



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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TO: Daron Haddock, Permit Supervisor

FROM: Sharon Falvey, Reclamation Hydrologist *S&F*

DATE: August 28, 1991

RE: Application for Permit Transfer, Genwal Coal Company, Wellington Preparation Plant, ACT\007\012, Folder #2, Carbon County

Summary

Notice of Violation N90-38-1-1 was terminated August 28, 1991 based on submittal of application and proof of publication for the Transfer, Assignment and Sale of permit rights. Review of the application brought attention to some significant permit deficiencies. All Stipulations must be submitted within 20 days of receipt of this document and approval must be made before transfer of operations and permit rights can be made.

Analysis

R614-303-300

TRANSFER, ASSIGNMENT, OR SALE OF PERMIT RIGHTS

Applicant's Proposal:

On August 16, 1991 the Applicant submitted an application for transfer of assignment and sale of permit rights for ACT/007/012. The existing permittee Genwal Coal Company is identified as such. The proposed action is described as:

1. Transfer of an undivided one-half interest in permit rights to NEICO and IPA for the operations area identified in Exhibit "A". The area described in Exhibit "A" is the portion of the permit area where most of the ground facilities and present operations are situated.
2. Transfer to Castle Valley Resources(CVR) of all operating rights under the entire permit area as described in Exhibit "B". The description of Exhibit "B" is the same as that in the existing permit application.

Page 2
Memo/S. Falvey
ACT\007\012
August 28, 1991

Compliance:

In the proposed actions the Applicant has described the 'Coal Sales' and 'Loading Services Agreement' as an agreement between NEICO and IPA, but does not indicate that Genwal, the current permittee, has agreed to forfeit the permit rights. Even though Genwal is a subsidiary of NIECO some transaction of permit right between NIECO and Genwal should occur.

Stipulation:

Stipulation R614-303-300.(1)-SKF:

The application shall include copies of documents to substantiate the transfer of permit rights and operations. The 'Joint Ownership and Operating Agreement' and the 'Coal Sales and Loading Services Agreement' shall be submitted prior to application approval. Any other documentation supporting the release of permit holdings and operations by Genwal shall be submitted.

**R614-303-321.300 LEGAL, FINANCIAL, COMPLIANCE, AND RELATED
INFORMATION REQUIRED BY R614-301-100.**

Applicant's Proposal:

Identification of Interests:

The Operator/Applicant, CVR, is identified as a corporation. The owners, NEICO and IPA, are identified respectively as a corporation and a political subdivision of the State of Utah.

Names and addresses are identified for: Operator/Applicant/Agent; Owners of Record; Owners of Surface Areas Contiguous to the Permit Area; Officers and Directors of Applicant; Principle Shareholders, and their Officers and Directors.

The Applicant has also identified the current 'Previous and Pending Coal Permit Applications, MSHA Identification Numbers' for Crandall and Horse Canyon Mines. No pending interest in lands contiguous to the area are identified by the Applicant.

Compliance:

- A. Areas are identified as owned by Genwal Coal Company on the Carbon County plats. Only NIECO, not Genwal, is identified in text as owner of record.
- B. The operator has identified the coal mining application to be Horse Canyon Mine (ACT\007\013) and Crandall Canyon Mine (ACT/015/032), but has not identified the regulatory authority as required for the Coal Mining applications and violation notices. Both are a part of Utah State Coal Regulatory Program.
- C. The Applicant did not submit MSHA identification numbers for the Wellington Preparation Plant.

Stipulation:

Stipulation R614-303-321.300.(1)-SKF:

- A. Identify Genwal Coal Company as owner of record or update county plats to identify NEICO as owner.**
- B. Identify regulatory authority for coal mining application holdings.**
- C. Include MSHA identification number for all mines including the Wellington Preparation Plant.**

VIOLATION INFORMATION

Applicant's Proposal:

The Applicant submitted information on violations from 02/22/89 through 03/14/90.

Compliance:

The Applicant did not submit MSHA identification for the Wellington Preparation Plant transferred permit, and did not submit violation notices for 3 years from the date

Page 4
Memo/S. Falvey
ACT\007\012
August 28, 1991

of submission.

Stipulation:

Stipulation R614-303-321.300.(2)-SKF

Submit a summary of all violation notices for all mine operations for 3 years prior to the date of submission.

RIGHT OF ENTRY

Applicant's Proposal:

The Applicant bases the right of operation on the 'Ownership and Operating Agreement' between IPA and NEICO, and by the 'Coal Sales and Loading Services Agreement'. The operator bases the permit rights on Exhibit "A" and Exhibit "B".

Compliance:

The Applicant has identified Exhibit "A" to be the legal surface description of the permit area. Exhibit "A" refers to Exhibit B-1, a map of the permit area, but the map does not include 'Township' and 'Range', nor are the 'Sections' on the map legible.

The Applicant has identified the location of the permit area as described in Exhibit "B". After review of the description it was determined that the complete area of coverage on the permit map is not included in the verbal description.

Stipulation:

Stipulation R614-303-321.300.(3)-SKF

The Applicant must submit a map with adequate information including the township, range, and sections to determine the locality of the permit area. The Applicant must correct the verbal description to include the full permit area boundary.

PERMIT TERM

Page 5
Memo/S. Falvey
ACT\007\012
August 28, 1991

Applicant's Proposal:

The operator requests the permit term be consistent with the remaining terms of the permit.

Compliance:

The operator has not supplied the description of the permit term.

Stipulation:

Stipulation R614-303-321.300.(4)-SKF

Identify the full terms of the permit for insertion into the MRP.

INSURANCE

Applicant's Proposal:

Castle Valley Resources is issued liability insurance policy GLCM 541-97-43RA through the National Union Fire Insurance Company effective 01/01/91. The Underwriting Agent is Roy A. Nickus of the Price Insurance Agency. This is the same policy coverage for the Crandall Canyon Mine and has adequate coverage for both mines. The coverage does exclude: Employee Bodily injury; Total Pollution; Testing or Consulting E&O; Engineers, etc.

Compliance:

The Applicant is in compliance with this regulation.

PERMIT FORMAT

Applicant's Proposal:

The Applicant submitted an application identifying the pertinent regulations as headings with the description.

Page 6
Memo/S. Falvey
ACT\007\012
August 28, 1991

Compliance:

The operator has submitted some information that is confusing. All maps and exhibits are not labeled. Two exhibits are labeled Exhibit "B": part of the 'Surface Disturbance Description' and the 'Bonding Agreement'. There are also two Exhibit "D"s which add confusion to the application. No dates are included on the pages submitted.

Stipulation:

Stipulation R614-303-321.300.(5)-SKF

The operator shall clarify the discrepancies in the application and label all maps and exhibits and, date all pages with the date of submittal for insertion into the MRP.

R614-303-322

ADVERTISE THE FILING

Applicant's Proposal:

The Applicant submitted proof of advertisement with a notary public seal, to the Division on August 23, 1991. The Applicant advertised for one day in the Sun Advocate.

Compliance:

The Applicant was in compliance with advertisement for the permit area as described in the present permit held by Genwal Coal Company. Unfortunately, this description is not a complete description of the actual permit area, although the map of the permit area associated with the permit is correct.

Stipulation:

Stipulation R614-303-322.(1)-SKF

The operator will have to resubmit public notice and proof of publication and, wait for the 30 day public comment period before approval of permit transfer can be granted.

Page 7
Memo/S. Falvey
ACT\007\012
August 28, 1991

R614-303-323

PERFORMANCE BOND COVERAGE

Applicant's Proposal:

The Surety/Collateral Bond Submitted as Exhibit "B", Revised Bonding Agreement, was signed by Castle Valley Resources and SAFCO representatives on August 15, 1991. A form indicating Power of Attorney for SAFCO is also submitted.

Compliance:

The 'Revised Bonding Agreement' is a copy of the faxed page submitted to the Division. The Affidavit of Qualification in the application does not have a legible seal or signature of witness.

Stipulation:

Stipulation R614-303-323.(1)-SKF

The original signatures and affidavits must be submitted before approval can be granted.