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

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

May 11, 2001

Mel Coonrod, Resident Agent
Environmental Industrial Services
31 North Main Street
Helper, Utah 84526

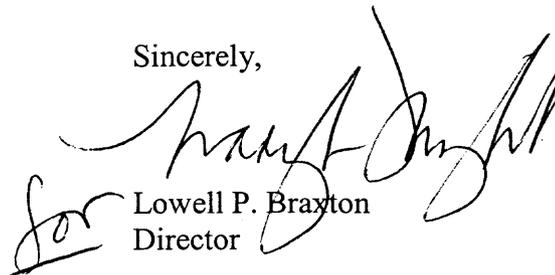
Re: Five-Year Permit Renewal, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/013-RN00, Outgoing File

Dear Mr. Coonrod:

The permit renewal for the Horse Canyon Mine is approved, effective May 6, 2001. Enclosed is the State Decision Document for Permit Renewal which includes two (2) copies of the renewed permanent program permit for the Horse Canyon Mine. Please read the permit to be sure you understand the requirements of the permit, then have both copies signed by the appropriate UtahAmerican Energy, Inc. officer and return one to the Division.

If you have any questions, please call me.

Sincerely,


for Lowell P. Braxton
Director

pgl/vs

Enclosures:

cc: James Fulton, OSM
Clyde Borrel
Price Field Office

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

UtahAmerican Energy, Inc.
Horse Canyon Mine
Permit
C/007/013
May 6, 2001

Contents

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ADMINISTRATIVE OVERVIEW

UtahAmerican Energy, Inc.
Horse Canyon Mine
Permit
C/007/013
May 6, 2001

Background

Horse Canyon Mine is an inactive underground coal mine located in Emery and Carbon Counties, Utah, within the Book Cliffs Coal Field, about 120 miles southeast of Salt Lake City. The mine was initially opened by the Defense Plant Corporation in 1942 as the source of metallurgical grade coal for the Geneva Steel Works in Orem, Utah. The mine was sold to U.S. Steel in 1946, who operated the mine until January 1984, when all mining was permanently suspended.

U.S. Steel submitted a permanent program mining and reclamation plan permit application on March 17, 1981 for the operations existing at that time consisting of 3,120 acres of pre and post law underground mine workings and approximately 87 acres of surface disturbances. In 1982 U.S. Steel temporarily suspending mining operations at the Horse Canyon (Geneva) Mine and in 1984 permanently suspend mining operations.

On November 11, 1984, Kaiser Steel Corporation purchased the Horse Canyon Mine property from U.S. Steel, submitted a permanent program reclamation bond in the amount of \$918,649, and indicated to the Division that it would maintain the operations in a temporary suspension status pending further corporate decisions as to the future use of the facilities.

However, On February 13, 1987, Kaiser Coal (successor in interest to Kaiser Steel) filed a petition for bankruptcy under Chapter 11, Title 11, of the U.S. Bankruptcy Code. On April 5, 1990, Intermountain Power Agency acquired the Horse Canyon Mine and submitted a letter of credit in the amount of \$1,359,000 on July 2, 1990 to secure reclamation obligations. A permanent program permit was issued May 6, 1991 and included 1116 acres.

Intermountain Power Agency completes the reclamation of 52 acres of the 74 acres of surface disturbance in 1991. Phase I bond release was granted on February 5, 1997. Phase II bond release is conditionally granted upon removal of the sediment ponds. The remaining 22 acres will be reclaimed if not needed for future mining activities.

UtahAmerican Energy, Inc. purchased the Horse Canyon Mine property and obtained permit rights in December 1998. A significant revision to the Horse Canyon Mine permit was submitted to the Division September 8, 1998 to mine the South Fork Lease and develop new mining facilities in Lila Canyon. This significant revision has not, to date, been approved by the Division.

Public Notice

UtahAmerican Energy, Inc. made application to the Division for a five year permit renewal for the Horse Canyon Mine on January 9, 2001. This renewal encompasses the same permit area and disturbance as currently approved in the permit. The renewal application was determined administratively complete February 5, 2001. Public notice for this permit renewal was published in the Sun Advocate and Emery County Progress for four consecutive weeks beginning on February 13, 2001 and ending on March 6, 2001. No comments were received.

Recommendation for Renewal

The Division made the decision on May 6, 2001 to approve the permit renewal for five years based on the fact that:

1. The terms and conditions of the existing permit are being satisfactorily met.
2. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the State Program.
3. The renewal does not substantially jeopardize the operator's continuing ability to comply with the State Program on existing permit areas.
4. The operator has provided evidence of having liability insurance and a performance bond will be in effect for the operation and will continue in full force and effect.
5. The permit is conditioned with the requirement to:
 - Submit water quality data through the Electronic Data Input web site.

The current bond amount of \$1,253,000 has been reviewed and found adequate.

Recommendation

Approval for this permit renewal is recommended.

PERMITTING CHRONOLOGY

UtahAmerican Energy, Inc.
Horse Canyon Mine
Permit
C/007/013
May 6, 2001

January 9, 2001	UtahAmerican Energy, Inc. submits permit renewal application.
February 5, 2001	Division issues Determination of Completeness.
February 14, 2001	Permit renewal completeness determination sent to applicable state, federal, and county agencies with a note that comments must be received by March 23, 2001.
February 13, 2001	First publication date of four consecutive weeks for Public Notice of permit renewal for the Horse Canyon Mine published in the <u>Sun Advocate</u> and <u>Emery County Progress</u> .
April 6, 2001	End of public comment period and no comments were received.
May 6, 2001	Permit is renewed.

PERMIT RENEWAL FINDINGS

UtahAmerican Energy, Inc.
Horse Canyon Mine
Permit
C/007/013
May 6, 2001

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).
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 maintaining liability insurance in full effect (Federal Insurance Co., Policy 37104410)(R645-303-233.140).
6. The operator has a reclamation surety on file with the Division and has provided evidence that the surety will remain in full effect. (Surety Performance Bonds issued by: Lincoln General, #SUR004892, in the amount of \$1,253,000 (R645-303-233.150).
7. To date, the operator has submitted updated information as required by the Division through this permit term. (R645-233.160).

Permit Supervisor

Permit Supervisor

Associate Director of Mining

Director

FEDERAL

C/007/013
(Renewal)

May 7, 2001

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340

This permit, C/007/013, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

UtahAmerican Energy, Inc.
PO Box 187
Saint Clairsville, Ohio 43950-0187

for the Horse Canyon Mine. A Surety Bond is filed with the Division in the amount of \$1,253,000 payable to the State of Utah, Division of Oil, Gas and Mining and the United States Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM). 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 lands within the permit area at the Horse Canyon Mine, situated in the state of Utah, Carbon and Emery Counties, and located:

Beginning at the SW corner of the SE1/4 SE1/4 of Section 5, T16S, R14E, SLBM; and running thence North 660 feet; thence East 2640 feet; thence North 660 feet; thence East 1980 feet; thence North 660 feet; thence approximately N 45° East 4800 feet, more or less; thence approximately N 70° W 1250 feet more or less; thence West 250 feet; thence approximately N 28° W 1320 feet more or less; thence approximately N 65° E 580 feet more or less; thence approximately N 13° E 600 feet more or less; thence approximately N 82° W 100 feet more or less; thence approximately N 10° E 1650 feet more or less; thence approximately S 88° E 1030 feet more or less; thence South 260 feet; thence approximately S 88° E 550 feet more or less; thence approximately S 09° W 1940 feet more or less; thence East 300 feet; thence approximately S 20° E 1550 feet more or less; thence approximately N 68° E

100 feet more or less; thence approximately S 20° E 250 feet more or less; then approximately N 20° W 1120 feet more or less; N 68° E 2170 feet more or less; thence approximately N 20° W 1120 feet more or less; thence approximately N 68° E 600 feet more or less; thence East 200 feet; then approximately S 20° E 2800 feet more or less; thence approximately S 68° W 300 feet more or less; thence South 500 feet; thence West 1200 feet; thence South 300 feet; thence East 450 feet; thence South 380 feet; thence West 400 feet; thence approximately S 22° E 1310 feet more or less; thence East 1240 feet; thence approximately S 45° E 660 feet more or less; thence South 1000 feet; thence West 2650 feet; thence approximately S 22° E 2140 feet more or less; thence approximately N 68° E 1010 feet more or less; thence approximately N 22° W 700 feet more or less; thence approximately N 68° E 540 feet more or less; thence approximately S 22° E 500 feet more or less; thence approximately S 63° W 300 feet more or less; thence approximately S 22° E 600 feet more or less; thence approximately S 68° W 400 feet more or less; thence approximately N 22° W 110 feet more or less; thence approximately S 68° W 850 feet more or less; thence approximately S 22° E 1150 feet more or less; thence approximately S 89° E 350 feet more or less; thence South 100 feet; thence East 450 feet; thence South 2600 feet; thence approximately S 77° W 300 feet more or less; thence approximately N 2° W 1270 feet more or less; thence approximately N 22° W 1120 feet more or less; thence approximately S 68° W 2150 feet more or less; thence approximately N 22° W 200 feet more or less; approximately S 68° W 1950 feet more or less; thence approximately S 22° E 650 feet more or less; thence approximately S 8° W 560 feet more or less; thence approximately S 68° W 50 feet more or less; thence approximately N 22° W 1480 feet more or less; thence approximately N 68° E 2250 feet more or less; thence approximately N 22° W 5410 feet more or less; thence West 2000 feet; thence South 520 feet; thence West 1350 feet; thence South 1320 feet; thence West 660 feet to the NW corner of the NE1/4 NE1/4 of Section 9, T16S, R14E, SLBM; thence South 1320 feet; West 5280 feet; North 1320 feet to the point of beginning.

Less the following portions thereof:

- (a) Beginning approximately 700 feet South from the NW corner of Lot 11, Section 3, T16S, R14E, SLBM; thence East 700 feet; thence North 800 feet; thence approximately S 22° E 1600 feet more or less; thence approximately S 48° W 300 feet more or less; thence West 870 feet; thence approximately N 22° W 300 feet more or less; thence North 650 feet more or less to the point of beginning.
- (b) Beginning 590 feet North of the center of Section 3, T16S, R14E, SLBM; thence North 1120 feet more or less; thence W 750 feet; thence approximately

N 22° W 660 feet more or less; thence approximately N 75° E 1460 feet more or less; thence approximately S 22° E 2080 feet more or less; thence approximately S 75° E 100 feet more or less; thence approximately S 22° E 2500 feet more or less; thence West 1730 feet; thence approximately N 22° W 2320 feet more or less; thence East 300 feet more or less to the point of beginning.

- (c) Beginning 350 feet East of the NW corner of Section 11, T16S, R14E, SLBM; thence S 22° E 2720 feet more or less; thence approximately S 68° W 1650 feet more or less; thence approximately N 22° W 4800 feet more or less; thence approximately N 10° E 500 feet more or less; thence East 1400 feet more or less; thence approximately S 22° E 2020 feet more or less to the point of beginning.

Emery County Road to be Excluded:

A strip of land, 100.00 feet wide, 50.00 feet on each side of the following described centerline of Range Creek Road.

Beginning at a point which is East 621.06 feet and North 39.54 feet from the Southwest corner of Section 4, T. 16 S., R. 14 E, SLM, said point being at the intersection of County Road No. 125 and the existing centerline of Range Creek Road; Thence S 87° 00'53" E. 165.69 feet along said centerline; Thence N 88° 25'42" E, 757.20 feet along said centerline; Thence N 83° 28'57" E, 279.73 feet along said centerline; Thence N 74° 02'43" E, 332.77 feet along said centerline; Thence N 66° 30'57" E, 317.97 feet along said centerline; Thence widening to:

A strip of land 235.00 feet wide, 160.00 feet on the Left side, and 75.00 feet on the Right side of the following described centerline of Range Creek Road.

Thence N 66° 30'57" E, 17.14 feet along said centerline; Thence N 54° 43'42" E, 62.22 feet along said centerline; Thence narrowing to:

A strip of land 100.00 feet wide, 50.00 feet on each side of the following described centerline of Range Creek Road.

Thence N 54° 43'42" E, 244.85 feet along said centerline; Thence N 41° 39'08" E, 321.41 feet along said centerline; Thence N 40° 51'58" E, 215.74 feet along said centerline; Thence widening to:

A strip of land, 200.00 feet wide, 100.00 feet on each side of the following described centerline of Range Creek Road.

Thence N 59° 06'40" E, 77.29 feet along said centerline; Thence 68° 56'20" E, 255.57 feet along said centerline; Thence narrowing to:

A strip of land 100.00 feet wide, 50.00 feet on each side of the following described centerline of Range Creek Road.

Thence N 54° 03'37" E, 161.53 feet along said centerline; Thence 38° 29'53" E, 111.54 feet along said centerline; Thence N 10° 29'24" E, 97.46 feet along said centerline; Thence N 2° 27'45" E, 256.08 feet; Thence widening to:

A strip of land 235.00 feet wide, 126.00 feet on the Left side and 109.00 on the Right side of the following described centerline.

Thence N 2° 27'45" E, 84.52 feet; Thence narrowing to:

A strip of land 100.00 feet wide, 50.00 feet on each side of the following described centerline.

Thence N 2° 27'45" E, 94.87 feet; Thence N 15° 55'38" R, 134.45 feet; Thence N 16° 36'59" E, 49.47 feet; Thence N 23° 28'48" E, 40.00 feet; Thence N 34° 43'52" E, 59.69 feet; Thence N 40° 25'06" E, 38.84 feet; Thence N 40° 34'17" E, 98.71 feet; Thence N 55° 32'59" E, 282.33 feet; Thence N 52° 22'34" E, 239.37 feet; Thence N 56° 43'07" E, 331.37 feet to the existing centerline of Range Creek Road; Thence N 64° 44'50" E, 44.68 feet along said centerline; Thence widening to:

A strip of land 225.00 feet wide, 71.00 feet on the Left side, and 154.00 feet on the Right side of the following described centerline of Range Creek Road.

Thence N 64° 44'50" E, 4.76 feet along said centerline; Thence N 79° 53'20" E, 59.83 feet along said centerline; Thence N 82° 54'25" E, 29.97 feet along said centerline; Thence narrowing to:

A strip of land 100.00 feet wide, 50.00 feet on each side of the following described centerline of Range Creek Road.

Thence N 82° 54'25" E, 44.66 feet along said centerline; Thence N 73° 22'16" E, 89.66 feet along said centerline; Thence N 52° 54'37" E, 55.23 feet along said centerline of the East line of said Section 4 at a point which is N 0° 02'00" W, 2882.11 feet from the Southwest corner of Section 3. T. 16 S., R. 14 E., SLM; Thence N 52° 54'37" E, 217.93 feet along said centerline; Thence N

This legal description is for the permit area of the Horse Canyon Mine. The permittee is authorized to conduct coal mining and reclamation operations on the foregoing

described property subject to the conditions of 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 is effective on May 6, 2001 and expires on May 6, 2006.

Sec. 5 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Division Director. 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, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), 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;
- (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 to the Division by the private person.

Sec. 7 SCOPE OF OPERATIONS - The permittee shall conduct coal mining and reclamation operations only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 ENVIRONMENTAL IMPACTS - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

- (a) Any accelerated or additional monitoring necessary 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 the Division 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 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, 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. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by Division within the time frame specified by Division.

Sec. 17 APPEALS - The permittee shall have the right to appeal as provided for under R645-300-200.

Sec. 18 SPECIAL CONDITIONS - There are special conditions 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 and the lease. 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 federal or state statutes and any regulations

THE STATE OF UTAH

By: *Walter J. Smith*
Associate Director
Date: *May 15, 2001*

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

Authorized Representative of Permittee

Date: _____

Attachment A

SPECIAL CONDITIONS

1. UtahAmerican Energy, Inc will submit water quality data for the Horse Canyon Mine beginning with data for the second quarter of 2001 in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>.



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

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May 2, 2001

To: Compliance File
From: Pamela Grubaugh-Littig, Permit Supervisor 
Re: 510 (c) Recommendation for UtahAmerican Energy Inc., Horse Canyon Mine, C/007/013

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 Horse Canyon Mine. There are no finalized civil penalties which are outstanding and overdue in the name of Utah American Energy, Inc. UtahAmerican Energy, Inc. 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 notice that there were no violations retrieved by the system.

Application Evaluation Report Applicant Violator System 02-May-2001 08:10:17

State : UT	Permit No : ACT007013	App1 No : ACT007013
Applicant : 146487(UTAHAMERICAN ENERGY INC)		Seqno : 2

There were no violations retrieved by the system.

The AVS office provided a quality check on this application 05/02/2001

EVRPT(F7) PERMIT/APPL(F8)
 PRV_SCR(F3) EVOFT(F5) REPORTS(F9) CHOICES(F10)