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

Michael O. Leavitt
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December 15, 1993

Mr. Rick Olsen, President
Soldier Creek Coal Company
P. O. Box 1029
Wellington, Utah 84542

Re: Revised Chapter 1, Soldier Creek Coal Company, Soldier
Canyon Mine, ACT/007/018-93A, Folder #3, Carbon County, Utah

Dear Mr. Olsen:

The Division has completed a review of your revised Chapter 1 information received on November 12, 1993. A number of deficiencies have been identified with your submittal, therefore it cannot be approved at this time. You should be aware that you are still under obligation to provide the appropriate Chapter 1 information as a condition of the recent permit transfer. Please review the enclosed memo which discusses the remaining deficiencies in your plan. You should respond by no later than January 17, 1994.

If you have questions, please call me or Paul Baker.

Sincerely

A handwritten signature in cursive script that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

DRH
Enc.

cc: P. Baker
J. Helfrich





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TO: File

THROUGH: Daron Haddock, Permit Supervisor

FROM: Paul Baker, Reclamation Biologist

DATE: December 10, 1993

RE: Revised Chapter 1, Soldier Creek Coal Co., Soldier Canyon Mine, Folder #2, Carbon County, Utah

SUMMARY

In accordance with a commitment made in the permit transfer application, Soldier Creek has proposed changes to Chapter 1 of its mining and reclamation plan. Listed officers and directors of Coastal States Energy and affiliated companies were compared with those shown in a revised Chapter 1 received for the Skyline Mines, and some discrepancies were found. The Skyline application shows some affiliated operations where bond forfeiture may have occurred. This needs to be checked. The legal descriptions were generally well done. A few minor corrections need to be made.

ANALYSIS

R645-301-112

Ownership and Control

Proposal:

The Applicant, a corporation, is Soldier Creek Coal Co. The resident agent is C. T. Corporation Systems of Houston, Texas. Soldier Creek will pay the abandoned mine reclamation fee. Officers and boards of directors for Soldier Creek Coal Co., Coastal States Energy Co., and the Coastal Corporation are shown.

The plan includes the legal and equitable owners of the areas to be affected by the surface operations and facilities and the owners of the coal to be mined. Leasehold interests in areas to be affected by surface operations or facilities are Great Western Drilling, REI Underground Exploration, Soldier Creek Coal, and Sage Point Coal.

Analysis:

This submittal of Chapter 1 does not include the employer identification numbers for



the Soldier Canyon Mine nor the Banning Loadout. It also does not include the MSHA number for the loadout.

The plan does not include the dates positions were assumed for the officers and directors of controlling companies.

There are several differences in officers and corporate structure between the Soldier Creek and Skyline versions of Chapter 1. The Skyline version does not show a board of directors for Coastal States Energy Company but says that Coastal States Energy is in common control with ANR Coal Company. Three people shown in the Soldier Creek version as being on the board of directors of Coastal States Energy, James Van Lanen, Austin O'Toole, and David Arledge, are shown as officers of Coastal States Energy in the Skyline plan. Two others, O. S. Wyatt and Harold Burrow, are listed as members of the board of directors of Coastal States Energy in the Soldier Creek plan but are not shown as officers in the Skyline plan. They are shown as officers or members of the boards of directors of affiliated or parent companies, however.

In the Skyline version, officers of Coastal States Energy include Robert Holsclaw, Robert Moss, Charles Oglesby, Dale Shultz, Kirk Weinert, Fred Gray, Ronald Matthews, James Rauch, Fred Hallman, and J. W. Knowles. None of these people are listed as officers of Coastal States Energy in the Soldier Creek version although all but Robert Moss are listed as officers of affiliated companies.

If Coastal States Energy is in common control with ANR Coal Company of Soldier Creek as the Skyline plan says, the officers and directors of ANR Coal need to be listed in Soldier Creek's plan. Officers and directors of ANR Coal that are not already listed as officers or directors of affiliated companies in Soldier Creek's plan are Glen Zumwalt, S. Frank Smith, and Lauren Jones. It appears that the Soldier Creek plan needs to contain complete ownership and control information for this company.

The only difference between the two versions of Chapter 1 in the officers and board of directors of The Coastal Corporation is that James M. Rauch is listed in the Soldier Creek plan but not in Skyline's.

The Skyline plan also includes the officers and directors of other affiliated companies, including Virginia Iron, Coal and Coke Company, Coastal Natural Gas Company, and American Natural Resources Company. It is not clear whether the officers of these companies are in ownership or control positions with respect to Soldier Creek. The Skyline plan does not show coal mining operations associated with either Coastal Natural Gas Company or American Natural Resources Company, and Virginia Iron, Coal and Coke Company is a subsidiary of ANR Coal Company. If the officers and directors of these companies are in ownership or control positions relative to Soldier Creek, they need to be

included in the Soldier Creek plan.

There are about 188 permit numbers of affiliated coal mining and reclamation operations listed in the Skyline version of Chapter 1 that are not included in the Soldier Creek version. I found two permit numbers, SMA-2004-93 and SMA-2005-93, listed in the Soldier Creek version that are not included in Skyline's. These discrepancies need to be resolved.

R645-301-112.500 requires that the permit contain the name and address of each legal or equitable owner of record of the surface and mineral property to be mined. The proposed Chapter 1 only contains legal or equitable owners of the areas to be affected by the surface operations and facilities. According to Exhibit 1.12-1, Louise Iriart is an owner of the surface of the property that will be mined and needs to be listed in Chapter 1.

According to Exhibit 1.12-2, Sage Point Coal is not an owner of coal within the permit area or the life of mine area. All of the other information on land and coal ownership within and contiguous to the permit area appears to be correct.

Deficiencies:

1. The plan needs to contain the employer identification numbers for the Soldier Canyon Mine and the Banning Loadout and the MSHA number for the loadout.
2. The plan must contain ownership and control information in compliance with R645-301-112.300 and R645-301-112.400.
3. The surface land ownership information in Chapter 1 needs to include Louise Iriart as a surface land owner within the permit area. It does not appear that Sage Point Coal Co. owns coal within the permit area.

R645-301-113

Violation Information

Proposal:

The proposed Chapter 1 says that neither the applicant nor any of its subsidiaries, affiliates, or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years, nor forfeited a mining bond or similar security deposit in lieu of bond. To the applicant's knowledge, there are no unabated cessation orders and air and water quality violation notices received prior to the date of the application by either the applicant or by a person who owns or controls the

applicant. The violation history for the Soldier Canyon Mine, the Banning Loadout, and the Convulsion Canyon and Skyline Mines are listed.

Analysis:

This submittal does not include some violations recently issued to Skyline and to Soldier Creek; however, the plan only needs to contain violations issued to the applicant. The list of violations needs to be updated, at least for Soldier Creek Coal.

In the lists of affiliated operations contained in the Skyline submittal, there are several operations whose statuses are listed as "forfeit". The precise nature of these forfeitures is unknown, but if they involve forfeiture of a performance bond or similar security deposited in lieu of bond, then the statement in the plan that no affiliated companies have forfeited bond needs to be changed and information required by R645-301-113.200 needs to be included.

Deficiencies:

1. Chapter 1 needs to contain an updated list of violations received by the applicant through the date of submittal.
2. If affiliated mining companies have forfeited performance bonds or similar securities, this needs to be discussed in Chapter 1, including all of the information required under R645-301-113.200.

R645-301-114

Right of Entry

Proposal:

The proposed Chapter 1 contains reference to several leases and agreements.

Analysis:

Two typographical errors in the legal description for lease SL 051279-063188 need to be corrected. In T13S, R12E, Section 18, the description should read N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, Lot 1. There are two commas that need to be eliminated.

Most of lease ML-42649 is within the permit area, but the portion in T13S, R12E, Section 3 is not. This does not necessarily need to be clarified in the plan.

Otherwise, the legal descriptions and right of entry information appear to be correct.

Deficiencies:

1. The typographical errors in the legal description for lease SL 051279-063188 need to be corrected.

R645-301-115
R645-301-116
R645-301-117
R645-301-120

Unsuitability Claims
Permit Term
Insurance, Proof of Publication
Format and Contents

Proposal:

The permit area is not included within an area designated or under study for designation as unsuitable for mining. The permit area is within 100 feet of the right-of-way of a public road, but formal permission has been received from Carbon County to mine within 100 feet of the road. No mining will be conducted within 300 feet of an occupied dwelling.

The applicant intends to add additional coal reserves to its present base and seeks a new mine permit to include these reserves. Mining will be restricted to the reduced five-year term area until the necessary leases and permit area obtained to extend mining activities.

The submittal includes a copy of a certificate of insurance naming the Division as the certificate holder and The Coastal Corporation, Etal. as insured. Soldier Creek Coal Company is included as a named insured, and the form includes permit numbers for the Soldier Canyon Mine and Banning Loadout.

The application for permit change was accompanied by the Division's Application for Permit Change form that includes the notarized signature of Tom Paluso with a statement that the information in this application is true and correct to the best of his information and belief.

Analysis:

In several locations, this submittal references "R614" regulations rather than R645. These references to the old regulation numbers should be changed.

On page 1-2, the application discusses the refuse disposal site that will be located on a certain tract of land. The refuse disposal site is not approved, so it will not necessarily be built. The plan should say that this site is proposed.

The proposed newspaper advertisement on pages 1-61 and 1-62 contains a correct legal description. Part of the copy of the actual advertisement was cut off, so it impossible to tell if the legal description was correct in the newspaper. Most of the ad is present, and it appears to be correct. There are some misstatements that some areas being used for refuse disposal where they are actually being used for topsoil storage. These should be corrected in the future.

Deficiencies:

1. The application needs to reference the new R645 rules rather than the R614 rules.
2. Discussion of the refuse disposal site should make it clear that this site is proposed.

RECOMMENDATIONS

This submittal of Chapter 1 should not be approved. Soldier Creek needs to coordinate with Skyline and SUFCo and decide what ownership and control information is correct and pertinent to their Chapter 1 and incorporate it. If bond has been forfeited at some of the sites under common ownership and control with Soldier Creek, this needs to be disclosed and discussed. A few relatively minor problems also need to be corrected.