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State of Utah

Department of  
Natural Resources

ROBERT L. MORGAN  
*Executive Director*

Division of  
Oil, Gas & Mining

MARY ANN WRIGHT  
*Acting Division Director*

OLENE S. WALKER  
*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

December 10, 2004

Patrick Collins, Resident Agent  
Mt. Nebo Scientific  
P.O. Box 337  
Springville, Utah 84663

Re: Five-Year Permit Renewal, Wellington Preparation Facility, Nevada Electric Investment Co, C/007/0012, Task #1994, Outgoing File

Dear Mr. Collins:

The permit renewal for the Wellington Preparation Facility is approved. Enclosed are two (2) copies of the renewed permanent program permit for the Wellington Preparation Facility.

Please have both permits signed by the designated signatory authority for NEICO. Please return one signed copy to the Division.

If you have any questions, please call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright".

Mary Ann Wright  
Acting Director

an  
Enclosures  
cc: James Fulton, OSM, WRCC  
Price Field Office  
O:\007012.WEL\Permit\2004RENEWA.doc

OK

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

NEICO  
Wellington Preparation Facility  
C/007/0012  
Carbon County, Utah

December 10, 2004

CONTENTS

- \* Administrative Overview
- \* Permitting Chronology
- \* Findings
- \* Permit
- \* Publication Notice
- \* AVS Recommendation, memo dated December 3, 2004

## ADMINISTRATIVE OVERVIEW

NEICO  
Wellington Preparation Facility  
Five-Year Permit Renewal  
C/007/0012  
Carbon County, Utah

December 10, 2004

### BACKGROUND

The Wellington Preparation Facility was a coal loading facility located on privately owned land near Wellington, Utah. This plant was completed in 1958 by United States Steel Corporation. The cleaning plant was located west of the Price River adjacent to the Denver and Rio Grande Western railroad. The primary reject disposal area was located east of the Price River and was connected to the cleaning plant by the refuse pipeline and a clear water pipeline. The refuse material was pumped from the cleaning plant to the refuse disposal area.

The coarse refuse was placed in the refuse waste pile and the fine, high ash coal flowed with the carrying water to the upper refuse pond. The fine material began to drop out in the upper refuse pond. The partially clarified water passed to the lower refuse pond where the balance of the fine coal dropped and clear water passed to the clear water holding pond for the return to the coal cleaning plant on the west side of the Price River.

The initial permanent program permit for this site was issued to United States Steel Corporation on December 10, 1984. The plant was subsequently put into temporary cessation of operations. On February 25, 1986, the permit was transferred to Kaiser Coal Corporation who never activated the plant. Kaiser Coal Corporation went into bankruptcy in February of 1987. Genwal Coal Company purchased the property through the bankruptcy court in August 1989 and the permit was transferred to them on October 10, 1989.

The site was reactivated on approximately December 1, 1989 and was used primarily as a coal loading facility. The permit was subsequently transferred to Castle Valley Resources, Inc. on December 5, 1991 and then transferred again on April 18, 1994 to Nevada Electric Investment Company (NEICO.) COVOL, a separate company (now called Headwaters), removed fines from the slurry pond to process into coal briquettes for several years on the east side of the facility. The facility has been essentially idle since 1999. Most of the buildings and facilities were removed in 1997 on the west side. In October 2004, more interim reclamation work was done on the east side of the permit area, including removing the bridge. Phase I bond release is not currently being pursued by the permittee.

## PERMIT RENEWAL

NEICO made application to the Division of Oil Gas and Mining for a five-year permit renewal for the Wellington Preparation Plant on August 13, 2004. This renewal encompasses the same permit area and disturbance as currently approved in the permit.

The renewal application was determined administratively complete on September 2, 2004. Public notice for this permit renewal was published in the Sun Advocate on September, 21, 28, October 5, and 12, 2004.

## ANALYSIS

Requisite information for the permit renewal application was made and all notices were published as required. No comments were received during the public comment period.

The bond amount of \$4,904,000 is adequate.

## RECOMMENDATION

Approval for this permit renewal is recommended.

## PERMITTING CHRONOLOGY

NEICO  
Wellington Preparation Facility  
Permit Renewal  
C/007/0012  
Carbon County, Utah

December 10, 2004

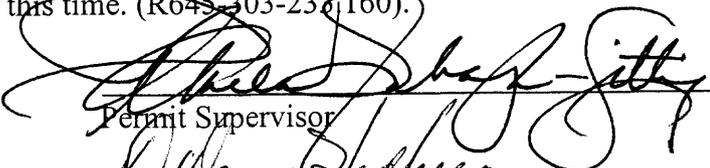
August 10, 2004	NEICO submitted a permit renewal application for the Wellington Preparation Facility.
September 2, 2004	Determination of Administrative Completeness for this permit renewal application.
September 7, 2004	Permit renewal completeness determination sent to applicable state, federal, and county agencies.
September 21, 28, and October 5 and 12, 2004	Public notice for permit renewal for the Wellington Preparation Facility published in the <u>Sun Advocate</u> .
November 13, 2004	No comments received.
December 3, 2004	AVS recommendation.
December 10, 2004	Permit Renewal is issued to NEICO for the Wellington Preparation Facility.

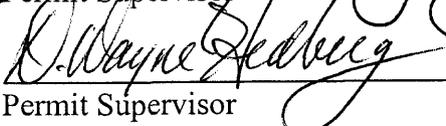
## PERMIT RENEWAL FINDINGS

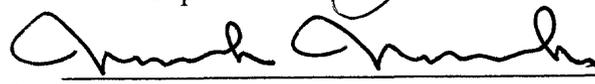
NEICO  
Wellington Preparation Plant  
C/007/0012  
Carbon County, Utah

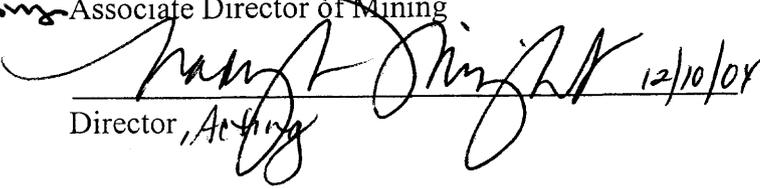
December 10, 2004

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being met. (R645-303-233.110). (See existing TA)
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The operator has provided evidence of having liability insurance (Colony Insurance Company - GL324000)(R645-303-233.140).
6. The operator has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect. (Surety in the amount of \$4,904,000 is posted by Fidelity and Deposit Company of Maryland - Bond Number 4013097) (R645-303-233.150).
7. The operator has submitted all applicable, revised or updated information as required by the Division at this time. (R645-303-233.160).

  
Permit Supervisor

  
Permit Supervisor

  
Associate Director of Mining

  
Director, Acting

12/10/04

NON-FEDERAL

PERMIT  
C/007/0012

December 10, 2004

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340

This permit, C/007/0012, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOG M) to:

Nevada Electric Investment Company  
6226 West Sahara  
Las Vegas, Nevada 89151  
(702)-367-5626

for the Wellington Preparation Plant. Nevada Electric Investment Company (NEICO) is the owner of fee owned parcels. A Surety Bond is filed with the Division of Oil, Gas and Mining in the amount of \$4,904,000, payable to the state of Utah, Division of Oil, Gas and Mining. The Division must receive a copy of this permit signed and dated by the Permittee.

- Sec. 1 **STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 **PERMIT AREA** - The Permittee is authorized to conduct coal mining and reclamation operations on the following described land within the permit area at the Wellington Preparation Plant situated in the state of Utah, Carbon County, and located in:

**Township 15 South, Range 11, East, SLB & M**

- Section 8: E1/2 SE1/4 (portions south of Ridge Road), W1/2 SE1/4 (portions south of Ridge Road) 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; and
- Section 17: E1/2 SE1/4, NE1/4.

This legal description is for the permit area of the Wellington Preparation Plant. The Permittee is authorized to conduct coal mining and reclamation operations.

- 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 December 10, 2004 and expires on December 10, 2009.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the written approval of the Division 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 R645-303-300.
- Sec. 6 RIGHT OF ENTRY** - The Permittee shall allow the authorized representative of the Division of Oil, Gas and Mining, 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, R645-400-220, 30 CFR 842.13 and R645-400-110; and,
  - (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 7 SCOPE OF OPERATIONS** - The Permittee shall conduct coal mining and reclamation only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the Surety Bond.
- Sec. 8 ENVIRONMENTAL IMPACTS** - The Permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- (a) accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
  - (b) immediate implementation of measures necessary to comply; and
  - (c) warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

- Sec. 9 DISPOSAL OF POLLUTANTS** - The Permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.
- Sec. 10 CONDUCT OF OPERATIONS** - The Permittee shall conduct its operations:
- (a) in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
  - (b) utilizing methods specified as conditions of the permit by Division of Oil, Gas and Mining in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 11 EXISTING STRUCTURES** - As applicable, the Permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.
- Sec. 12 RECLAMATION FEE PAYMENT** - The operator shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.
- Sec. 13 AUTHORIZED AGENT** - The Permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 14 COMPLIANCE WITH OTHER LAWS** - The Permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 15 PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES** - If during the course of mining operations, previously unidentified cultural resources are discovered, the Permittee shall ensure that the site(s) is not disturbed and shall notify the Division. After coordination with the Office of Surface Mining, the Division shall inform the Permittee of necessary actions required. The Permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.
- Sec. 17 APPEALS** - The Permittee shall have the right to appeal as provided for under R645-300.

C/007/0012  
Permit  
December 10, 2004  
Page 4

**Sec. 18 SPECIAL CONDITIONS** - There is a special condition associated with this permitting action as described in Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the Permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the Permittee to comply with the terms of this permit. 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 the Division and the Permittee at any time to adjust to changed conditions or to correct an oversight. The Division 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



Mary Ann Wright, Acting Director

Date: Dec. 10, 2004

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

\_\_\_\_\_  
Authorized Representative of the Permittee

Date: \_\_\_\_\_

## ATTACHMENT A

### STIPULATIONS

1. NEICO will submit water quality data for the Wellington Preparation Plant in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>.

### NOTICE

Notice is hereby given that Nevada Electric Investment Company ("NEICO"), permittee and operator of the Wellington Preparation Plant (Permit No. C/007/012) is submitting applications for permit renewal to the State of Utah, Division of Oil, Gas & Mining. The application for permit renewal is being sought under the provisions of R645-303-230. The permittee's mailing address is given below.

NEICO  
6226 West Sahara Ave  
Las Vegas, Nevada, 89146  
Attn: Mark Backus

The permit area is located at 6000 Wash Plant Road, City of Wellington, Carbon County, Utah. A total of 1578.09 acres are current in the permit area. A property description of the permit area is given below.

Township 15 South, Range 11 East, Salt Lake Base and Meridian:

- Section 8 E1/2 SE1/4 (portions s. of Ridge Road), W1/2 SE1/4 (portions s. of Ridge Road; excl. portion n. of 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.

The Mining and Reclamation Plan (MRP) can be reviewed at the address given below. Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days to the STATE OF UTAH address below.

STATE OF UTAH  
Department of Natural Resources  
Division of Oil, Gas & Mining  
1594 West No. Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

CARBON COUNTY COURTHOUSE  
120 East Main Street  
Price, Utah 84501

Published in the Sun Advocate September 21, 28, October 5 and 12, 2004.

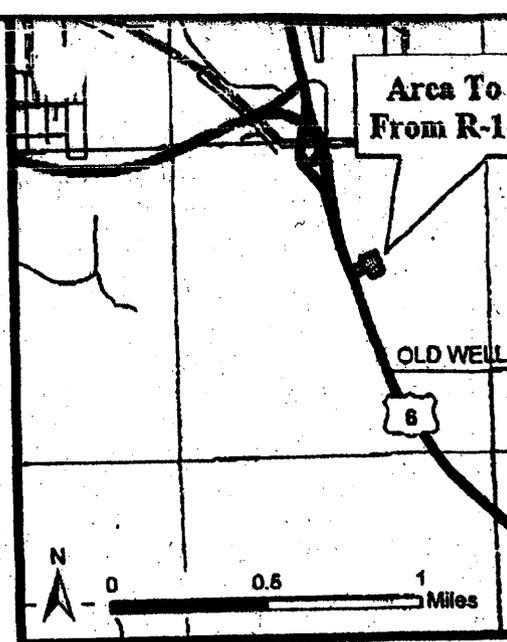
### LEGAL NOTICE

Canyon Fuel Company, LLC, of Salt Lake City, Utah, has submitted to the Utah Division of Oil, Gas and Mining, a complete application for a Post Mining Land Use Change at the Banning Loadout. The land use change to industrial will cause removal of approximately 0.83 acres from the existing permit area including 0.41 acres of existing disturbed area acreage. The land proposed for removal was purchased for industrial purposes by East Carbonics, Inc., a Utah corporation.

The address of the applicant is: Canyon Fuel Company, LLC, 6955 South Union Park Center, Suite 540, Midvale, Utah 84047.

Canyon Fuel Company, LLC, operates the Banning Loadout which is currently in temporary cessation. Banning Loadout is located approximately nine (9) miles southeast of Wellington, Utah, within the west half of the southwest quarter of Section 15 and the east half of the southeast quarter of Section 16, Township 15 South, Range 12 East, Salt Lake Base Meridian. The area designated for post mining land use is in the SE1/4SE1/4 of Section 16 on land belonging to East Carbonics, Inc. The currently approved Banning Loadout mining permit number is C/007/034. The permit area is within the Sunnyside Junction, USGS 7.5 minute quadrangle map.

A copy of the permit will be available for inspection at the Utah Division of Oil, Gas



PASSED & ADOPTED BY ORDER OF THE BOARD OF C  
OF  
/S/MIK

ATTEST:  
ROBERT P. PERO, COUNTY CLERK  
Published in the Sun Advocate Septemb

### PUBLIC NOTICE

Carbon County will accept sealed bids for a Extended cab pickup. The bids are due at the Carbon East Main, Price, Utah 84501, prior to 5:00 P.M. on Or date is October 6, 2004 in commission meeting.  
NOTE: On the outside of the envelope write sealed bid (Red)

Carbon County is not responsible for bids that a In delivery by any source. Fax bids are not acceptable  
Carbon County reserves the right to reject any : informality of any bid and to select the bid which it provides the best product, warranty and for service to Bid should include estimated delivery date approval.

Bid should include warranty information on th  
Bid should include information concerning pa  
points for the parts and servicemen.

Bid should include the number of units of this  
Utah

F.O. B. Price, Utah Carbon County Animal Ser  
All warranty work to be done in Carbon Court

- Required Equipment
- 2004-05 1 ton, 4X4 Crew-cab pickup, with standard bed or extended cab with the Turbo diesel engine 6.0 liter or larger
- Automatic transmission
- Block heater
- Shift on the fly
- 3.73 Limited slip rear-end
- H D suspension package
- Skid plates
- On/off road tires (including full size spare)
- HD platform trailer hitch, 7 wire trailer plug
- Camper, gooseneck trailer connection
- Receiver hitch
- Air conditioning
- HD external oil cooler
- Bumpers
- Electric door locks and windows
- Remote keyless entry
- Remote starter



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*Lieutenant Governor*

December 3, 2004

TO: Internal File

FROM: Pamela Grubaugh-Littig, Permit Supervisor *pgl*

RE: 510 (c) Recommendation for NEICO, Wellington Preparation Plant, C/007/0012

As of this writing of this memo, there are no NOVs or COs which are not corrected or in the process of being corrected for the Wellington Preparation Plant. There are no finalized civil penalties, which are outstanding and overdue in the name of Nevada Electric Investment Co (NEICO). Nevada Electric Investment Co. does 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.

Attached is an OSM recommendation from the Applicant Violator System with a determination that there are no violations associated with NEICO.

Attachment  
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Application Evaluation Report Applicant Violator System 03-Dec-2004 12:44:54

State : UT Permit No : ACT007012 Appl No : ACT007012  
Permittee : 120552( NEVADA ELECTRIC INVESTMENT CORP ) Seqno : 5  
Applicant : 120552( NEVADA ELECTRIC INVESTMENT CORP )

OSMRE: Comments/Analysis: Date : 03-Dec-2004 Mode : VIEW

SRA: Comments/Analysis: Date : 03-Dec-2004 Mode : UPDATE

SAVE(F5) DELETE(F8)  
PRV\_SCR(F3) QUIT(F4) CHOICES(F10)