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State of Utah
DEPARTMENT OF NATURAL RESOURCES

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FINDINGS DOCUMENT
Utah Coal Regulatory Program

PID: C0070012
TaskID: 4410
Mine Name: WELLINGTON PREPARATION PLANT
Title: PERMIT TRANSFER

General Contents

Identification of Interest

Analysis:

The application meets the requirements of R645-301-112 by providing all required information for ownership and control. The application lists the Owner as Price River Terminal, LLC, 84% owned by Global One Transports, Inc. The application lists the Operator as Watco Transloading, LLC, with an entity of more than a 10% ownership as Watco Holdings, Inc.

The Applicant Violator System was updated on 10/17/13 with the updated ownership and control information provided. An AVS Evaluation was generated for the proposed new ownership on 10/17/13. No violations were retrieved from the system. An AVS Evaluation was also generated for NEICO, the current permittee of the Wellington Prep Plant, on 10/17/13. No violations were retrieved from the system.

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Identification of Interest

Analysis:

The application conditionally meets the Identification of Interests requirements of the State of Utah R645 Coal Mining Rules. A minor revision is required relative to the phone number information for Price River Terminal, LLC and Global One Transport, Inc. (See discussion below).

In section 112.100, Identification of Permittee, Operator and Owner, the applicant states, "The permittee and owner, Price River Terminal, LLC (PRT) is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas".

The provides the Permittees name, address and telephone number: PRT, 3215 West 4th Street, Fort Worth, TX 76107, (239) 985-9309, Employee Identification Number 46-3234994). The Operator information was also provided in this section: Watco Transloading, LLC (Watco), 315 W 3rd Street, Pittsburgh, KS 66762, (620) 231-2230, Employee Identification Number 27-0732018.

Per the requirements of R645-301-112.220, the application provides the resident agent information: Patrick D. Collins, PhD, Mt. Nebo Scientific, Inc., 330 East 400 South, Suite 6, P.O. Box 337, Springville, UT 84663, (801) 489-6937.

Under section 112.300 of the application, the names and titles held by the various officers and directors of the Permittee (PRT) and the Operator (Watco) are provided. However; additional information is required.

The previous review (Task ID #4391) identified a deficiency relative to the ownership and control information for PRT and Watco. The Permittee was asked to clarify the phone number for the PRT and Watco. On page 7 of the application, the Permittee provides the contact information for PRT and Watco Transloading, LLC. Per a phone conversation with Tim Stanley (President and CEO of Global Transport) and the Division (October 16th, 2013), the phone number listed in the application for Price River Terminal, LLC and Global One Transport, Inc. is Mr. Stanley's cell phone number (614 832-3578). The main phone number for Price River Terminal, LLC and Global One Transport, Inc. is (817) 717-1000. The Permittee is directed to revise the application with the main phone number for the two entities as part of the conditional approval of the application.

The application identifies Global One Transport, Inc as a privately held Texas corporation that owns 84% of PRT. However; information relative to Global One Transport is not provided in the application.

The previous review (Task ID #4391) identified a deficiency relative to Global One Transport Inc. Global One Transport was identified as 84% owner of Price River Terminal LLC in Section 112.100 of the application. Additional information for Global One Transport, Inc. was requested. The Permittee has provided the address, telephone number and tax payer identification number for Global One Transport, Inc. In addition, the Permittee provided the following information for the executive officers for Global One Transport, LLC: President/CEO- Timothy P. Stanley, Chairman/Treasurer- Darrell D. Dial, Vice President/Secretary- Jason D. Dial and Vice President- Russell D. Dial. The dates the aforementioned individuals assumed their positions was also provided (May 25th, 2005 for all four officers). The application indicates that the four officers each own 25% of Global One Transport, Inc. On page 8 of the application, the Permittee states, "Neither Price River Terminal, LLC; Global One Transport, INC; Watco Transloading LLC; nor Watco Holdings, Inc. have previously operated a mine or conducted mining activities within the past 5 years".

In section 112.400, the application indicates that previous coal permit information was not applicable to the Permittee (PRT) and Operator (Watco). Further information on Global Transport Inc. will be used to determine if additional information is required relative to previously held coal permits.

In section 112.520, the application indicates that the legal or equitable owner of the areas to be affected by the surface operator and facilities of the permit applicant are Price River Terminal, LLC.

In section 112.600, the application provides the owners of record of surface areas within and contiguous to the permit area.

In section 112.700, the application identifies the mine structures that require MSHA numbers. The structures include the plant refuse pile (1211-UT-09-00099-01), clear water pond (1211-UT-09-00099-02), lower refuse pond (1211-UT-09-00099-03), upper refuse pond (1211-UT-09-00099-04) and the pond refuse pile (1211-UT-09-00099-05).

The information contained in section 112.800 remains the same as the approved mining and reclamation plan (MRP). Currently, 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 areas to be covered by the permit.

R645-301-112.300- 112.300: Upon the submission of clean-copies, the Permittee must revise the phone number information on page 7 of the application (Section 112.100, 112.300) for Price River Terminal, LLC and Global One Transport, Inc. Per a phone conversation with Tim Stanley (President and CEO of Global Transport) and the Division (October 16th, 2013), the phone number listed in the application for Price River Terminal, LLC and Global One Transport, Inc. is Mr. Stanley's cell phone number (614 832-3578). The main phone number for Price River Terminal, LLC and Global One Transport, Inc. is (817) 717-1000. The Permittee is directed to revise the application with the main phone number for the two entities as part of the conditional approval of the application.

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Violation Information

Analysis:

The application meets the Violation Information requirements of the State of Utah R645 Coal Mining rules.

In section 113.100, the application states, "Neither the permittee, operator, nor owner, nor any of their subsidiaries, affiliates or persons controlled by or under common control with the permittee has had a federal or state mining permit suspended or revoked in the last five years."

On August 21st, 2013, the PRT and Watco information was entered into the OSM AVS system. No violations were retrieved by the system.

Per the requirements of R645-300-132 and R645-303-341, the Division is required to enter the Identification of Interests (ownership/control) information into OSM's Applicant Violator System (AVS) in order to determine if the applicant is eligible for a permit. The previous technical review (Task ID #4391) identified a deficiency relative to Global One Transport, Inc. The ownership and control information for this entity was needed in order to conduct an AVS search. The information for Global One Transport, Inc. as well as Watco Holdings Inc. has now been provided.

The additional ownership and control information for Global One Transport, Inc. and Watco Transloading, LLC and Watco Holdings, Inc. was entered into the AVS system on October 17th, 2013. No outstanding violations/issues were identified. The application meets the Violation Information Requirements of the State of Utah R645 Coal Mining Rules.

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Right of Entry

Analysis:

The application conditionally meets the Right of Entry requirements of the State of Utah R645-Coal Mining Rules.

In Appendix A of the application, a copy of a purchase and sale agreement is provided. Robert E. Stewart (Nevada Electric Investment Company) signed the document on June 5th, 2013. Timothy Stanley (PRT by Global One Transport, Inc) signed the document on June 7th, 2013.

Per the requirements of R645-301-114, the application must contain a description of the documents upon which the applicant bases their legal right to enter and begin coal mining and reclamation operations in the permit area and will state whether that right is the subject of pending litigation. Additionally, the description will identify the documents by type and date of execution, identify the specific lands to which the document pertains and explain the legal rights claimed by the applicant.

Once the stipulations/conditions of the purchase agreement have been satisfied and the transaction has closed, the Permittee can then provide an update to the Mining and Reclamation Plan (MRP) with the submission of clean-copies to the Division.

The application conditionally meets the Right of Entry requirements of the State of Utah R645-Coal Mining Rules. Prior to final approval of the application, the following condition must be met:

R645-301-114: Once the sale of the Wellington Prep Plant property has closed, the Permittee must submit to the Division a revision of section 114.100 of the currently approved Mining and Reclamation Plan (MRP).

The application must contain a description of the documents upon which the applicant bases their legal right to enter and begin coal mining and reclamation operations in the permit area and will state whether that right is the subject of pending litigation. Additionally, the description will identify the documents by type and date of execution, identify the specific lands to which the document pertains and explain the legal rights claimed by the applicant.

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Legal Description

Analysis:

The application meets the Legal Description and Status of Unsuitability Claim requirements of the State of Utah R645 Coal Mining Rules.

The permit area is not within an area designated as unsuitable as defined in R645-103-300.

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Permit Term

Analysis:

The application meets the Permit Term requirements of the State of Utah R645 Coal Mining Rules.

In Section R645-301-116, the application indicates that the permit will be "renewed on a 5-year basis". The previous technical analysis (Task ID #4391) identified a deficiency relative to this rule. Per the requirements of R645-301-116.100, the application must state the anticipated or actual starting and termination date of each phase of the coal mining and reclamation operations and the anticipated number of acres of land to be affected during each phase of mining over the life

of the mine.

On page 18 of the application, the Permittee describes the coal mining and reclamation operations for the site. It is the intent of PRT to begin the process of reclaiming the site (area not to be utilized for transloading oil) within 18 months after closing on the property. The Permittee intends to sample the coal fines and have it analyzed in order to determine what portions of the material can be actively mined. The Permittee anticipates that it will take "several years" to remove all of the marketable material and complete the reclamation of the coal fines area.

Active transloading activities will begin as soon as possible following the close of the sale. The Permittee has indicated that a catchment basin and other property enhancements will need to take place prior to initiating transloading activities. A separate permit amendment will be submitted to the Division to facilitate these activities prior to being initiated.

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Public Notice and Comment

Analysis:

The application meets the Public Notice and Comment requirements of the State of Utah R645-Coal Mining Rules.

The Permittee provided an affidavit of publication in Appendix D of the application. Notice of the proposed permit transfer was first published in the Sun Advocate newspaper on August 29th, 2013. The notice was subsequently published in the Sun Advocate seven more times. The last publication was dated September 24th, 2013. The requisite 30 day public comment period following the 1st publication (August 29th, 2013) ended on September 28th, 2013.

As of October 17th, 2013, one comment has been received by the Division regarding the proposed permit transfer. The comment came from the Carbon County Commissioners office and expressed support for the transport. No negative comments have been received to date.

Per the requirements of R645-303-323, the Permittee is required to publish notice of the impending permit transfer one time only. As such, the subsequent public notices that occurred after the initial August 29th, 2013 notice are considered 'above and beyond' what is required by rule and thus do not trigger additional 30 day public comment periods.

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Reclamation Plan

Bonding and Insurance General

Analysis:

The application conditionally meets the Bonding and Insurance Requirements of the State of Utah R645-Coal Mining Rules.

Per the requirements of R645-301-890, the Permittee must submit a certificate issued by an insurance company, authorized to do business in Utah, certifying that the applicant has a public liability insurance policy in force for the coal mining and reclamation activities for which the permit is sought. Minimum insurance coverage for bodily injury and property damage will be \$300,000 for each occurrence and \$500,000 aggregate.

The application provides a certificate of insurance coverage by Accord Insurance Company. The insurance certificate outlines \$6,000,000/occurrence for general liability and \$6,000,000 general aggregate. The \$6,000,000 dollar amount in each instance is well above that required by rule (i.e. \$300,000/occurrence and \$500,000 aggregate).

Per the requirements of R645-303-323, -342, the Permittee must obtain and submit to the Division, appropriate performance bond coverage, or other guarantee in an amount sufficient to cover the proposed operations. The posting of the bond is a condition for final approval of the permit transfer.

The application conditionally meets the Bonding and Insurance Requirements of the State of Utah R645-Coal Mining Rules. The following condition must be addressed prior to final approval and transfer of the permit:

R645-303-323, -342: Prior to final approval of the permit transfer, the Permittee must obtain and submit to the Division, appropriate performance bond coverage, or other guarantee in an amount sufficient to cover the proposed operations.

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