

Lila Canyon Extension

Chapter 1 Legal

Volume 1 of 7

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Div. of Oil, Gas & Mining

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100. GENERAL CONTENTS.**110. Minimum Requirements****111. Intent**

The information included within this chapter of the permit application is intended to satisfy the minimum requirements of R645-301-100. All relevant information on the ownership and control of persons who conduct coal mining and reclamation operations, the ownership and control of the property to be affected by the operation, the compliance status and history of those persons, and other important information is provided. The format for the permit application was used to facilitate expedient review and approval.

112. Identification of Interests.

112.100. The applicant, **UtahAmerican Energy, Inc.**, is a corporation organized and existing under the laws of Utah and qualified to do business in Utah.

112.200. The name, address, telephone number, and employer identification number of the applicant, resident agent, and person who will pay the abandoned mine land reclamation fee is as follows:

112.210. The Applicant **UtahAmerican Energy, Inc.**, will also be the operator.

UtahAmerican Energy, Inc.
P.O. Box 986
Price, Utah 84501

Employer Identification Number: 34-1874726

112.220. The resident agent of the applicant, UtahAmerican Energy, Inc., is:

R. Jay Marshall
UtahAmerican Energy, Inc.
P.O. Box 986
Price, Utah 84501

112.230. The abandoned mine land reclamation fee will be paid by:

Robert E. Murray
UtahAmerican Energy, Inc.
153 Highway 7 South
Powhatan Point, OH 43942

112.300. The person's name, address and employer identification number for each person who owns or controls the applicant is listed under Appendix 1-1. In addition Appendix 1-1 shows the persons ownership or control relationship to the applicant, percentage of ownership, and location in the organizational structure.

112.310. Persons who own or control names, address social security numbers and employer identification numbers can be found in Appendix 1-1.

112.320. Persons ownership or control relationship to the applicant can be found in Appendix 1-1.

112.330. Title of the person's position and date position was assumed can be found in Appendix 1-1.

112.340. **UtahAmerican Energy, Inc.,**
The American Coal Company
PennAmerican L.P.
Canterbury Coal Company
Energy Resources, Inc.
Oklahoma Coal Company
Ohio Valley Coal Company
MonValley Transportation Center, Inc.
KenAmerican Resources, Inc.

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Belmont Coal, Inc.
UMCO Energy, Inc.
Maple Creek Mining, Inc.
Onieda Coal, Inc.
Spring Church Coal Company

Permit numbers, regulatory authority and issuance dates are found in Appendix 1-2.

- 112.350.** There are no pending coal mine permit applications in any State in the United States.
- 112.400.** Miscellaneous information for coal mining and reclamation operations owned or controlled by the applicant or by any person who owns or controls the applicant follows.
- 112.410.** The name, address, identifying numbers, including employer identification number, Federal or State permit numbers and MSHA number, with date of issuance and the regulatory authority issuing the permit can be found in Appendix 1-2.
- 112.420.** Ownership or control relationship to the applicant is presented in Appendix 1-1.
- 112.500.** The name and address of each legal owner of the surface and mineral property to be mined is shown on Plate 4-1 for surface ownership and Plate 5-4 for coal ownership, and is as follows:

Surface Owners:

Josiah K Eardley:
2433 S HWY 10
Route 1, Box 119
Price, Utah 84501

Bronco Coal Company:
P.O. Box 217
Cleveland, Utah 84518

UTAHAMERICAN ENERGY, INC.:

153 Highway 7 South
Powhatan Point, OH 43942

UNITED STATES DEPARTMENT OF THE INTERIOR:

Bureau of Land Management
Utah State Office
324 South State
Salt Lake City, Utah 84111

STATE OF UTAH:

Utah School and Institutional Trust Lands
Administration (SITLA)
675 East 500 South Suite 500
Salt Lake City, Utah 84114-5703

COLLEGE OF EASTERN UTAH FOUNDATION:

451 East 400 North
Price, Utah 84501

Subsurface Owners:

UTAHAMERICAN ENERGY, INC.:

153 Highway 7 South
Powhatan Point, OH 43942

Bronco Coal Company:

P.O. Box 217
Cleveland, Utah 84518

STATE OF UTAH:

Utah School and Institutional Trust Lands
Administration (SITLA)
675 East 500 South Suite 500
Salt Lake City, Utah 84114-5703

UNITED STATES DEPARTMENT OF THE INTERIOR:

Bureau of Land Management
Utah State Office
324 South State
Salt Lake City, Utah 84111

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COLLEGE OF EASTERN UTAH FOUNDATION:

451 East 400 North
Price, Utah 84501

- 112.600.** The name and address of each owner (surface and subsurface) of all property contiguous to the proposed permit area is shown on Plate 4-1 for surface, and Plate 5-4 for subsurface. Plate 1-1 is the official boundary map and it will be used to clarify any questions about the permit boundaries. Plate 1-2 shows the disturbed area.

Contiguous Surface Owners:**UNITED STATES DEPARTMENT OF THE INTERIOR:**

Bureau of Land Management
Utah State Office
324 South State
Salt Lake City, Utah 84111

STATE OF UTAH:

Utah School and Institutional Trust Lands
Administration (SITLA)
675 East 500 South Suite 500
Salt Lake City, Utah 84114-5703

Josiah K Eardley:

2433 S HWY 10
Route 1, Box 119
Price, Utah 84501

Bronco Coal Company:

P.O. Box 217
Cleveland, Utah 84518

UTAHAMERICAN ENERGY, INC.:

153 Highway 7 South
Powhatan Point, OH 43942

WILLIAM MARSING LIVESTOCK INC.:

4330 E 8900 N
Price, Utah 84501

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COLLEGE OF EASTERN UTAH FOUNDATION:
451 East 400 North
Price, Utah 84501

Contiguous Subsurface Owners:

UNITED STATES DEPARTMENT OF THE INTERIOR:
Bureau of Land Management
Utah State Office
324 South State
Salt Lake city, Utah 84111

STATE OF UTAH:
Utah School and Institutional Trust Lands
Administration (SITLA)
675 East 500 South Suite 500
Salt Lake City, Utah 84114-5703

UTAHAMERICAN ENERGY, INC.:
153 Highway 7 South
Powhatan Point, OH 43942

Bronco Coal Company:
P.O. Box 217
Cleveland, Utah 84518

COLLEGE OF EASTERN UTAH FOUNDATION:
451 East 400 North
Price, Utah 84501

112.700. The following is a list of MSHA numbers associated with the permit.

MSHA ID Number: 42-00100 (Horse Canyon)
MSHA ID Number 42-02241 (Lila Canyon)
Refuse Pile I.D. Number: 1211-UT-09-02241-01

United States Department of Labor

Mine, Safety and Health Administration
P.O. Box 25367
Denver, Colorado 80225

112.800. In February 2002, UEI submitted a lease by application to the BLM. Four thousand acres were identified as an area of interest to the south and east of current UEI reserves. The LBA delineation and recoverable reserves has yet to be determined by the BLM. If the area of interest is offered for lease, and if UEI bids on the LBA, and if UEI is the successful bidder, then it could be anticipated that mining in the leased area would occur once current Lila reserves are exhausted. (Approximately in the year 2020)

112.900. After **UtahAmerican Energy, Inc.**, is notified that the application is approved, but before the permit is issued, **UtahAmerican Energy, Inc.**, will update, correct or indicate that no change has occurred in the information previously submitted under R645-301-112.100 to R645-301-112.800.

113. Violation Information.

113.100. Neither **UtahAmerican Energy, Inc.**, or any subsidiary, affiliate, or persons controlled by or under common control with the applicant, has had any federal or state permit to conduct coal mining and reclamation operations suspended or revoked in the five years preceding the date of submission of the application.

113.110. No federal or state permits to conduct coal mining and reclamation operations has been suspended or revoked in the five years preceding the date of submission of the application.

- 113.120.** Neither **UtahAmerican Energy, Inc.**, nor any subsidiary, affiliate, or persons controlled by or under common control with the applicant, have forfeited a performance bond or similar security deposited in lieu of bond.
- 113.200.** Since no suspensions revocations, or forfeitures have taken place section 113.200 with subsections is not applicable.
- 113.300.** A list of violations received by the applicant or any subsidiary, affiliate or persons controlled by or under common control with the applicant in connection with any coal mining and reclamation operation during the three year period proceeding the application date is provided in Appendix 1-3. MSHA numbers for the operations listed in Appendix 1-3 can be found in Appendix 1-2.
- 113.310.** Violation information such as: Identifying numbers including Federal and State permit numbers, date issued, and name of issuing agency is included in Appendix 1-3.
- 113.320.** A brief description of violations alleged in the notice is included in Appendix 1-3.
- 113.330.** The date, location, and type of any administrative or judicial proceeding is included in Appendix 1-3.
- 113.340.** The current status of violations is included in Appendix 1-3.
- 113.350.** Actions taken to abate the violation is included in Appendix 1-3.
- 113.400.** After **UtahAmerican Energy, Inc.**, is notified that the application is approved, but before the permit is issued,

UtahAmerican Energy, Inc., will update, correct or indicate that no change has occurred in the information previously submitted under R645-301-113.

114. Right-of-Entry Information.

A Right-of-Way application and the subsequent Environmental Assessment (EA) has been submitted to the BLM. The EA was issued for public comment in the summer of 2000. A Finding of No Significant Impact (FONSI) and record of decision were issued in October 2000. An appeal was filed and a stay requested. The stay was not acted on and an uninhibited Right-of-Way could be issued in the spring of 2003. Appendix 1-6 contains BLM correspondence in regards to Right-of-Entry as provided by the pending Right-of-Way and its related use.

114.100. UtahAmerican Energy, Inc., currently holds 5,544.01 acres of federal coal contained in six federal leases, purchase in June 2000 from Intermountain Power Agency and assigned to UEI by the BLM. (See Table 1-1 and Plate 5-4). These leases are contained in the South Lease - North Block LMU filed May 1996. The leases as described in the North Block LMU are not under any pending litigation. **UtahAmerican Energy, Inc.**, bases its legal right to enter and conduct mining activities in the permit area pursuant to the language contained in the Federal Coal Lease, Part I Lease Rights Granted which reads as follows:

"That the lessor, in consideration of the rents and royalties to be paid and the covenants to be observed as hereinafter set forth, does hereby grant and lease to the lessee the exclusive right and privilege to mine and dispose of all the coal in, upon, or under the following described tracts of land, situated in the State of Utah.... together with the right to construct all such works, buildings, plants, structures and appliances as may be necessary and convenient for the mining and preparation of the coal for market, the manufacture of coke or other products of coal, the housing and welfare of employees, and subject to the conditions herein provided, to use so much of the surface as may

reasonably be required in the exercise of the rights and privileges herein granted."

The surface right-of-entry is in the form of BLM right-of-ways. See Appendix 1-1 for a BLM letter assigning right-of-way numbers.

114.200. Since no private mineral estate is involved this section does not apply.

114.210. Since no private mineral estate is involved this section does not apply.

114.220. Since no private mineral estate is involved this section does not apply.

114.230. Since no private mineral estate is involved this section does not apply.

Table 1-1

Federal Coal Leases Held by Permittee (See Plate 5-4)

| Federal Coal Lease | TownShip & Range | Section | Description | Acres |
|--------------------|------------------|---------|------------------------|---------|
| #SL-066490 | T16S, R14E | 11 | E1/2 | 2440.00 |
| | T16S, R14E | 12 | W1/2 | |
| | T16S, R14E | 13 | W1/2 | |
| | T16S, R14E | 14 | E1/2, SW1/4 | |
| | T16S, R14E | 15 | E1/2SE1/4 | |
| | T16S, R14E | 22 | NE1/4NE1/4 | |
| | T16S, R14E | 23 | N1/2, E1/2SW1/4, SE1/4 | |
| | T16S, R14E | 24 | NW1/4, W1/2SW1/4 | |
| | T16S, R14E | 26 | N1/2NE1/4 | |
| #U-014218 | T16S, R14E | 12 | E1/2 | 320 |
| #U-0126947 | T16S, R14E | 13 | E1/2 | 1059.81 |
| | T16S, R14E | 24 | E1/2 | |
| | T16S, R14E | 25 | N1/2NE1/4, SE1/4NE1/4 | |

| | | | | |
|------------|------------|----|----------------------------------|---------|
| | T16S,R15E | 19 | SE1/4SW1/4, Lots 3 & 4 | |
| | T16S,R15E | 30 | E1/2NW1/4,SW1/4NE1/4, Lots 1 & 2 | |
| | | | | |
| #U-014217 | T16S,R14E | 25 | SW1/4NE1/4 | 40 |
| | | | | |
| #SL-069291 | T16S,R14E | 24 | E1/2SW1/4 | 280 |
| | T16S,R14E | 25 | NW1/4 | |
| | T16S,R14E | 26 | SE1/4NE1/4 | |
| | | | | |
| #SL-066145 | T16S,R14E | 3 | Lots 1-3, 7-11, Ne1/4SW1/4,SE1/4 | 1404.20 |
| | T16S,R14E | 10 | E1/2 | |
| | T16S,R14E | 11 | W1/2 | |
| | T16S,R14E | 14 | NW1/4 | |
| | T16S,R14E | 15 | N1/2NE1/4,SE1/4NE1/4 | |
| | | | | |
| Totals | Six Leases | | | 5544.01 |

115. Status of Unsuitability Claims.

- 115.100.** The proposed permit area is not within an area designated as unsuitable for mining. **UtahAmerican Energy, Inc.**, is not aware of any petitions currently in progress to designate the area as unsuitable for coal mining and reclamation activities.
- 115.200.** Since no exemption is requested this section does not apply.
- 115.300.** UtahAmerican Energy, Inc., will not conduct mining operations within 300 feet of a currently occupied dwelling. However, UtahAmerican Energy, Inc., will conduct mining or mining related activities within 100 feet of a public road. UtahAmerican Energy, Inc., has received permission from Emery County to construct facilities and operate coal mining activities within 100 feet of a public road. Refer to the Emery County letter found in Appendix 1-4.

116. Permit Term.

116.100. The anticipated starting and termination dates of the coal mining and reclamation operation are as follows:

| <u>Phase</u> | <u>Begin</u> | <u>Complete</u> |
|---|--------------|-----------------|
| Mining Pad, Support Structures, and Portals | June 2005 | Dec. 2005 |
| Begin Underground work | June 2005 | |
| Terminate Mining | Dec. 2019 | |

Reclamation operation dates can be found in Table 3-3.

Approximately 5,992.07 surface acres, which include federal, state and private lands are included within the permit area. These surface acres are described in Table 4-2, and coal acres are shown on Table 4-2A.

The perimeter of the disturbed area contains approximately 42.6 surface acres within the disturbed area but only 25.3 acres will be disturbed leaving 17.3 acres of undisturbed islands within the disturbed area.

116.200. The initial permit application is for a five year term with anticipated successive five year permit renewals.

116.210 Since the initial permit application is for a term of five years this section does not apply.

116.220 Since the initial permit application is for a term of five years this section does not apply.

117. Insurance, Proof of Publication and Facilities or Structures Used in Common

117.100. The Certificate of Liability Insurance is included as Appendix 8-2.

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117.200. A copy of the newspaper advertisement of the permit extension and proof of publication can be found in Appendix 1-5.

117.300. Since no structures are going to be shared by two or more separately permitted coal mining permit applications this section does not apply.

118. Filing Fee.

A filing fee of \$5.00 has been submitted.

120. Permit Application Format and Contents.

121. The permit application contains current information and is written in a clear and concise manner in a format satisfactory to the Division.

122. Referenced materials not on file at the Division, or readily available to the Division, will be provided upon request of the Division by the applicant. On August 22, 2000 Dave Darby confirmed a copy of the R2P2 is on file at the Salt Lake City Division office.

123. A notarized statement, attesting to the accuracy of the information can be found in Appendix 1-5.

130. Reporting of Technical Data.

131. Persons or organizations that collected or analyzed data, the dates associated with the collection and/or analysis of the data, can be found in Appendix 1-5.

132. Resumes for the professional qualified persons who planned, directed the collection of or analyzed data can be found in Appendix 1-5.

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140. Maps and Plans.

141. Maps have been presented in a consolidated format, to the extent possible, and include all the types of information that are set forth on U.S. Geological Survey of the 1:24,000 scale series. Maps of the permit area are to the scale of 1:6,000 or larger. Maps of the adjacent area will clearly show the lands and waters within those areas.

142. Maps and plans submitted with the permit application distinguish among each of the phases during which coal mining and reclamation operations were or will be conducted at any place within the life of operations.

150. Completeness

This permit extension to the existing Horse Canyon Permit ACT/007-013 to conduct coal mining and reclamation operations is complete and includes the minimum information required under R645-301 and, if applicable, R645-302. Plates 1-1 and 1-2 show the permittee area and proposed disturbed area boundaries.

This permit extension is intended to add the Lila Canyon Mine as part "B" to the existing permit and to leave unchanged the current approved Horse Canyon Mine as part "A". The Horse Canyon Mine "part A" is for reclamation only.

Legal Description of Horse Canyon
Parts "A" and "B"
April 26, 2007

Lila Canyon Permit Area "A":

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 N51°E 4689 feet, more or less; thence approximately N14°W 1325 feet, more or less; thence West 250 feet; thence approximately N22°W 1280 feet, more or less; thence approximately N65°E 580 feet, more or less; thence approximately N15°E 501 feet, more or less; thence approximately N80°W 80 feet, more or less; thence approximately N10°E 1700 feet, more or less; thence approximately S86°E 1050 feet, more or less; thence South 260 feet; thence approximately S87°E 587 feet, more or less; thence approximately S03°W 1950 feet, more or less; thence East 300 feet; thence approximately S20°E 2000 feet, more or less; thence approximately N68°E 100 feet, more or less; thence approximately S11°E 184 feet, more or less; thence approximately N70°E 2183 feet, more or less; thence approximately N20°W 1150 feet, more or less; thence approximately N70°E 760 feet, more or less; thence East 200 feet; thence approximately S20°E 2742 feet, more or less; thence approximately S60°W 260 feet, more or less; thence South 500 feet; thence West 1230 feet; thence South 320 feet; thence East 430 feet; thence South 320 feet; thence West 430 feet; thence approximately S22°E 1480 feet, more or less; thence East 1200 feet; thence approximately S45°E 670 feet, more or less; thence South 900 feet; thence approximately N89°W 2714 feet, more or less; thence approximately S24°E 2193 feet, more or less; thence approximately N68°E 1030 feet, more or less; thence approximately N22°W 725 feet more or less; thence approximately N68°E 450 feet, more or less; thence approximately S22°E 550 feet, more or less; thence approximately S63°W 240 feet, more or less; thence S22°E 600 feet, more or less; thence approximately S68°W 370 feet, more or less; thence approximately N50°W 150 feet, more or less; thence approximately S68°W 820 feet, more or less; thence approximately S22°E 1150 feet, more or less; thence approximately S89°E 350 feet, more or less; thence South 100 feet; thence East 450 feet; thence South 2600 feet; thence approximately S77°W 300 feet, more or less; thence approximately N17°W 2397 feet, more or less; thence approximately S68°W 2200 feet, more or less; thence approximately N22°W 260 feet, more or less; thence approximately S68°W 1980 feet, more or less; thence approximately S22°E 670 feet, more or less; thence approximately S12°W 637 feet, more or less; thence approximately N19°W 1379 feet, more or less; thence approximately N68°E 2250 feet, more or less; thence approximately N11°E 76 feet, more or less; thence approximately N22°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; thence South 1320 feet; thence West 5280 Feet; thence approximately N01°W 1320 feet, more or less, to the Point of Beginning.

Less the following portions thereof:

(a) Beginning at a point North 103 feet, more or less, of the SW corner of the SE1/4 NW1/4 of Section 3, T16S, R14E, SLBM; thence East 700 feet; thence North 800 feet; thence approximately S18°E 1600 feet, more or less; thence approximately S52°W 300 feet, more or less; thence West 870 feet; thence approximately N21°W 277 feet, more or less;

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thence North 650 feet to the Point of Beginning.

(b) Beginning at a point South 774 feet, more or less, and East 495 feet, more or less, of the NW corner of the NW1/4 SE1/4 of Section 3, T16S, R14E, SLBM; thence approximately N20°W 2310 feet, more or less; thence East 300 feet; thence North 1113 feet; thence West 750 feet; thence approximately N22°W 660 feet, more or less; thence approximately N75°E 1460 feet, more or less; thence approximately S22°E 2080 feet, more or less; thence approximately S75°E 100 feet, more or less; thence approximately S22°E 2500 feet, more or less; thence West 1730 feet to the Point of Beginning.

(c) Beginning at a point North 230 feet, more or less, and West 550 feet, more or less, of the SE corner of NW1/4 SE1/4 of Section 3, T16S, R14E, SLBM; thence East 1400 feet; thence approximately S25°E 1981 feet, more or less; thence approximately S22°E 2720 feet, more or less; thence approximately S68°W 1650 feet, more or less; thence approximately N22°W 4800 feet, more or less; thence approximately N10°E 500 feet, more or less, to the Point of Beginning.

Emery County Road to be Excluded.

A strip of land, 100.0 feet wide, 50.00 feet on each side of the centerline of the Emery County roads within the above described permit boundary.

Permit Area "B"

T16S R14E

Section 10: Portions of SE1/4
Section 11: E1/2
Portions of W1/2
Section 12: All
Section 13: All
Section 14: All
Section 15: Portions of E1/2
Portions of SW1/4
Section 22: NE1/4 NE1/4
Section 23: N1/2
SE1/4
E1/2 SW1/4
Section 24: All
Section 25: N1/2
Section 26: E1/2 NE1/4

T16S R15E

Section 19: W1/2 SW1/4
SE1/4 SW1/4
Section 30: NW1/4
SW1/4 NE1/4

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