moab, UT 84532

Price River Water Improvement District
61 North 200 East
Price, UT 84501

Willard and M.M. Van Wagoner
Wellington, UT 84542

Merrill and Ellan Mead
Wellington, UT 84542

Benjamin L. and Myrna J. Mead
Wellington, UT 84542

Michael P. and Arlene Kelley
Wellington, UT 84542

Matthew L. and Pamela Rauhala
No Known Address

Max and Ronda Lopan
Wellington, UT 84542

Rulon S. and Mary T. Rich
Wellington, UT 84542

Brian E. and Toni R. Brewer
Spring Glenn, UT 84526

Mont and Leslie Blackburn
P.O. Box 533
Dalhart, TX

Deseret Livestock Co.
No Known Address

Earl and Wilma Rich
Wellington, UT 84542

Floyd Hawkins
Wellington, UT 84542

Layton Foster
Wellington, UT 84542

Perry and Carol Timothy
Wellington, UT 84542

Merle Neff
P.O. Box 77
Wellington, UT 84542

The Wellington Mountaineers
Route 1 Box 2000
Price, UT 84501

M. M. Morehouse and Merle Neff
P.O. Box 77
Wellington, UT 84542

Nick and Ilene Siaperas
Wellington, UT 84542

John and Susan Critchlow
East of Price, UT 84501

John and Salley Timothy
Wellington, UT 84542

Subsurface: N/A

782.13(f) The name of the plant is the Wellington Coal Cleaning Plant and the MSHA I.D. Number is 42-00099.

782.13(g) There are no outstanding interests in lands, options or pending bids on interests held or made by the Applicant for lands which are contiguous to the area to be covered by the permit.

782.14 COMPLIANCE INFORMATION AS PER ATTACHMENT "A"

(a) Statement of Compliance

Neither the Applicant, nor any of its subsidiaries, affiliates or persons controlled by or under common control with the Applicant has had a federal or state mining permit suspended or revoked in the last five years; nor forfeited a mining bond or similar security deposited in lieu of bond.

(b) This section does not apply.

(c) Violation Notices received by the Applicant in connection with any underground or surface coal mining activities within the last three years: see Attachment "A".

UMC 782.15 Right of Entry and Operations Information

(a) Applicant Kaiser Coal Corporation will obtain the legal right to enter and begin activities on the Closing Date specified in the Purchase and Sale Agreement between United States Steel Corporation, grantor and Kaiser Coal Corporation, grantee, dated December 30, 1985 (herein the "Purchase and Sale Agreement"). The legal description of lands affected is set forth at UMC 788.18(b)(1).

(b) This section does not apply.

UMC 782.16 Relationship to Areas Designated Unsuitable for Mining

(a) The permit area is not within an area designated unsuitable.

(b) N/A

(c) Surface operations are not located within three hundred feet of an occupied dwelling.

UMC 782.19: See Attached List of Permits.

UMC 782.18 Personal Injury and Property Damage Insurance Information

The Wellington Coal Preparation Plant will be included within the coverage of Kaiser Coal Corporation's Liability Insurance effective upon the Closing Date as set forth in the Purchase and Sale Agreement. A copy of Kaiser Coal Corporation's Certificate of Liability Insurance is attached hereto as Attachment "B". The original is on file in Kaiser's offices in Colorado Springs, Colorado.

UMC 788.18(b)(1) Newspaper Advertisement and Proof of Publication

Notice of this proposed transfer will be submitted to the Newspaper Agency Corporation in Salt Lake City, Utah and the Sun Advocate in Price, Utah in substantially the following form on the Closing Date. Proof of publication will be submitted to the Division upon publication.

> Notice is hereby given that Kaiser Coal Corporation, 102 South Tejon, Suite 800, Colorado Springs, Colorado 80903 has submitted an application to the State of Utah, Department of Natural Resources, Division of Oil, Gas & Mining for transfer of a permit to operate the Wellington Preparation Plant under the provisions of the Utah Coal Mining and Reclamation Act (Utah Code Ann. 40-10-1 et seq.) and the Utah Coal Program Regulation UMC 788.18. The previous permittee of the Wellington Preparation Plant was the United States Steel Corporation, Permit No. ACT/007/012. The permit area is located in Carbon County, Utah as follows:
>
> Township 15 South, Range 11 East, SLB&M:
>
> Sec. 8: SE1/4NE1/4 and SE1/4
> Sec. 9: S1/2N1/2 and S1/2
> Sec. 15: W1/2NW1/4
> Sec. 16: All
> Sec. 17: E1/2SE1/4 and NE1/4

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:

State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
III Triad, Suite 350
Salt Lake City, Utah 84108

UMC 788.18(c)(1):

Applicant hereby agrees to conduct the operations covered by Permit No. ACT/007/012 in accordance with applicable criteria specified in UMC 785, 786.19, 786.21, the requirements of the Utah Coal Mining and Reclamation Act (Utah Code Ann. § 40-10-1 et seq.), the applicable Chapter and the Utah Coal Program.

UMC 788.18(c)(2):

Applicant has submitted a Self Bond and Indemnity Agreement or other bonding arrangement in conjunction with this application which is satisfactory to the Division and meets the criteria of the Utah Coal Program in the amount of $4,360,775 (1989 Dollars) which is equivalent to the bond or other guarantee of United States Steel Corporation, the original permittee.

UMC 788.18(c)(3):

Applicant agrees to continue to conduct the operations involved in full compliance with the terms and conditions of Permit No. ACT/007/012, unless and until it has obtained a new permit in accordance with the Utah Coal Program.

UMC 771.25: A filing fee of $5.00 is submitted with this application.

UMC 771.27 Verification of Application

This applicaton is submitted on behalf of Kaiser Coal Corporation as of this 30 day of DECEMBER, 1985 by JEFFREY C. COLLINS, the SECRETARY of Kaiser Coal Corporation.

STATEMENT OF VERIFICATION

STATE OF ~~COLORADO~~ UTAH)
: ss.
COUNTY OF ~~EL PASO~~ SALT LAKE)

Jeffrey L. Collins, having been first duly sworn, states as follows:

1. That he is the person who executed the foregoing application as Secretary of Kaiser Coal Corporation.

2. That he has read the same and knows the contents thereof.

3. That the matters stated therein are true to his knowledge.

SUBSCRIBED AND SWORN to before me this 30th day of December, 1985.

Julie S. Klein
Notary Public

Residing in: Davis County

My Commission Expires:

6-22-89

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 30th day of December, 1985, personally appeared before me Jeffrey L. Collins who being by me duly sworn did say, for himself, that he, the said Jeffrey L. Collins is the Secretary of said corporation by authority of a resolution of its board of directors and said Jeffrey L. Collins duly acknowledged to me that said corporation executed the same and that the seal affixed is the seal of said corporation.

Julie S. Klein
Notary Public
Residing at: Davis County

My Commission Expires:

6-22-89

RECEIPT Date December 5 19 85 No 4001

Received From Denise Drago (for Kaiser Coal Corporation)

Address

Dollars $ 5.00

For filing fee for transfer of Wellington permit
ACT/007/012

ACCOUNT			HOW PAID		
AMT. OF ACCOUNT			CASH		
AMT. PAID			CHECK		
BALANCE DUE			MONEY ORDER		

By Susan Linner

8K 816 REDIFORM®

File ACT/007/012
Folder #2, 6

FABIAN & CLENDENIN
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

TWELFTH FLOOR
215 SOUTH STATE STREET
SALT LAKE CITY, UTAH 84111-2309

TELEPHONE
(801) 531-8900

HAROLD P. FABIAN
1885-1975
BEVERLY S. CLENDENIN
1889-1971
SANFORD M. STODDARD
1909-1974

PETER W. BILLINGS
ALBERT J. COLTON
RALPH H. MILLER
GEORGE D. MELLING, JR.
WARREN PATTEN
M. BYRON FISHER
STANFORD B. OWEN
WILLIAM H. ADAMS
ANTHONY L. RAMPTON
PETER W. BILLINGS, JR
GORDON CAMPBELL
THOMAS CHRISTENSEN, JR.
RAND M. ELISON
RANDALL A. MACKEY
DENISE A. DRAGOO
JAY B. BELL
DANIEL W. ANDERSON
TERRIE T. McINTOSH

GARY E. JUBBER
W. CULLEN BATTLE
KEVIN N. ANDERSON
DOUGLAS L. FURTH
JATHAN JANOVE
JAMIS M. JOHNSON
ROSEMARY J. BELESS
MICHELE MITCHELL
JOHN E. S. ROBSON
DOUGLAS B. CANNON
ROBERT J. SKOUSEN

RECEIVED
JAN 20 1986
DIVISION OF OIL
GAS & MINING

January 20, 1986

HAND DELIVERED

Susan Linnear
Utah Division of Oil, Gas & Mining
355 West North Temple
III Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Wellington Preparation Plant Permit (ACT/007/012)

Dear Susan:

Enclosed is an Affidavit of Publication from the Sun Advocate evidencing publication of Kaiser Coal Corporation's transfer application for the Wellington Preparation Plant. Publication occurred on January 15, 1986; therefore, the public comment period should extend until February 15, 1986.

Very truly yours,

Denise

Denise A. Dragoo

DAD:jk

Enclosure

cc: Jeffrey C. Collins, Esq.
William B. Prince, Esq.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH
County of Carbon, } ss.

I, Dan Stockburger, on oath, say that I am the General Manager of The Sun-Advocate, a weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for One (1) consecutive issues, and that the first publication was on the 15th day of January, 19 86 and that the last publication of such notice was in the issue of such newspaper dated the ..... day of ....., 19 .....

Dan Stockburger

Subscribed and sworn to before me this 16th day of January, 19 86

Holly Jo Baker
Notary Public.

My Commission expires My Commission Expires October 22, 1986, 19 .....

Publication fee, $ 21.00

NOTICE OF APPLICATION
Wellington Preparation Plant
Permit (ACT/007/012

Notice is hereby given that Kaiser Coal Corporation, 102 South Tejon, Suite 800, Colorado Springs, Colorado 80903 has submitted an application to the State of Utah, Department of Natural Resources, Division of Oil, Gas & Mining for transfer of a permit to operate the Wellington Preparation Plant under the provisions of the Utah Coal Mining and Reclamation Act (Utah Code Ann. 40-10-1 et seq.) and the Utah Coal Program Regulation UMC 788.18. The previous permittee of the Wellington Preparation Plant was the United States Steel Corporation, Permit No. ACT/007/012. The permit area is located in Carbon County, Utah as follows:

Township 15 South, Range 11 East, SLB&M
Sec. 8: SE¼NE¼ and SE¼
Sec. 9: S½N½ and S½
Sec. 15: W½NW¼
Sec. 16: All
Sec. 17: E½SE¼ and NE¼

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:

State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
III Triad, Suite 350
Salt Lake City, Utah 84108

Published in the Sun Advocate January 15, 1986.

PETER W. BILLINGS
ALBERT J. COLTON
RALPH H. MILLER
GEORGE D. MELLING, JR.
WARREN PATTEN
M. BYRON FISHER
STANFORD B. OWEN
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JOHN E. S. ROBSON
DOUGLAS B. CANNON
ROBERT P. REESE
ROBERT JAMES SKOUSEN
JODI KNOBEL FEUERHELM

January 28, 1986

HAND DELIVERED

Susan Linnear
Utah Division of Oil, Gas & Mining
355 West North Temple
III Triad Center
Suite 350
Salt Lake City, Utah 84180-1203

RE: Wellington Preparation Plant Permit (ACT/007/012)

Dear Susan:

Enclosed is an Affidavit of Publication from The Salt Lake Tribune evidencing publication of Kaiser Coal Corporation's transfer application for the Wellington Preparation Plant. Publication occurred on January 17, 1986; therefore, the public comment period should extend until February 17, 1986.

Very truly yours,

Julie Klein

Julie Klein
Secretary to Denise A. Dragoo

/g

Enclosure

cc: Jeffrey C. Collins, Esq.
William B. Prince, Esq.

RECEIVED
JAN 28 1986
DIVISION OF OIL
GAS & MINING

Affidavit of Publication

ADM 35

STATE OF UTAH,

County of Salt Lake ss.

.....Cheryl Gierloff.....

Being first duly sworn, deposes and says that he/she is legal advertising clerk of THE SALT LAKE TRIBUNE, a daily newspaper printed in the English language with general circulation in Utah, and published in Salt Lake City, Salt Lake County, in the State of Utah.

That the legal notice of which a copy is attached hereto

.....Notice - Kaiser Coal Corporation.....

.....

.....

.....

.....

was published in said newspaper on.....

.....January 17, 1986.....

.....Cheryl Gierloff.....
Legal Advertising Clerk

Notice is hereby given that Kaiser Coal Corporation, 102 South Tejon, Suite 800, Colorado Springs, Colorado 80903 has submitted an application to the State of Utah, Department of Natural Resources, Division of Oil, Gas & Mining for transfer of a permit to operate the Wellington Preparation Plant under the provisions of the Utah Coal Mining and Reclamation Act (Utah Code Ann. 40-10-1 et seq.) and the Utah Coal Program Regulation UMC 788.18.
The Previous permittee of the Wellington Preparation Plant was the United States Steel Corporation, Permit No. ACT/007/012. The permit area is located in Carbon County, Utah as follows:

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Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:
State of Utah
Dept. of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
III Triad, Suite 350
Salt Lake City, Utah 84108
A-83

Subscribed and sworn to before me this .....22nd..... day of

.....January..... A.D. 19..86...

B. T. Davis
Notary Public

My Commission Expires

.....March 1, 1988.....

NOTARY PUBLIC
B. T. DAVIS
STATE OF UTAH

Sunnyside Mines
Carbon County, Utah

Regulatory Authority:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
Salt Lake City, Utah

NOTICE OF VIOLATION 82-6-1-1 (12/8/82)

Part 1 of 1 UMC 817.45(i) UCA 40-10-18 2(i)(ii) UMC 817.46(c)

Failure to maintain sediment control measures to prevent additional distribution of sediment to stream flow outside the permit area.

Failure to maintain sediment ponds to prevent short circuit to the extent possible.

Maintenance of present structure. Submit plans addressing areas inadequately designed and constructed to ensure proper conveyance and treatment of disturbed area runoff. Implement plans upon approval by the Division.

Conference held 1/11/83.
$480 penalty assessed.

NOTICE OF VIOLATION 83-6-2-3 (1/11/83)

Part 1 of 3 UCA 1953 40-10-9 UCA 1953 40-10-15(s)(i)(i)
UMC 771.19 UMC 817.45 UMC 817.46

Failure to operate in accordance with an approved plan. Failure to design, construct and maintain sediment controls to prevent additional contributions of sediment to runoff outside the permit area.

Submit plans for sediment pond to meet requirements of regulation of Surface Effects of Underground Coal Mining Activities and implement those plans upon approval by the Division.

Conference held 3/10/83.
$880 penalty assessed.
Terminated 4/21/83.

Part 2 of 3 UMC 817.21 UMC 817.23

Failure to stockpile topsoil on a stable surface, protected from wind and water erosion, unnecessary compaction and contaminants.

Submit plans for replacing the volume created by the violation. Implement plans upon approval by the Division.

Conference held 3/10/83.
$340 penalty assessed.
Terminated 4/21/83.

York Canyon Mines
Colfax County, New Mexico

Regulatory Authority:
State of New Mexico
Energy and Minerals Department
Mining & Minerals Division
Santa Fe, New Mexico

NOTICE OF VIOLATION 011 (08/31/83)

Part 1 of 1 Rule 80-1, Chapter K Section 22

Underground leakage of diesel fuel from buried diesel line polluting undetermined portion of York Canyon alluvial aquifer.

Diesel leak was abated within 90 days.

No penalty assessed.
Terminated 11/28/83.

NOTICE OF VIOLATION 144 (4/18/84)

Part 1 of 1 Rule 79-1, Section 21, Topsoil Handling

Failure of the operator to stockpile topsoil in a stable area.

Constructed ditch/berm adjacent to stockpile.

Informal conference held 6/15/84.
No penalty assessed.
.5 History Points
Terminated 5/21/84.

NOTICE OF VIOLATION 145 (4/18/84)

Part 1 of 1 Rule 79-1, Section 21, Topsoil Handling

Failure to segregate topsoil material from mined out overburden material.

Constructed ditch/berm around topsoil stockpile.

Informal conference held 6/15/84.
No penalty assessed.
.5 History Points
Terminated 5/21/84.

NOTICE OF VIOLATION 146 (4/18/84)

Part 1 of 1 Rule 79-1, Section 19, Backfilling and Grading

Failure to stabilize rills and gullies over nine inches deep.

Filled rills and gullies with topsoil or rock material.

Informal conference held 6/15/84.
No penalty assessed.
.5 History Points
Terminated 5/21/84.

NOTICE OF VIOLATION 147 (4/18/84)

Part 1 of 1 Rule 79-1, Sections 23(E0(8) and 15(b) and NMSA Section 69-25A-19(B)(10)(C)

Failure to be certified by a qualified professional engineer registered in New Mexico for all structures which act as the final impoundment of runoff from the permit area.

Informal conference held 6/15/84
Vacated 7/2/84.

NOTICE OF VIOLATION 150 (5/28/84)

Part 1 of 1 Rule 79-1, Section 19, Backfilling and Grading (715.14)(i)

Failure to stabilize rills and gullies over nine inches deep.

Informal conference held 7/20/84.
No penalty assessed.
.5 History Points
Terminated 7/3/84.

NOTICE OF VIOLATION 155 (6/12/84)

Part 1 of 1 Rule 79-1, Section 21, Topsoil Handling

Failure of operator to remove contamination from the topsoil stockpile and to prevent water erosion of topsoil stockpile.

Constructed berm around topsoil stockpile.

Informal hearing held 7/20/84.
$1,000 penalty assessed.
1 History Point
Terminated 7/3/84.

NOTICE OF VIOLATION 156 (7/6/84)

Part 1 of 2 Rule 79-1, Section 23(e)(vi)(5)

Failure of the operator to have a properly installed (constructed) spillway system for a sediment pond.

Informal conference held 8/2/84
Vacated 9/7/84

Part 2 of 2 Rule 79-1, Section 23(1)(2)(iii)

Failure of the operator to construct culverts to avoid erosion at inlets and outlets.

Informal conference held 8/2/84
Vacated 9/7/84.

NOTICE OF VIOLATION 157 (7/6/84)

Part 1 of 1 Rule 79-1, Section 23(vi)(f)

Failure of the operator to control discharges from sedimentation ponds and diversions to reduce erosion and prevent deepening or enlargement of stream channels and to minimize disturbances to the hydrologic balance.

Rip rap material placed in discharges of diversion and spillway.

Informal conference held 8/2/84.
No penalty assessed.
.5 History Points
Terminated 8/24/84.

NOTICE OF VIOLATION 158 (7/6/84)

Part 1 of 1 Rule 79-1, Section 19(i)

Failure of the operator to regrade or stabilize rills and gullies deeper than nine inches that have formed in areas that have been regraded and the topsoil replaced but vegetation has not yet been established.

Rip rap material placed in rills.

Informal conference held 8/2/84.
No penalty assessed.
.5 History Points
Terminated 8/24/84

NOTICE OF VIOLATION 159 (7/6/84)

Part 1 of 1 Rule 79-1, Section 23(e)(vi)(5)

Failure of the operator to have a properly installed (constructed) spillway system for sedimentation pond.

Informal conference held 8/2/84.
Vacated 9/7/84.

NOTICE OF VIOLATION 160 (7/6/84)

Part 1 of 1 Rule 79-1, Section 69-25A-19(B)(10)(C) NM-CSMS Section 23(E)(8)

Failure of the operator to have all sedimentation structures (ponds) which present suspended solids to stream flow or runoff outside of the permit area, to be certified after construction by a qualified professional engineer registered in New Mexico.

Informal conference held 8/2/84.
No penalty assessed.
.5 History Points
Terminated 10/9/84.

NOTICE OF VIOLATION 161 (7/10/84)

Part 1 of 1 Rule 79-1, NMSA Section 69-25A-19(B)(10)(C) NM CSMC Section 23(E)(8)

Failure of the operator to have all sedimentation structures (ponds) which prevent suspended solids to stream flow or runoff outside of the permit area, to be certified after construction by a qualified professional engineer registered in New Mexico.

Informal conference held 8/2/84.
No penalty assessed.
.5 History Points
Terminated 10/9/84.

NOTICE OF VIOLATION 165 (8/14/84)

Part 1 of 1 Rule 79-1 NMSA Section 21 (B)(iii) NM CSMS Section 19(i)

Failure of operator to protect topsoil from wind and water erosion.

Failure of operator to regrade or stabilize rills or gullies deeper than 9 inches.

Informal conference held 10/15/84.
No penalty assessed.
.5 History Points
Terminated 9/14/84.

NOTICE OF VIOLATION 191 (10/18/84)

Part 1 of 2 Findings of fact 6 (d) Permit No. 1-A-2 Surface
Conclusions of law 3 Permit No. 1-A-2 (Surface)

Failure of the operator to fulfill the conditions of their permit. (Findings of fact, conclusions of law.) The operator graded, topdressed and seeded an

area (slope) in excess of 15 degrees and in excess of that which occurred before mining. The slope was measured in two areas with a clinometer. Measured slopes were 37% (20° 18') and 42% (22° 47').

Informal hearing held 1/14/85.
No penalty assessed.
.5 History Points
Terminated 1/16/85.

Part 2 of 2 Rule 79-1, Section 19(i)

Failure of the operator to regrade or stabilize rills and qullies deeper than nine inches that have formed in areas that have been regraded and topsoil replaced but vegetation has not yet been established.

Informal hearing held 1/14/85.
Vacated 1/14/85; NOV was improperly written.

Order to Show Cause (12/7/84)

NMSA Section 69-15A-25(c)(1978 Comp.)

Stipulated agreement signed between MMD and Kaiser

Public hearing held 1/18/85.
No revocation of permit.

NOTICE OF VIOLATION 192 (12/28/84)

Part 1 of 1 Rule 79-1, Section 69-25A-19(B)(14) CSMC Section 23(e)(2)(i)

Failure of the operator to ensure that all debris are treated or buried and compacted or otherwise disposed of in a manner designed to prevent contamination of ground or surface waters.

Failure of the operator to provide 24-hour theoretical detention time for the inflow or runoff entering a pond from a 10 year 24 hour precipitation event. The operator discharged water from a pond containing some contaminants into the York Canyon stream in the absence of a 10 year 24 hour precipitation event (surface oil).

Informal hearing held 2/18/85.
Vacated 3/8/85.
No penalty assessed

NOTICE OF VIOLATION 193 (12/28/84)

Part 1 of 1 Rule 79-1, Section 69-25A-19(B)(17) CSMC Section 23 (L)(2)(i)

Failure of the operator to maintain roads in a manner that decreases erosion. Runoff from an active access road had been discharged onto an undisturbed area in a manner that created rills and gullies deeper than nine inches.

Abated 1/8/85.
Informal hearing held 2/18/85.
No penalty assessed.
.5 History Points

NOTICE OF VIOLATION 200 (2/21/85)

Part 1 of 3 Rule 80-1, Section 19-15(j)

Failure of the operator to restrict their surface facilities and areas to be disturbed to those areas described under Items #1, 3, and 4 of the exploration plan section of permit application.

Failure of the operator to provide sediment control measures.

Failure of operator to notify MMD by letter of any deviations from the exploration plan.

Failure of the operator to protect off-site areas from damage by locating any part of the operations outside the permit area.

Informal hearing held 4/4/85.
$1,200 penalty assessed.
Terminated 4/29/85.

Part 2 of 3 NMSA Section 69-25A-19(B)(17)

Failure of the operator to maintain a primary road so as to control or prevent erosion and siltation. A discharge (s) from the primary access road caused erosion in excess of nine inches. The road berm had apparently been intentionally breached to allow discharge of water which had collected on the road surface.

Informal hearing held 4/4/85.
$1,100 penalty assessed.
Terminated 4/29/85.

Part 3 of 3 Permit E-18 Coal Exploration Stipulation #7

Failure of the operator to notify the Mining and Minerals Division by letter of any deviations from the exploration plan section of the exploration mine permit application for the upper left fork seam in the Upper York Canyon Exploration Permit #E-16. The operator drilled a well within the permit area that was not included in the exploration plan.

Informal hearing held 4/4/85.
No penalty assessed.
Terminated 4/29/85.

NOTICE OF VIOLATION 255 (6/19/85)

Part 1 of 1

Failure of the operator to selectively place topdressing on a stable area in a manner where it will not be disturbed or subject to wind and water erosion, unnecessary compaction or contaminants. The operators excavated topdressing but did not place material in a stockpile or other stable protected area.

Abated.
No penalty assessed.
.5 History Points

Chimney Rock Coal Mine
Archuleta County, Colorado

Regulatory Authority
State of Colorado
Department of Natural Resources
Mined Land Reclamation Division
Denver, Colorado

NOTICE OF VIOLATION 83-5 (2/83)

Failure to submit the information required by Stipulations 13, 20, and 22 by the required time frames. The information was due February 6 and was submitted February 9.

Assessment conference held 4/14/83.
$1,050 penalty assessed.
Terminated.

NOTICE OF VIOLATION 83-6 (2/83)

Failure to adequately mark the permit boundary. As a result, surface coal mining operations were being conducted outside of the approved permit area. The area was flagged off and equipment kept out. Disturbance was on a rocky area, so as to keep it to a minimum.

Assessment conference held 4/14/83.
$1,100 penalty assessed.
Terminated.

NOTICE OF VIOLATION 83-10 (3/83)

Operator failed to comply with the terms of the approved permit. Specifically, sedimentation pond 004 was constructed closer to the ephemeral drainage channel than approved. The toe of the outslope of the embankment is less than 4 feet from the centerline of drainage. The pond has been reconstructed so that the outside toe of the west embankment is 40 feet from the centerline of ephemeral drainage channel.

$900 penalty assessed.
Terminated.

NOTICE OF VIOLATION 83-40 (8/83)

Operator augered coal beyond permit boundary. One hole was approximately 10 ft. to 20 ft. beyond line.

$800 penalty assessed.
Terminated.

NOTICE OF VIOLATION 83-29 (10/83)

Issued for failure to provide documentation that adequate bonding will be available for the mine site past the expiration date of the existing bond.

No penalty assessed.
Abated 11/9/83.

NOTICE OF VIOLATION C-84-14 (2/16/84)

Act Section(s) 34-33-120(2)(e)
Regulation Section(s) 4.06.1 and 4.06.4(2)(b)

Failure to protect topsoil and failure to follow approved mine plan. Specifically a portion of the southern half of the east pit which has been topsoiled and seeded during the fall of 1983, subsequently had spoil material placed over it which compacted and contaminated the topsoil.

Assessment conference held 4/3/84.
$1,100 penalty assessed.
Abatement plan submitted to the Division on 3/2/84.
Terminated 5/30/84.

NOTICE OF VIOLATION C-84-21 (2/16/84)

Act Section(s) 120 (2)(e)
Regulation Section(s) 4.06.3(2)(b)

Moving a soil stockpile without Division approval. Specifically the stabilized and revegetated stockpile west of Sediment Pond No. 002 was moved to a location on top of the graded fill in the east pit area.

Informal hearing held 4/3/84.
$2,175 penalty assessed.
Abatement plan submitted to Division on 3/16/84.
Terminated.

NOTICE OF VIOLATION C-84-022 (2/16/84)

Permit Section(s) Sec. 2.05 of Permit Revision No. 1

Failure to follow approved mine plan. Specifically fill material was placed to a depth of about 9 feet in an area of approximately 340 by 150 feet by 350 feet by 180 feet. The filled area was located adjacent to and west of Sediment Pond No. 002 in an alluvial valley floor.

Informal hearing held 4/3/84.
$2,912.50 penalty assessed.
Abatement plan submitted to the Division on 3/16/84.
Terminated 6/7/84.

NOTICE OF VIOLATION CV-84-024 (3/8/84)

Act Section(s) 120(2)(j)
Regulation Section(s) 4.05.4

Relocation of the stream channel of Stollsteimer Creek without approval by the Division.

An abatement letter sent to the Division on 3/16/84.
An informal hearing held on the site on 4/3/84.
$2,800 penalty assessed.
Terminated 6/6/84.

NOTICE OF VIOLATION CV-84-025 (3/8/84)

Act Section(s) 120(2)(e)
Regulation Section(s) 4.06

Failure to salvage stockpile, and protect topsoil as required.
An abatement letter was submitted to the Division on 3/16/84.

$2,225 penalty assessed.
Terminated 6/6/84.

NOTICE OF VIOLATION CV-84-026 (3/8/84)

Act Section(s) 129(2)(j)(II)
Regulation Section(s) 4.05.5

Failure to provide an adequate and functional sediment control system.

An abatement plan was submitted to the Division on 3/16/84.
$650 penalty assessed.
Terminated 6/6/84.

NOTICE OF VIOLATION C-84-156 (8/23/84)

Regulation Section(s) 4.08.4(2)

Blasting outside times announced in published blasting schedule specifically at 8:20 AM on 8/2/84. Schedule called for blasting 1/2 hour from 10 AM to 7 PM.

Assessment conference held 10/2/84.
$1,100 penalty assessed.
Terminated 10/15/84.

NOTICE OF VIOLATION C-84-171 (11/27/84)

Regulation Section(s) 5.03.2 (2)(a)
Act Section(s) 34-33-123(2)

Failure to follow the approved permit in that subsoil from in place subsoil salvage area F was removed and placed in an unapproved location (the east pit). This material was approved to be placed on the facilities area and on Barren Ridge, but not on the East Pit.

Abatement plan submitted 12/20/84.
$1,350 penalty assessed.
Terminated 12/31/84.

COLORADO COAL MINE NO. 1
Huerfano County, Colorado

Regulatory Authority:
State of Colorado
Department of Natural Resources
Mined Land Reclamation Division
Denver, Colorado

NOTICE OF VIOLATION C83-20 (10/7/83)

Act (Section(s) 34-33-123(2)
Regulation Section(s) 5.02.2(2)(a), 3.02.4(2)(6)

Failure to meet the conditions of permit approval. Specifically, failure to post sufficient bond by 8/25/83 as required by Proposed Decision and Findings of Compliance issued on 6/16/83.

Perma did not meet the deadlines for bonding and was assessed a $27,000 penalty.

Violation terminated following a hearing with the Mined Land Reclamation Board in 3/84.

NOTICE OF VIOLATION C-84-011 (2/13/84)

Act (Section(s) 120(2)(j)(II)
Regulation Section(s) 4.05.5(1)

Failure to maintain sediment control measures by failure to clean culvert of sediment in the collector ditch.

Culvert was cleaned of sediment.

Assessment conference held 7/6/84
$800 penalty assessed.
Terminated 7/13/84.

NOTICE OF VIOLATION C-84-012 (2/13/84)

Act Section(s) 120(2)(e)
Regulation Section(s) 4.07.3(2)(a)(i)

Failure to stabilize and protect stockpile soil materials with an effective vegetative cover.

Operator indicated that the areas had been drilled and seeded in the falls of 1982 and 1983. A fence was installed to protect the revegetation.

Assessment conference held 7/6/84
$1,350 penalty assessed
Terminated 7/6/84.

NOTICE OF VIOLATION C-84-034 (3/8/84)

Act Section(s) 34-33-120(2)(j)
Regulation Section(s) Rule 4.05.3(3)

Failure to stabilize and maintain diversion ditches.

The diversion ditches were repaired and or reconstructed.

Assessment conference held 7/6/84.
$464 penalty assessed.
Terminated 6/12/84.

NOTICE OF VIOLATION C-84-035 (3/8/84)

Act Section(s) 34-33-123(2)
Regulation Section(s) 5.03.2(2)(a)

Failure to follow the approved mine plan. Specifically, constructing a diversion ditch which was not approved by the Division.

A technical revision was submitted in order to bring the ditch into compliance.

Assessment conference held 7/6/84
$400 penalty assessed.
Terminated 6/12/84.

NOTICE OF VIOLATION C-84-036 (3/8/84)

Act Section(s) 34-33-120-(2)(j)(II)(A)
Regulation Section(s) 4.05.6(8)(g)

Failure to stabilize the pond embankment with respect to erosion by establishing a vegetative cover.

The problem was mitigated by previous seeding and new fencing. With further information the Division agreed that the material in question was not a pond embankment, but rather an overburden stockpile, and as a result it was not subject to the same requirements for stabilization and vegetative cover.

Vacated 7/9/84.

NOTICE OF VIOLATION C-84-037 (3/8/84)

Act Section(s) 34-33-120(2)(j)(II)(B)
Regulation Section(s) 4.05.6(t)

Failure to have sedimentation pond certified by a qualified registered professional engineer following construction and submit such certification to the Division.

Certification was submitted to the Division

Vacated 7/12/84.

NOTICE OF VIOLATION C-84-038 (3/8/84)

Act Section(s) 34-33-122(2)
Regulation Section(s) 4.05.13(1)

Failure to monitor ground water.

A monitoring plan was submitted to the Division by Mr. Rob Traylor of Piteau and Associates. Monitoring has been ongoing since.

Assessment conference held 7/6/84.
$500 penalty assessed.
Terminated 6/12/84.

NOTICE OF VIOLATION C-84-069 (4/23/84)

Act Section(s) 34-33-120(2)(j)
Regulation Section(s) 4.04(3), 4.05(1)

Failure to maintain drainage control structures.
Specifically, failure to clean the diversion ditch of sediment by the specified compliance deadline.

Ditch was cleaned and reconstructed. Surveys were completed in order to assure proper grades.

Assessment conference held 7/6/84.
$900 penalty assessed. See Cessation Order C-84-129.

CESSATION ORDER C-84-125 (6/25/84)

Act Section(s) 34-33-123(3)
Regulation Section(s) 5.03.2(3)

Failure to properly abate NOV C-84-012.

A letter of explanation was issued to the Division on 7/10/84.

Terminated 7/5/84.

CESSATION ORDER C-84-126 (6/25/84)

Act Section (s) 34-33-123(3)
Regulation Section (s) 5.03.2(3)

Failure to abate NOV C-84-034.

A letter of explanation was issued to the Division on 7/10/84.

Terminated 7/5/84.

CESSATION ORDER C-84-127 (6/25/84)

Act Section (s) 34-33-123(3)
Regulation Section (s) 5.03.2(3)

Failure to properly abate NOV C-84-035.

A letter of explanation was sent to the Division on 7/10/84.

Terminated 7/5/84.

CESSATION ORDER C-84-128 (6/25/84)

Act Section(s) 34-33-123(3)
Regulation Section(s) 5.03.2(3)

Failure to properly abate NOV C-84-036.

A letter of explanation was sent to the Division.

Vacated along with NOV C-84-036 on 7/9/84.

CESSATION ORDER C-84-129 (6/25/84)

Act Section(s) 34-33-123(3)
Regulation Section(s) 5.03.2(3)

Failure to properly abate NOV C-84-069.

Ditch problem was mitigated.

Assessment conference held 9/10/84.
$850 penalty assessed.
Terminated 7/5/84.

NOTICE OF VIOLATION C-84-155 (8/15/84)

Act Section(s) 34-33-111(1)(e), 120(2)(e), 120(2)(j) (II)(A)

Regulation Section(s) 2.05.3(6), 4.06, 4.05.2(1)

Assessment conference held on 9/10/84.
$850 penalty assessed.
Terminated 12/18/84.

NOTICE OF VIOLATION C-84-161 (9/26/84)

Act Section(s) 34-33-120(2)(j)
Regulation Section(s) Rule 4.05.3(3)

Failure to maintain diversion culvert.

Culvert was removed and cleaned.

Assessment conference held 12/11/84.
No penalty assessed, since the county road ditch contributed most of the sediment which clogged the culvert.

A new culvert was to be installed by the county.
Terminated 11/26/84.

NOTICE OF VIOLATION C-85-017 (3/6/85)

Act Section(s) 34-33-122(2).
Regulation Section(s) Rule 4.05.12(2)(c).

Failure to maintain surface water monitoring station.

Vandalized station was replaced immediately.
Informal conference held 5/20/85.
No penalty assessed.
Terminated 3/15/85.

ATTACHMENT B

CERTIFICATE OF INSURANCE

REED STENHOUSE INC.

Of California

INTERNATIONAL INSURANCE BROKERS

THREE EMBARCADERO CENTER SAN FRANCISCO, CALIFORNIA 94111 TELEPHONE: 415/986-1122 TELEX 340801

1. Name and address of party to whom this certificate is issued	2. Name and address of Insured
Utah Division of Oil, Gas & Mining III Triad Center - 3rd Floor Salt Lake City, UT 84180	KAISER STEEL CORPORATION, ET AL 9400 Cherry Avenue P.O. Box 5050 Fontana, CA 92335 Attn: Corporate Risk Insurance Dept.

3. Location of operations to which this certificate applies:

All operations of Kaiser Steel Corporation and their wholly-owned subsidiaries, in the United States & Canada.

TYPE OF INSURANCE	INSURER	POLICY NO.	TERM	LIMITS OF LIABILITY
COMPREHENSIVE GENERAL LIABILITY Bodily (Personal) injury Liability and/or Property Damage Liability including Premises-Operations, Products/Completed Operations, Contractors' Protective and Blanket Contractual Liability	National Union Fire Ins. Co. of Pittsburg, PA	GLA1940326RA	3/12/85 to 4/01/86	$1,000,000 CSL BI & PD per occurrence/annual aggregate
COMPREHENSIVE AUTOMOBILE LIABILITY Including Owned, Hired and Non-Owned Vehicles	National Union Fire Ins. Co.	BA9283922RA	3/12/85 to 4/01/86	$1,000,000 CSL BI & PD per accident
UMBRELLA LIABILITY	Industrial Underwriters	JU8844190	3/12/85 to 4/01/86	$5,000,000 XS Underlying Primary Limits per occ./annual agg.
WORKERS' COMPENSATION & EMPLOYERS' LIABILITY				
a) New Mexico/USL&H	Self-Insured	N/A	N/A	Statutory Compensation Benefits and $1,000,000 Employers' Liability Limit
b) California/other States	American Home	WC8510706	2/28/85-86	

SAMPLE ONLY

This is to certify that policies of insurance as described above have been issued to the Insured named above and are in force at this time. If such policies are canceled or materially changed during the periods of coverage as stated herein, in such a manner as to affect this certificate, 30 days written notice will be mailed to the party designated above for whom this certificate is issued by the Company/ies named above.

This certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this Certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

REED STENHOUSE INC.

Date Dec. 9, 1985

for the Company/ies/Underwriters

By [signature]

ATTACHMENT

UMC 782.19 Identification of Other Licenses and Permits

Type: Business License
Issued By: Carbon County Board of Commissioners
Carbon County Courthouse
Price, Utah 84501

Expiration Date: December 31, 1985
Transfer: Non-transferable, Kaiser Coal Corporation will apply for a county business license immediately following Closing.

Type: Air Quality Approval Order
Issued By: State of Utah, Department of Health
Utah Air Conservation Committee
150 West North Temple
P.O. Box 2500
Salt Lake City, Utah 84110
Transfer: U.S. Steel Corporation will assign to Kaiser Coal Corporation upon Closing. Department of Health will be notified of assignment immediately following Closing.

Type: Impoundment Plans, Refuse Pile
Issued By: Mine Safety and Health Administration
P.O. Box 25367, DFC
Denver, Colorado 80225
ID Nos.: 1211-UT-9-0110 Plant Refuse Pile
1211-UT-9-0012 Clear Water Pond
1211-UT-9-0013 Lower Refuse Pond Embankment
1211-UT-9-0014 Upper Refuse Pond Embankment

Note: The three foot increases to embankment heights of the Clear Water and Lower Refuse dikes were never built.

Transfer: U.S. Steel Corporation will assign to Kaiser Coal Corporation upon Closing. MSHA will be notified of transfer immediately following Closing.

Type: National Pollution Discharge Elimination System (NPDES) Permit Application. Submitted in July, 1984 to U.S. EPA, Region VIII, Denver, Colorado, attention of Patrick J. Godsill (App. No. UT-0024376--Wellington).

Type: Water Rights - Utah State Engineer

United States Steel Corporation owned
Direct Flow Rights in the Price River

Morse Decree	1st Class	5.197	CFS
App. No. 27718	12-13-55	10.000	CFS
App. No. 27818	12-23-56	5.000	CFS
App. No. 29509		10.000	CFS
App. No. 29462		2.500	CFS
App. No. 29463		1.000	CFS
App. No. 29464		1.000	CFS

FABIAN & CLENDENIN
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

TWELFTH FLOOR
215 SOUTH STATE STREET
SALT LAKE CITY, UTAH 84111-2309

TELEPHONE
(801) 531-8900

PETER W. BILLINGS
ALBERT J. COLTON
RALPH H. MILLER
GEORGE D. MELLING, JR.
WARREN PATTEN
M. BYRON FISHER
STANFORD B. OWEN
WILLIAM H. ADAMS
ANTHONY L. RAMPTON
PETER W. BILLINGS, JR.
GORDON CAMPBELL
THOMAS CHRISTENSEN, JR.
RAND M. ELISON
RANDALL A. MACKEY
DENISE A. DRAGOO
JAY B. BELL
DANIEL W. ANDERSON
TERRIE T. McINTOSH

HAROLD P. FABIAN
1885-1975
BEVERLY S. CLENDENIN
1889-1971
SANFORD M. STODDARD
1909-1974

GARY E. JUBSER
W. CULLEN BATTLE
KEVIN N. ANDERSON
DOUGLAS L. FURTH
JATHAN JANOVE
JAMIS M. JOHNSON
ROSEMARY J. BELESS
MICHELE MITCHELL
JOHN E. S. ROBSON
DOUGLAS B. CANNON
ROBERT P. REESE
ROBERT JAMES SKOUSEN
JODI KNOBEL FEUERHELM

January 13, 1986

VIA FEDERAL EXPRESS

Ms. Jewel Barkley
Sun Advocate
76 West Main Street
P.O. Box 870
Price, Utah 84501

Re: Legal Notice - Wellington Preparation Plant Permit (ACT/007/012)

Dear Ms. Barkley:

Enclosed please find the legal notice of Kaiser Coal Corporation concerning transfer of the Wellington Preparation Plant Permit (ACT/007/012). Please publish the notice one day only in the Sun Advocate and send proof of publication to me at the above address. Please bill the law firm of Fabian & Clendenin for your services in this matter.

Very truly yours,

Denise

Denise A. Dragoo

DAD:meh

Enclosure

cc: Jeffrey Collins, Esq.
Susan Linnear

FABIAN & CLENDENIN
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

TWELFTH FLOOR
215 SOUTH STATE STREET
SALT LAKE CITY, UTAH 84111-2309

TELEPHONE
(801) 531-8900

PETER W. BILLINGS
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DOUGLAS B. CANNON
ROBERT P. REESE
ROBERT JAMES SKOUSEN
JODI KNOBEL FEUERHELM

January 13, 1986

HAND DELIVERED

Mrs. Ruth Bytheway
Newspaper Agency Corporation
Legal Advertisement Department
Mezzanine Floor
143 Main Street
Salt Lake City, Utah 84145

Re: Legal Notice - Transfer of Wellington Preparation Plant Permit (ACT/007/012)

Dear Mrs. Bytheway:

Enclosed please find the legal notice of Kaiser Coal Corporation concerning transfer of the Wellington Preparation Plant Permit (ACT/007/012). Please publish the notice in the Salt Lake Tribune for one day only and send proof of publication to me at the above address. Please bill the law firm of Fabian & Clendenin for your services in this matter.

Very truly yours,

Denise

Denise A. Dragoo

DAD:meh

Enclosure

cc: Jeffrey Collins, Esq.
Susan Linnear

RECEIVED JAN 13 1986

HOLME ROBERTS & OWEN

ATTORNEYS AT LAW

1700 BROADWAY
DENVER, COLORADO 80290
TELEPHONE (303) 861-7000
TELEX 45-4460

102 NORTH CASCADE AVENUE
COLORADO SPRINGS, CO. 80903
TELEPHONE (303) 473-3800

50 SOUTH MAIN STREET
SALT LAKE CITY, UT. 84144
TELEPHONE (801) 521-5800

January 10, 1986

Jeff Collins, Esq.
Kaiser Coal Corporation
102 Tejon Street, Suite 800
Post Office Box 2679
Colorado Springs, Colorado 80901-2679

Dear Mr. Collins:

Enclosed are copies of Schedule IV and Exhibits A, B, E, and F to the Purchase and Sale Agreement which I inadvertently omitted from your document during the closing. I apologize for any inconvenience my oversight might have caused you.

~~Yours~~ very truly,

Rich Haddock

Rich D. Haddock

RDH:cjk

Enclosures

cc: R. F. Erisman, Esq. (w/o encs.)

SCHEDULE IV

(Attached to and made a part of the Purchase and Sale Agreement dated as of December 30, 1985 between United States Steel Corporation and U.S. Steel Mining Co., Inc. and Kaiser Coal Corporation)

MATERIAL TITLE DEFECTS

A. Utah.

1. U.S. Steel shall place the following instruments of record in Carbon County, Utah, and shall provide a copy of the recorded instruments to Kaiser:

a. Lease dated August 1, 1960 from the Denver and Rio Grande Western Railroad Company to United States Steel Corporation. (Item B.1, p. I(A)-2).

b. Lease dated January 12, 1961 from the Denver and Rio Grande Western Railroad Company to United States Steel Corporation. (Item B.2., p. I(A)-3).

c. Pipeline Crossing Agreement dated June 5, 1973 from the Denver and Rio Grande Western Railroad Company to United States Steel Corporation. (Item B.3, p. I(A)-3).

d. Pipeline Crossing Agreement dated September 23, 1957 from the Denver and Rio Grande Western Railroad Company to United States Steel Corporation. (Item B.4, p. I(A)-3).

e. Private Way License dated September 13, 1957 from the Denver and Rio Grande Western Railroad Company to United States Steel Corporation. (Item B.5, p. I(A)-3).

f. Private Way License dated May 27, 1959 from the Denver and Rio Grande Western Railroad Company to United States Steel Corporation. (Item B.6., p. I(A)-4).

2. U.S. Steel shall use its best efforts to obtain copies of the following documents, as executed, or if such copies are not available, written status of the agreements created by the documents, and provide such copies, or written status, to Kaiser:

Entry No. 010722
Indexed
Abstracted
Rcdg. Fee 7.00

STATE OF UTAH) SS
COUNTY OF CARBON)
FILED AND RECORDED FOR
William B. Prince
HOLME, ROBERTS & OWEN
JAN 2 4 16 PM '86
BOOK 256 RECORDS
PAGE 180-181-182
COUNTY RECORDER

180

Assignment of Permits

(Utah)

THIS ASSIGNMENT OF PERMITS (this "Assignment") dated as of December 30, 1985, is from UNITED STATES STEEL CORPORATION and U.S. STEEL MINING CO., INC., both Delaware corporations, 600 Grant Street, Pittsburgh, Pennsylvania 15230 (collectively "U.S. Steel") to KAISER COAL CORPORATION, a Delaware corporation, 102 South Tejon, Suite 800, P. O. Box 2679, Colorado Springs, Colorado 80901-2679 ("Kaiser").

FOR AND IN CONSIDERATION of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, U.S. Steel, as successor in interest by merger and consolidation to United States Steel Corporation, a New Jersey corporation, hereby transfers, conveys and assigns to Kaiser, without representation or warranty of title, either express or implied, the licenses, permits and other agreements described on Schedule I attached hereto consisting of 1 page (the "Permits"), together with all property, rights, and privileges incident thereto.

TO HAVE AND TO HOLD the Permits unto Kaiser and its successors and assigns forever.

Kaiser agrees to take this Assignment subject to existing contracts, agreements, rights-of-way and easements and to perform and discharge all obligations and to assume all liabilities related to the Permits.

Separate assignments of the Permits may be executed on officially approved forms by U.S. Steel to Kaiser, in sufficient counterparts to satisfy applicable local, state of Utah, and federal statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, rights, title, powers and privileges set forth herein as fully as though they were set forth in such assignments. The Permits conveyed by such separate assignments are the same, and not in addition to, the Permits conveyed herein.

This Assignment is executed this 30th day of December, 1985, to be effective for all purposes as of the date first above written.

ATTEST:

Assistant Secretary

UNITED STATES STEEL CORPORATION

By: F. P. Adams, Vice President - Accounting & Related Resources

ATTEST:

Secretary

U.S. STEEL MINING CO., INC.

By: F. P. Adams, Attorney-in-fact

KAISER COAL CORPORATION

By: Charles S. McNeil, President

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On the 30th day of December, 1985, personally appeared before me F. P. Adams, who, being by me duly sworn did say that he is the Vice President - Accounting & Related Resources of UNITED STATES STEEL CORPORATION, and that said instrument was signed in behalf of said corporation by authority of its by-laws and said F. P. Adams acknowledged to me that said corporation executed the same.

(SEAL)

Carol A. Phillips
Notary Public

My Commission Expires: Nov. 14, 1986

Residing at:
1700 Broadway
Denver, Colorado 80290

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On the 30th day of December, 1985, personally appeared before me F. P. Adams, who, being by me duly sworn did say that he is the Attorney-in-fact of U.S. STEEL MINING CO., INC., and that said instrument was signed in behalf of said corporation by authority of a resolution of the Board of Directors of U.S. STEEL MINING CO., INC., and said F. P. Adams acknowledged to me that said corporation executed the same.

(SEAL)

Carol A. Phillips
Notary Public

My Commission Expires: Nov. 14, 1986

Residing at:
1700 Broadway
Denver, Colorado 80290

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On the 30th day of December, 1985, personally appeared before me Charles S. McNeil, who, being by me duly sworn did say that he is the President of KAISER COAL CORPORATION, and that said instrument was signed in behalf of said corporation by authority of its by-laws and said Charles S. McNeil acknowledged to me that said corporation executed the same.

(SEAL)

Pamela K. Simpson
Notary Public

My Commission Expires: 12/17/89

Residing at: P.O. Box 2679
Colorado Springs Co
80901

SCHEDULE I(D)

(Attached to and made a part of the ASSIGNMENT OF PERMITS dated as of December 30, 1985 from UNITED STATES STEEL CORPORATION and U.S. STEEL MINING CO., INC. to KAISER COAL CORPORATION)

PERMITS

PART 1. UTAH - PREPARATION PLANT

A. Mining and Reclamation

Division of Oil, Gas and Mining, Permit No. ACT/007/012.

B. Utah Department of Health

Air quality approval order to remove coal fines from settling ponds at Wellington Coal Cleaning Plant (Carbon County) dated December 31, 1981.

C. Environmental Protection Agency

Pending application at Wellington Coal Cleaning Plant - Application No. UT-0024376 - Wellington.

D. Mine Safety and Health Administration

1211-UT-9-0110 Plant Refuse Pile
1211-UT-9-0012 Clear Water Pond
1211-UT-9-0013 Lower Refuse Pond Embankment
1211-UT-9-0014 Upper Refuse Pond Embankment

a. Easement from United States Steel Corporation to The Denver and Rio Grande Western Railroad Company, dated approximately April 4, 1957. (Item C.6, p. I(A)-7).

b. License Agreement between Utah Power and Light Company and United States Steel Corporation entered into in 1957. (Item C.7, p. I(A)-7.

c. License Agreement between United States Steel Corporation and Mariani Air Products Co. dated April 28, 1971. (Item C.8, p. I(A)-7).

d. Grazing Lease dated November 1, 1966 between United States Steel Corporation and Tain Clark. Item C.10, p. I(A)-7).

e. Lease Agreement between United States Steel Corporation and Utah Power and Light Company, dated June 1, 1972, amended as of June 1, 1982, as currently reexecuted. (Item C.12, p. I(A)-7).

3. U.S. Steel shall use its best efforts to obtain written consent from all parties requiring consent to assignment of any agreement or contract granting a right to U.S. Steel and transferred to Kaiser listed on Schedule I and Schedule IX.

4. A properly executed and acknowledged assignment to Kaiser shall be provided by U.S. Steel Mining Co., Inc. transferring to Kaiser the Main Extension Agreement dated September 13, 1983 between Mountain Fuel Supply Company and U.S. Steel Mining Co., Inc. (Item B.12, p. I(A)-6).

B. Colorado.

Title to a portion of the Somerset Mine is held as "Columbia-Geneva Steel Division, United States Steel Corporation," "United States Steel Corporation," and "United States Steel, Inc." Of these three names only "United States Steel Corporation" is correct. A corporate resolution of United States Steel Corporation resolving these discrepancies should be obtained and an acknowledged certified copy of that resolution should be recorded in Delta and Gunnison Counties, Colorado.

EXHIBIT A

(Attached to and made a part of the Purchase and Sale Agreement dated as of December 30, 1985 between United States Steel Corporation and U.S. Steel Mining Co., Inc. and Kaiser Coal Corporation)

Opinion of Buyer's Counsel

United States Steel Corporation
U.S. Steel Mining Co., Inc.
600 Grant Street
Pittsburgh, Pennsylvania 15230

Gentlemen:

I am general counsel of Kaiser Coal Corporation, a Delaware corporation (the "Company") and have acted in that capacity in connection with the transactions contemplated by the Purchase and Sale Agreement, dated as of December 30, 1985 (the "Agreement"), between United States Steel Corporation, U.S. Steel Mining Co. and the Company.

We have examined executed counterparts of the Agreement and all documents and instruments required thereunder to be executed and delivered by the Company. We have also examined the Articles of Incorporation, By-laws, and other corporate documents of the Company and have made such other investigations as we have deemed appropriate or advisable to render the opinions expressed herein.

Based upon the foregoing and subject to the limitations set forth herein and having regard for such legal considerations as we have deemed relevant, we are of the opinion that:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and the Company is duly qualified to carry on its business in the States of Utah and Colorado.

2. The Company has all requisite power and authority to carry on its business as presently conducted, to enter into the Agreement and to perform its obligations under the Agreement.

3. The transactions contemplated by the Agreement do not violate and are not in conflict with any provision of the Company's Articles of Incorporation, By-laws or governing documents or, any agreement or instrument to which the Company is a party or is bound or any judgment, decree, order, statute, rule or regulation applicable to the Company.

4. The execution, delivery and performance of the Agreement and the transactions contemplated thereby have been duly and validly authorized by all requisite action, corporate and otherwise, on the part of the Company.

5. The Agreement has been duly executed and delivered by the Company, and all documents and instruments required thereunder to be executed and delivered by the Company have been executed and delivered. The Agreement and such documents and instruments constitute legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium, and similar laws from time to time in effect, as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

Thomas L. Hopkins
General Counsel

EXHIBIT B

(Attached to and made a part of the Purchase and Sale Agreement dated as of December 30, 1985 between United States Steel Corporation and U.S. Steel Mining Co., Inc. and Kaiser Coal Corporation)

Opinion of Seller's Counsel

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

Gentlemen:

I am general counsel of United States Steel Corporation ("U.S. Steel") and U.S. Steel Mining Co. ("U.S. Mining"), Inc., both Delaware corporations and have acted in that capacity in connection with the transactions contemplated by the Purchase and Sale Agreement, dated as of December 30, 1985 (the "Agreement"), between Kaiser Coal Corporation and the Company.

We have examined executed counterparts of the Agreement and all documents and instruments required thereunder to be executed and delivered by U.S. Steel and U.S. Mining. We have also examined the Articles of Incorporation, By-laws, and other corporate documents of U.S. Steel and U.S. Mining and have made such other investigations as we have deemed appropriate or advisable to render the opinions expressed herein.

Based upon the foregoing and subject to the limitations set forth herein and having regard for such legal considerations as we have deemed relevant, we are of the opinion that:

1. U.S. Steel and U.S. Mining are corporations duly organized, validly existing and in good standing under the laws of the State of Delaware, and U.S. Steel and U.S. Mining are duly qualified to carry on their respective businesses in the States of Utah and Colorado.

2. U.S. Steel and U.S. Mining have all requisite power and authority to carry on their respective businesses as presently conducted, to enter into the Agreement and to perform their obligations under the Agreement.

3. The transactions contemplated by the Agreement do not violate and are not in conflict with any provision of U.S. Steel's or U.S. Mining's Articles of Incorporation, By-laws or governing documents or, any agreement or instrument to which either U.S. Steel and U.S. Mining is a party or is bound or any judgment, decree, order, statute, rule or regulation applicable to U.S. Steel and U.S. Mining.

4. The execution, delivery and performance of the Agreement and the transactions contemplated thereby have been duly and validly authorized by all requisite action, corporate and otherwise, on the part of U.S. Steel and U.S. Mining.

5. The Agreement has been duly executed and delivered by U.S. Steel and U.S. Mining, and all documents and instruments required thereunder to be executed and delivered by U.S. Steel and U.S. Mining have been executed and delivered. The Agreement and such documents and instruments constitute legal, valid and binding obligations of U.S. Steel and U.S. Mining enforceable in accordance with their terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium, and similar laws from time to time in effect, as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

EXHIBIT E

(Attached to and made a part of the Purchase and Sale Agreement dated as of December 30, 1985 between United States Steel Corporation and U.S. Steel Mining Co., Inc. and Kaiser Coal Corporation)

Seller's Certificate

UNITED STATES STEEL CORPORATION and U.S. STEEL MINING CO., INC., both Delaware corporations (collectively "U.S. Steel"), hereby certify as follows with respect to that certain Purchase and Sale Agreement, dated as of December 30, 1985 (the "Agreement"), between Seller and Kaiser Coal Corporation, a Delaware corporation.

1. Those representations and warranties contained in Section 6.01 of the Agreement are true at and as of the date hereof.

2. Those covenants and agreements contained in Section 7.01 of the Agreement have been performed.

3. Those conditions precedent to U.S. Steel's obligations contained in Section 8.01 of the Agreement have been satisfied.

Executed as of the ____ day of December, 1985.

UNITED STATES STEEL CORPORATION

By: _____
_____, President

U.S. STEEL MINING CO., INC.

By: _____
_____, President

EXHIBIT F

(Attached to and made a part of the Purchase and Sale Agreement dated as of December 30, 1985 between United States Steel Corporation and U.S. Steel Mining Co., Inc. and Kaiser Coal Corporation)

Buyer's Certificate

KAISER COAL CORPORATION, a Delaware corporation ("Kaiser"), hereby certifies as follows with respect to that certain Purchase and Sale Agreement, dated as of December 30, 1985 (the "Agreement"), between the Buyer and United States Steel Corporation and U.S. Steel Mining Co., Inc., both Delaware corporations.

1. Those representations and warranties contained in Section 6.02 of the Agreement are true at and as of the date hereof.

2. Those covenants and agreements contained in Section 7.02 of the Agreement have been performed.

3. Those conditions precedent to Kaiser's obligations contained in Section 8.02 of the Agreement have been satisfied.

Executed as of the ____ day of _____, 19___.

KAISER COAL CORPORATION

By: _____
Charles S. McNeil,
President