



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

April 18, 1994

Mr. Robert W. Mower
Nevada Electric Investment Company
1021 South 800 East
St. George, Utah 84770

Re: Permit Transfer Approval, Castle Valley Resources, Inc. to Nevada Electric Investment Company, Wellington Coal Preparation Plant, ACT/007/012, Folder #3, Carbon County, Utah

Dear Mr. Mower:

The Division has found that Nevada Electric Investment Company has met all requirements for a permit transfer as required under R645-303-300. 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 Nevada Electric Investment Company as the permittee. The expiration date of this permit is December 10, 1994, the expiration date of the former Castle Valley Resources, Inc. permit. Nevada Electric Investment Company is now responsible for all prior commitments relating to the operations transferred from Castle Valley Resources, Inc.

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 Operations 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.

Very Truly Yours,

James W. Carter
Director

Enclosures

cc: J. Marshall, Genwal
R. Hagen, OSM
L. Braxton, DOGM
D. Haddock, DOGM

FINDINGS

Transfer of Permit Rights
Nevada Electric Investment Company
Wellington Coal Preparation Plant
ACT/007/012
Carbon County, Utah

April 18, 1994

The applicant for transfer of permit rights, Nevada Electric Investment Company, has committed to continue to conduct the operations involved in full compliance with the terms and conditions of the original permit issued to Genwal Coal Company on October 10, 1989, renewed on December 10, 1989 and transferred to Castle Valley Resources, Inc. on December 5, 1991. Therefore, Findings 2-5, 10-13, and 15 of the original Decision Document (attached) are still pertinent and satisfy the requirements of R645-300-133.210, R645-300-133.220, R645-300-133.400, R645-300-133.500, R645-300-133.600, R645-300-133.710, R645-300-133.720 and R645-300-133.740.

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

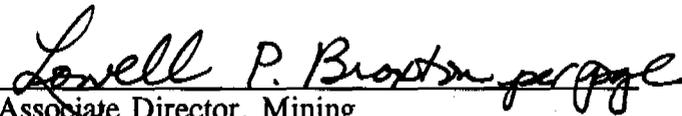
The following findings specifically apply to the application for transfer of permit rights:

1. DOGM's records and the results of a 510{c} clearance check, show that neither Castle Valley Resources, Inc. Nevada Electric Investment Company, nor 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 R645-300-132. (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 the State Program. (R645-300-133.100)

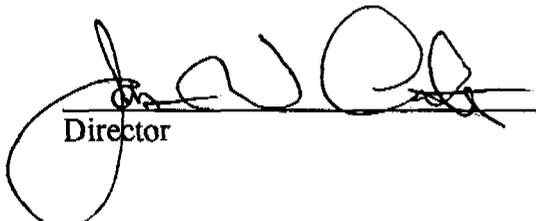
3. The applicant has the legal right to enter and begin coal mining activities as operator of the preparation plant through the Deed from Genwal Coal Company to NEICO and IPA and the Joint Ownership and Operating Agreement, executed July 11, 1991. (R645-300-133.300)
4. Nevada Electric Investment Company 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. (R645-300-133.730) (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 January 4, 1994 as required by R645-303-322. No comments were received.
6. The applicant has obtained a performance bond equivalent to the bonding requirements of the existing permit, in the amount of \$2,969,000 (R645-303-342).



Permit Supervisor



Associate Director, Mining



Director

FINDINGS

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

October 10, 1989

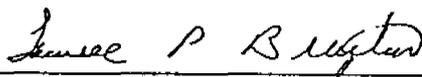
1. The Division of Oil, Gas and Mining (DOGM) has determined that the application for transfer of permit rights as amended through August 22, 1989 is accurate and complete and complies with the requirements of the approved Utah State Program and the Surface Mining Control and Reclamation Act (SMCRA)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



Permit Supervisor



Associate Director, Mining
Division of Oil, Gas and
Mining



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:

Nevada Electric Investment Company
6226 West Sahara
PO Box 230
Las Vegas, Nevada 89102
(702) 367-5626

for the Wellington Preparation Plant. Nevada Electric Investment Company is the operator of a joint venture between Nevada Electric Investment Company and Intermountain Power Agency who are co-owners of certain fee-owned parcels. A surety bond with a value of \$2,969,000.00 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 COMPLIANCE - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM - This permit becomes effective on April 15, 1994 and expires on December 10, 1994.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.
- Sec. 6 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of 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, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
 - B. be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-210 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct 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. 8 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
 - B. immediate implementation of measures necessary to comply; and
 - C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.
- Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program which prevents violation of any applicable state or federal law.

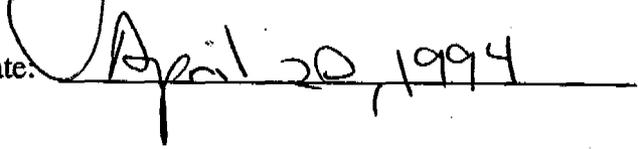
- Sec. 10 **CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:
- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
 - B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act and the approved Utah State Program.
- Sec. 11 **EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
- Sec. 12 **RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13 **AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14 **COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 15 **PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act and the approved Utah State Program.
- Sec. 16 **CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec. 17 **APPEALS** - The permittee shall have the right to appeal as provided for under R645-300.
- Sec. 18 **SPECIAL CONDITIONS** - 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.

may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: _____

Date: _____

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

Nevada Electric Investment Company
Wellington Preparation Plant
Permit Transfer
ACT/007/012
Carbon County, Utah

April 18, 1994

Stipulation #1

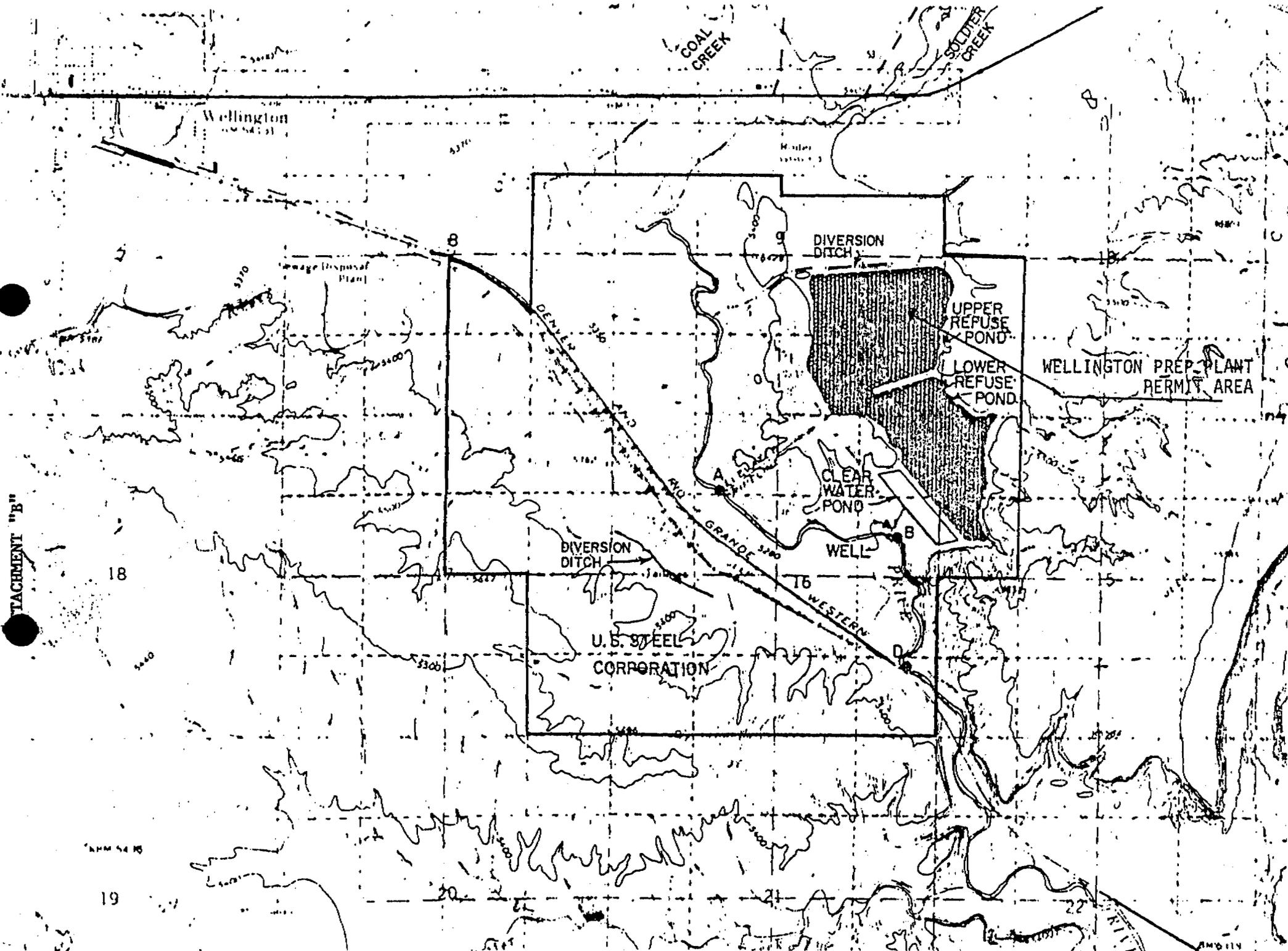
Within 30 days of the issuance of this permit the operator shall provide to the Division of Oil, Gas and Mining, 10 copies of amended sections of the Operation and Reclamation Plan which reflect the changes incurred as a result of this transfer. (Revised Ownership and Control Information)

Stipulation #2

NEICO will comply with the requirements and timeframes for addressing the Mid-Term Review deficiencies as previously assigned to Castle Valley Resources in the Division's February 18, 1994 Mid-Term review document.

NEICOTRA.WEL

ATTACHMENT "B"





State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

April 15, 1994

TO: File

FROM: Daron R. Haddock, Permit Supervisor *DORH*

RE: Compliance Review for Section 510(c) Findings, Nevada Electric Investment Company, Wellington Prep Plant, ACT/007/012, Folder #5, Carbon County, Utah

As of the writing of this letter, there are no NOV's or CO's which are not corrected or in the process of being corrected. Any NOV's or CO's that are outstanding are in the process of administrative or judicial review. There are no finalized Civil Penalties which are outstanding and overdue in the name of Nevada Electric Investment Company or Castle Valley Resources.

Finally, they do not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

mbm
A:\510(c)



ATTACHMENT "A"

STIPULATION

Nevada Electric Investment Company
Wellington Preparation Plant
Permit Transfer
ACT/007/012
Carbon County, Utah

April 14, 1994

Stipulation #1

Within 30 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. (Revised Ownership and Control Information)

Stipulation #2

NEICO will comply with the requirements and timeframes for addressing the Mid-Term Review deficiencies as previously assigned to Castle Valley Resources in the Division's February 18, 1994 Mid-Term review document.

NEICOTRA.WEL

ACHMENT "B"

