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Norman H. Bangerter
Governor
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Executive Director
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Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

December 6, 1991

Mr. C. F. Vaughn, President
Nevada Electric Investment Company
6226 West Sahara
Las Vegas, Nevada 89102

Dear Mr. Vaughn:

Re: Permit Transfer Approval, Castle Valley Resources from Genwal Coal Company, Wellington Coal Preparation Plant, ACT/007/012, Folder #3, Carbon County, Utah

The Division has found that Castle Valley Resources Inc. has met all requirements for a permit transfer as required under R614-303-300. Therefore, in accordance with the attached findings, the request for transfer of the permit for the Wellington Preparation Plant is hereby approved. Enclosed is a revised permanent program mining permit for the Wellington Coal Preparation Facility, showing Castle Valley Resources as the permittee. The expiration date of this permit is December 10, 1994, the expiration date of the former Genwal Coal Company permit. Castle Valley Resources is now reponsible for all prior commitments relating to the operations transferred from Genwal Coal Company.

Please note that two copies of the permit are included. Please read the permit to be sure you understand the requirements and conditions, then have both copies signed and return one to the Division.

You should now proceed to amend your Mining and Reclamation plan to reflect the changes. Appropriate replacement pages, including but not limited to the list of corporate officers, surface and coal ownership maps, lease ownership descriptions, should all be updated and submitted for insertion to your mining and reclamation plan. (See Stipulations.) Please submit ten (10) copies for distribution to other agencies. If you have any questions, please call Daron Haddock, Permit Supervisor at 538-5340.

Sincerely,

Dianne

Dianne Nielson
Director

Enclosures
cc: J. Passic, CVR
R. Hagen, OSM
L. Braxton, DOGM
D. Haddock, DOGM

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FINDINGS

Transfer of Permit Rights
Castle Valley Resources
Wellington Coal Preparation Plant
ACT/007/012
Carbon County, Utah

December 6, 1991

The applicant for transfer of permit rights, Castle Valley Resources, has committed to continue to conduct the operations involved in full compliance with the terms and conditions of the original permit transferred to Genwal Coal Company on October 10, 1989 and subsequently renewed on December 10, 1989. Therefore, Findings 2-5, 10-13, and 15 of the original Decision Document (attached) are still pertinent and satisfy the requirements of R614-300-133.210, R614-300-133.220, R614-300-133.400, R614-300-133.500, R614-300-133.600, R614-300-133.710, R614-300-133.720 and R614-300-133.740.

Currently, Castle Valley Resources has submitted a bond sufficient to cover the entire permit area. After this permit transfer has been effected, Castle Valley Resources will be responsible for the entire area which was under permit by Genwal Coal Company and will assume all liability for compliance with terms and conditions of the Wellington Preperation Plant permit and any orders, stipulations or conditions associated with that permit.

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

1. DOGM's records and the results of a 510{c} clearance check, show that neither Castle Valley Resources, Nevada Electric Investment Company, or Intermountain Power Agency control or have controlled coal mining and reclamation operations with a demonstrated pattern of willful violations of the Act of such nature and duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the Act. At the present time, Nevada Electric Investment Company does control coal mining and reclamation operations that have current violations, however, all of the violations have been, or are in the process of being, corrected as required by R614-300-132. (See attached 510{c} memo.)

2. The State of Utah, DOGM has determined that the application for transfer of permit rights is accurate and complete, and complies with the requirements of R614-300-133.100.

3. The applicant has the legal right to enter and begin coal mining activities as operator of the preparation plant through the Deed from Genwal Coal Company to NEICO and IPA and the Joint Ownership and Operating Agreement, executed July 11, 1991. (R614-300-133.300)

4. Castle Valley Resources has not conducted mining activities prior to this operation. Nevada Electic Investment Company and Intermountain Power Agency have paid all reclamation fees from previous and existing coal mining and reclamation operations as required by 30 CFR part 870. (R614-300-133.730) (See attached 510{c} memo.)

5. Procedures for public participation have complied with requirements of the Act and the Utah State Program. Notice was published in the Price Sun Advocate on October 22, 1991 as required by R614-303-322. No comments were received.

6. The applicant has obtained a performance bond equivalent to the bonding requirements of the original permit, in the amount of $2,591,000 (R614-303-342).

Dawn Q. Haddock
Permit Supervisor

Lowell P. Braxton
Associate Director, Mining

Dennis R. Nelson
Director

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FINDINGS.FRM

FINDINGS

Genwal Coal Company
Wellington Preparation Plant
Permit Transfer
ACT/007/012
Carbon County, Utah

October 10, 1989

1. The Division of Oil, Gas and Mining (DOGM) has determined that the application for transfer of permit rights as amended through August 22, 1989 is accurate and complete and complies with the requirements of the approved Utah State Program and the Surface Mining Control and Reclamation Act (SMCRA) (UMC 786.19(a), 788.18(a),(b)).

2. The applicant proposes acceptable practices for the reclamation of disturbed lands (Determination of Completeness Response, Appendix I). The applicant has also implemented reclamation test plots (designs 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 MRP (see 1984 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 regulatory authority. 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 Analysis (CHIA) Section, 1984 TA.)

4. The proposed permit area is (UMC 786.19(d)):

   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 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);

E Not within 300 feet of any occupied dwelling (Operation and Reclamation Plan (ORP), p. 782-10).

5. The issuance of the original permit was in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800) (UMC 786.19(e)). See letter from SHPO dated December 6, 1982 attached to 1984 TA.

6. The applicant has the legal right to enter and begin underground coal mining activities associated with a preparation plant in the permit area through the Deed and Assignment of the property from Kaiser Coal Corporation to Genwal Coal Company, executed August 2, 1989 (UMC 786.19(f)).

7. The applicant has shown that prior violations of applicable law and regulations have been corrected. Genwal Coal Company is not delinquent in payment of fees for the Abandoned Mine Reclamation Fund for its active mining operation, nor has the applicant controlled mining operations with a demonstrated pattern of willful violations of the Act of such nature, duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act (UMC 786.19(g),(h),(i)). (See Attached memo from Joseph C. Helfrich).

8. No underground coal mining occurs on the permit area. Cleaning plant operation and reclamation to be performed under the permit will not be inconsistent with other such operations anticipated to be performed in areas adjacent to the proposed permit area (UMC 786.19(j)). No other mines are operational in the immediate vicinity.

9. At the request of the transferee, a detailed re-analysis of the reclamation bond requirement has been made. The required bond has been determined to be $2,591,000. A bond in this amount, payable to DOGM has been posted. This bond is adequate to cover the original permit in its entirety from inception to completion of reclamation operations (UMC 788.18(a)(1)(iii), UMC 786.19(k)).

10. No lands designated as prime farmlands occur on the permit area (ACR Response, p. 783-45) (UMC 786.19(1)). Coal processing plants not located at or near the minesite or within the permit area for a mine are not required to investigate the presence of alluvial valley floors (UMC 785.19, UMC 827).

11. The proposed postmining land-use of the permit area has been approved by DOGM (See 1984 TA, Section UMC 817.133)(UMC 786.19(m)).

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

13. 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 & Wildlife Service has made no comments relative to Threatened or Endangered Species on the permit area.

14. All procedures for public participation required by the Act, and the approved Utah State Program have been complied with (UMC 786.23(a)(2)). Notice of proposed permit transfer was published in the Price Sun Advocate on September 7, 1989 as required by UMC 788.18(b)(1). No comments were received.

15. Existing structures will be used in conjunction with preparation plant operations. These have been constructed in compliance with the performance standards and subchapter K under the existing permit (UMC 786.21).

16. The applicant for transfer of permit rights, Genwal Coal Company, has committed to continue to conduct the operations involved in full compliance with the terms and conditions of the original permit issued to United States Steel Corporation and subsequently transferred to Kaiser Coal Corporation (UMC 788.18(c)(3)).

Susan C. Linner
Permit Supervisor

Lawrence P Brighton
Associate Director, Mining
Division of Oil, Gas and Mining

Dianne R Nelson
Director
Division of Oil, Gas and Mining

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

This permit, ACT/007/012, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Castle Valley Resources
P. O. Box 766
Wellington, Utah 84542
(801) 637-2342

for the Wellington Preparation Plant. Castle Valley Resources is the operator of a joint venture between Nevada Electric Investment Company and Intermountain Power Agency who are owners of certain fee-owned parcels. A surety bond with a value of $2,591,000.00 has been filed with DOGM. DOGM must receive a copy of this permit signed and dated by the permittee.

Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2 PERMIT AREA - The permittee is authorized to conduct underground coal mining activities associated with a preparation plant on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Wellington Preparation Plant, situated in the state of Utah, Carbon County, and located:

Township 15 South, Range 11 East, SLBM

Section 8: SE1/4 NE1/4, E1/2 SE1/4, W1/2 SE1/4 except portion N of the railroad tracks
Section 9: S1/2, portions of S1/2 N1/2
Section 10: W1/2 SW1/4
Section 15: W1/2 NW1/4
Section 16: All
Section 17: E1/2 SE1/4, NE1/4

This legal description is for the permit area (as shown on Attachment B) of the Wellington Preparation Plant. The permittee is authorized to conduct underground coal mining activities associated with a preparation plant on the foregoing described property subject to all applicable conditions, laws and regulations.

Sec. 3 PERMIT TERM - This permit becomes effective on December 5, 1991 and expires on December 10, 1994.

Sec. 4 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R614-303.

Sec. 5 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:

A. have the rights of entry provided for in 30 CFR 840.12, R614-400-110, 30 CFR 842.13 and R614-400-220; and,

B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R614-400-210 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 6 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the permit application and approved for the term of the permit and which are subject to the performance bond.

Sec. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;

B. immediate implementation of measures necessary to comply; and

C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 8 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program which prevents violation of any applicable state or federal law.

Sec. 9 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:

A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and

B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act and the approved Utah State Program.

Sec. 10 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

Sec. 11 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

Sec. 12 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act and the approved Utah State Program.

Sec. 13 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.

Sec. 14 APPEALS - The permittee shall have the right to appeal as provided for under R614-300.

Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in this permit, the permittee shall comply with the condition appended hereto as Attachment A.

The above conditions (Secs. 1-15) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the leases. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: Dam R Nelson

Date: 12-6-91

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

Authorized Representative of the Permittee

Date: _____

ATTACHMENT "A"

STIPULATION

Castle Valley Resources
Wellington Preparation Plant
Permit Transfer
ACT/007/012
Carbon County, Utah

December 5, 1991

Stipulation R614-301-112.500:

Within 60 days of permit issuance the permittee must amend the Operation and Reclamation plan to identify Genwal Coal Company as an owner of record, or update county plats to identify NEICO as owner and provide documentation showing exchange of surface property from GENWAL to NEICO.

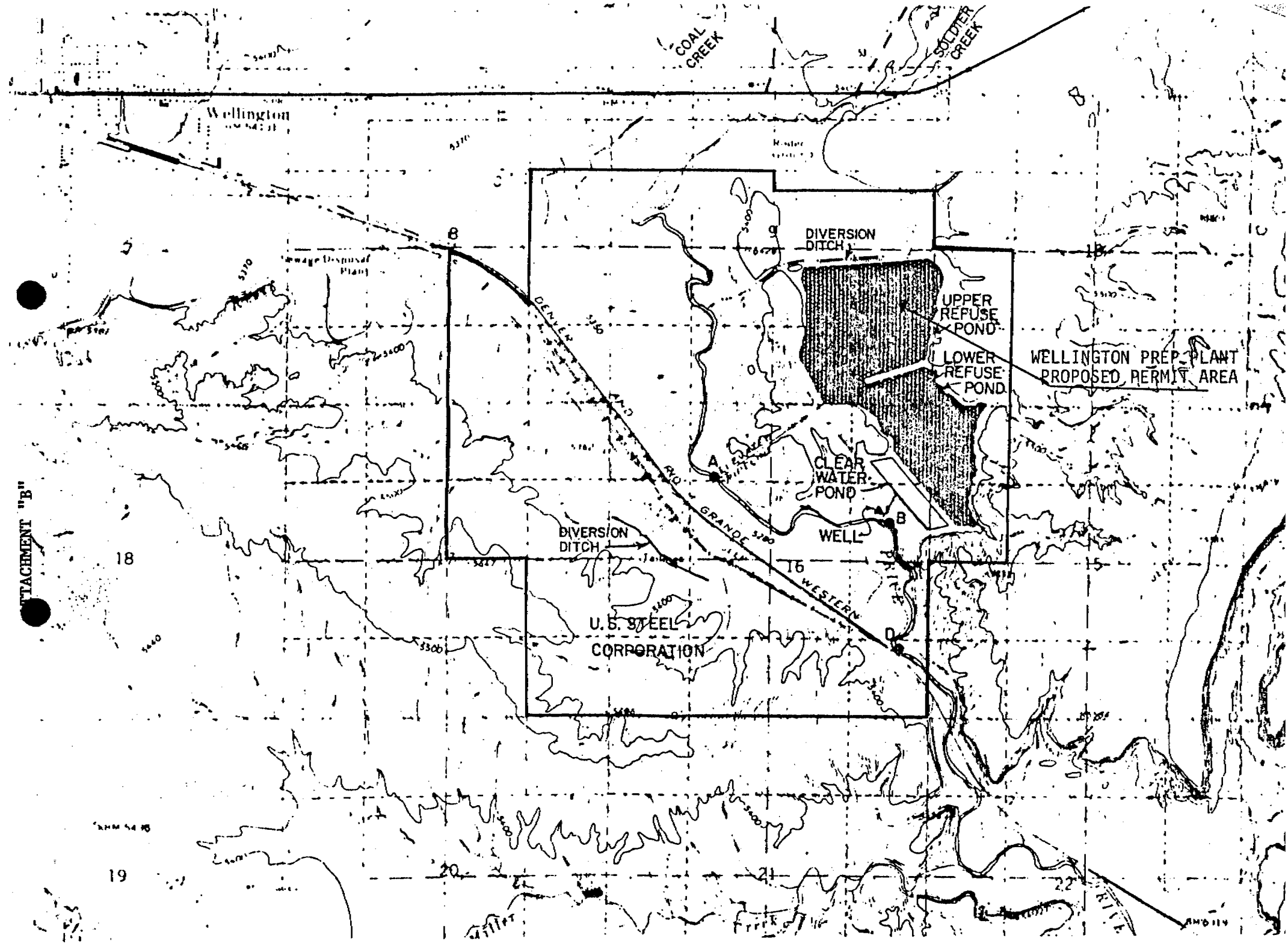
Stipulation R614-301-116.100.:

Within 60 days of permit issuance the applicant must identify the starting and termination dates of the various phases of mining and reclamation operations.

Stipulation R614-301-121.:

Within 60 days of the issuance of this permit the operator shall provide to the Division of Oil, Gas and Mining, 10 copies of amended sections of the Operation and Reclamation plan which reflect the changes incurred as a result of this transfer, which will include, but is not limited, to the following:

> **A clear and concise application that distinguishes between Exhibits and Appendices with out duplication. The descriptions of exhibits and maps and permit areas must be clarified. The specific permit area description is needed. A specific description for the part of the permit area T.15 S., R.11 E., Section 8 for the SE 1/4 could read " all of the SE 1/4 of Section 8 except the portion north of the rail road tracks in the NW 1/4 SE 1/4 of section 8." The Applicant must submit a map with adequate information including the township, range, and sections to determine the locality of the permit area.**



ATTACHMENT "B"