

APPLICATION FOR PERMIT CHANGE

Title Change:

CHAPTER 1 REVISION

Permit Number: ACT 1 007 1018

Mine: SOLDIER CANYON MINE

Permittee: SOLDIER CREEK COAL Co.

Description, include reason for change and timing required to implement:

CHAPTER 1 WAS UPDATED TO REFLECT CHANGE OF OWNERSHIP

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Change in the size of the Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Will permit change include operations outside the Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Will permit change include operations in hydrologic basins other than currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does permit change result from cancellation, reduction or increase of insurance or reclamation bond?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does permit change require or include public notice publication?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7. Permit change as a result of a Violation? Violation # _____
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Permit change as a result of a Division Order? D.O.# _____
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	9. Permit change as a result of other laws or regulations? Explain: _____
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	10. Does permit change require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the permit change affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	12. Does permit change require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Could the permit change have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Does permit change require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does permit change require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does permit change require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does permit change require or include water monitoring, sediment or drainage control measures?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	18. Does permit change require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	19. Does permit change require or include underground design or mine sequence and timing?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	20. Does permit change require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	21. Have reclamation costs for bonding been provided or revised for any change in the reclamation plan?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Is permit change within 100 feet of a public road or perennial stream or 500 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Is this permit change coal exploration activity <input type="checkbox"/> inside <input type="checkbox"/> outside of the permit area?

Attach 3 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

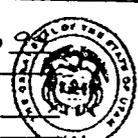
I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Robert P. Pero Chief Engineer 2/15/94
Signed - Name - Position - Date

Subscribed and sworn to before me this 15 day of FEBRUARY, 1994

Notary Public

My Commission Expires: _____
Attest: STATE OF _____



ROBERT P. PERO
NOTARY PUBLIC - STATE of UTAH
1222 W. HAYCOCK LANE
HELPER, UTAH 84526

Received by Oil, Gas & Mining

ASSIGNED PERMIT CHANGE NUMBER

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INTRODUCTION

Soldier Canyon Mine is owned and operated by Soldier Creek Coal Company (Applicant), a subsidiary of Sun Company, Inc., a Delaware Corporation. Located at the mouth of Nine Mile Canyon, Sections 7 and 18, Township 13 S., Range 12 E., Salt Lake Base and Meridian (SLB&M), on the southern edge of the Book Cliffs in the heart of the book cliff Coal Field (Exhibit 1.12-2). It is approximately 12 miles northeast of Price, Utah (Figure 1). A legal description of the Life of Mine Permit area is provided in section 1.17.2.

Paved Road 53 (Soldier Creek Road) provides easy access to the mine facilities which are adjacent to the highway. While the road is unpaved beyond the mine it is maintained by Carbon County and serves as an access road to recreational and agricultural areas. The road serves as an alternative access between the Price River Basin and the Uinta Basin.

The mine was first opened in 1906, but little coal was produced until 1935 when Premium Coal Company lease the property. That Company: small, family-owned, non-union, operated the mine continuously until 1972. During those years approximately 1.2 million tons of coal were produced.

In September of 1974 California Portland Cement Company purchased the property and after making certain improvements resumed production on June 15, 1976.

On September 5, 1985, assets were transferred to Sunedco Coal Co., a Delaware corporation and a subsidiary of Sun Company, Inc., with offices in Lakewood, Colorado. The Applicant was reincorporated as a Delaware corporation by Sunedco Coal Co. and assets were then transferred to the Applicant. Ownership of the Federal and State coal leases are held by two affiliate companies, Sunedco Coal Company and Sunoco Energy Development Co. A working agreement was established between them and the Applicant to mine the leased coal.

With the acquisition of the Soldier Canyon property the land holding company, Sunedco Coal Co., chose to combine that acreage with certain adjacent acreage which had previously been included in a proposed project: Sage Point-Dugout Canyon. The permit application for Sage Point-Dugout Canyon (UT-0041; ACT/007/009) was approved by DOGM June 5, 1984, but subsequent softening coal markets dictated a postponement of mine development. By combining all of the Soldier Canyon property with selected parts of the Sage Point-Dugout Canyon acreage not included in the ACT/007/009 Permit a more satisfactory mining area results.

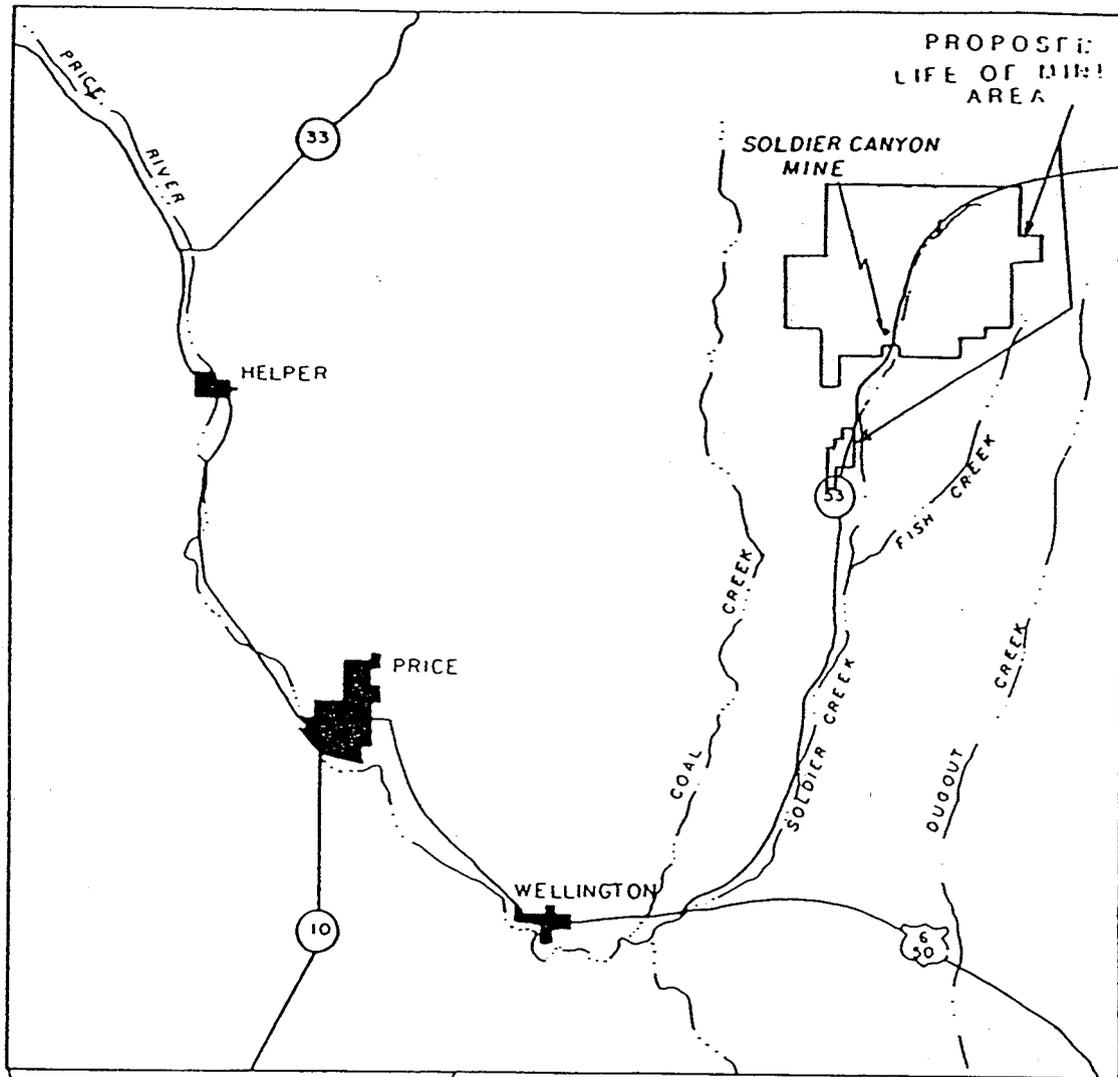
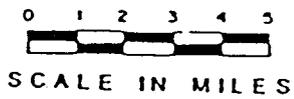
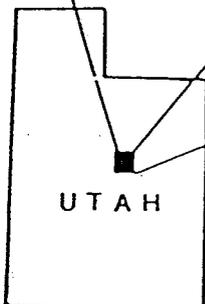


FIGURE 1



 Soldier Creek Coal Company SOLDIER CANYON MINE	
TITLE MINE LOCATION CARBON COUNTY, UTAH	
DRAWING NO.	
REV. S. J. S.	
NO.	DATE
1	
2	
3	
DEV. BY NEIR 11/26/03 C.W.P. 11/27/03 SCALE AS SHOWN	

A corporate reorganization by Sun Coal Company, Inc. merged Sunedco Coal Co. and Sunoco Energy Development Co. into Sage Point Coal Company. As a result of the corporate merger, Sage Point Coal Co. became the sole shareholder of Soldier Creek Coal Co. A working agreement was, thereafter, established between Sage Point Coal Company and the Applicant.

Coal is currently mined from the Rock Canyon and Sunnyside seams by room and pillar method. Current mine production for 1991, will be approximately 1.2 million tons. Future mining will include longwall mining methods and coal will be extracted from the Rock Canyon, Sunnyside and Gilson. Future maximum annual production is expected to be approximately 3.5 million tons annually.

To facilitate the increase production to 3.5 million tons annually, the Applicant proposed to expand its surface facilities (Exhibit 5.21-1). Presently, the Applicant has received Division approval to proceed with the facilities expansion by constructing three new portals, installation of 885 feet of stream culvert, realignment of the county road, construction of the new coal handling and coal preparation facilities, and a topsoil storage area.

The Applicant also proposed to expand its LOM permit and obtain the additional coal leases to coincide with SCM's Logical Mining Unit (LMU), and construct a refuse disposal site (Exhibit 1.12-2). Additional coal reserves will be required to ensure future production and a refuse disposal site will be required for disposal of underground development wastes generated during mining operations and coarse coal processing wastes generated from the coal preparation plant.

The refuse disposal site will be located in Section 25 and 36, Township 13 S., Range 11 E., Salt Lake Base and Meridian (SLB&M). The 64.6 acre site is located on a portion of a 333.33 acre tract of private land surrounded by federal land under the management of the U.S. Bureau of Land Management (BLM). The site is approximately 3 miles south of the mine site. It is estimated that at full production (3.5 million tons/year), approximately 500,000 tons of non-acid, non-toxic forming refuse, consisting of shale, bone coal, and sandstone, per year will be generated by the underground development and coal processing operations.

Soldier Creek Coal Company proposes to haul the development and processing wastes by truck from the mine via the paved county road. Travel distance along the county road is approximately 3 miles from the mine site to the disposal site access road. The site access road, from the paved county road to the refuse disposal site, is approximately 0.5 miles in length. The anticipated life of the facility is difficult to predict, but at a maximum placement of 500,000 tons/year the life of the facility would be 36 years. The design and operation of the

disposal area will conform with all State and Federal Regulations.

All runoff within the drainage will be treated with a sediment pond. As presently envisioned, the active refuse disposal area will be limited in size and will range from 4 to 8 acres disturbed at any given time. After a section of the site has been filled to the design level, that section will be reclaimed.

Chapter 1

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

1.12 Identification of Interest

1.12.1 Business Entity

Applicant is a corporation, incorporated under the laws of the state of Delaware, and registered to do business in Utah.

1.12.2 Applicant

Soldier Creek Coal Company
P.O. Box I
Price, UT 84501
(801) 637-6360

Operator

Soldier Creek Coal Company
P.O. Box I
Price, UT 84501
(801) 637-6360

Resident Agent

C.T. Corporation System
1360 South Main Street
Salt Lake City, UT 84101
(801) 531-7090

1.12.31 Officers of the Applicant

Names and addresses of the officers and directors of the Applicant:

Soldier Creek Coal Company

R.W. Olsen (Reid)
President
Soldier Creek Coal Company
P.O. Box I
Price, UT 84501

K.A. Ritchie (Ken)
Secretary
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

J.H. Allison (Jack)
Treasurer
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

J.E. Braby (Jeff)
Assistant Treasurer
Soldier Creek Coal Company
P.O. Box I
Price, UT 84501

B.H. Luttrell (Bruce)
Assistant Treasurer
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

J.E. Braby (Jeff)
Assistant Secretary
Soldier Creek Coal Company
P.O. Box I
Price, UT 84501

Sage Point Coal Company
R.W. Olsen (Reid)
President, Director
Soldier Creek Coal Company
P.O. Box I
Price, UT 84501

K.A. Ritchie (Ken)
Secretary
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

J.E. Braby (Jeff)
Assistant Secretary/Assistant Treasurer
Soldier Creek Coal Company
P.O. Box I
Price, UT 84501

J.H. Allison (Jack)
Treasurer
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

B.H. Luttrell (Bruce)
Assistant Treasurer
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

D.N. Walker (Dale)
Director
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

M.D. Wolfe (Merle)
Director
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

Elk River Resources, Inc.

R.W. Ince (Richard)
Chairman of the Board/Director
Elk River Resources, Inc.
4711 Old Kingston Pike
Knoxville, TN 37919

R.L. Beckershoff (Robert)
President, Director
Elk River Resources, Inc.
4711 Old Kingston Pike
Knoxville, TN 37919

J.R. Foreman (James)
Vice President, Treasurer
Elk River Resources, Inc.
4711 Old Kingston Pike
Knoxville, TN 37919

J.L. Konza (Joyce)
Secretary
Elk River Resources, Inc.
4711 Old Kingston Pike
Knoxville, TN 37919

J.T. Rieger (Jacob)
Assistant Secretary/Assistant Treasurer
Elk River Resources, Inc.
4711 Old Kingston Pike
Knoxville, TN 37919

M.D. Wolfe (Merle)
Director
Sun Coal Company
P.O. Box 10388
Knoxville, TN 37939-0388

Shareholders of Applicant
All common stock of Soldier Creek Coal Company is owned by:
Sage Point Coal Company
P.O. Box I
Price, UT 84501

1.12.32 Previous Coal Mining Experience

Names under which principal shareholder operated underground or surface coal mining activities in the United States within the past five years:

<u>Name</u>	<u>State</u>
Clover Coal Company	Kentucky
Cordero Mining Company	Wyoming
Cumberland Collieries	Virginia
Dominion Coal Corporation	Virginia
EAS Coal Company, Inc.	Kentucky
Greenwood Land and Mining Company	Kentucky
Jewell Coal and Coke	Virginia
Jewell Smokeless Coal Corporation	Virginia
Oneida Coal Company, Inc.	W. Virginia
Perry County Coal Corporation	Kentucky
*Plymouth Coal Company	Kentucky
	Tennessee

1.12.32	Previous Coal Mining Experience cont'd	
	Prestonia Coal Company	W. Virginia
	Ray Coal Company	Kentucky
	Shamrock Coal Company, Inc.	Kentucky
	*Sunedco Coal Company	Wyoming
		Utah
	*Sun Oil Company, a Delaware Corp.	Wyoming
		Utah
	Soldier Creek Coal Company	Utah
	*Sweetwater Coal Development Company	Wyoming
	Whitaker Coal Corporation	Kentucky
	Wolf Creek Coal Company	W. Virginia

*Indicates those companies that held coal interests but had not obtained a mining permit.

1.12.4 Previous Coal Mining Permits

Currently or previously held coal mining permits or pending permit applications in the United States are presented in Table 1.12.4-1.

TABLE 1.12.4-1
Mine Permits List R614-301-112.400
(October, 1991)

Pending, current or previous surface coal mining permits in the United States held by Applicant or its affiliates, with identification of the regulatory authority:

<u>MINE</u>	<u>REGULATORY AUTHORITY</u>	<u>PERMIT</u>	
		<u>NUMBERS</u>	<u>NUMBER</u>
Cordero Mining Co.	Wyoming Department of Environmental Quality	237T-1	237T-4
		237T-2	Wy-008
		237T-3	
Shamrock Coal Co., Inc. (Clover Coal Co., Inc.)	Kentucky Natural Resources and Environmental Protection	466-5011	466-5032
		466-5022	466-8000
		466-5023	448-8005
		466-5024	448-5070
(Greenwood Land and Mining Company)	Kentucky Natural Resources and Environmental Protection	516-0020	Ky-008
		874-8001	Ky-009
		674-5005	Ky-013
		516-0009	Ky-015
Shamrock Coal Co., Inc.	Kentucky Department of Natural Resources and Environmental Protection	916-0013	826-6015
		916-0014	866-5053
		827-5004	866-9001
		866-5004	866-9002
		866-5045	866-9003
		848-6007	Ky-038
		Ky-027	Ky-039
		Ky-029	Ky-014
		Ky-031	666-5071
		826-5004	466-0075
		466-0108	697-0307
		826-0008	497-0065
466-8003	466-5028		

TABLE 1.12.4-1 (contd)
Mine Permits List R614-301-112.400
(October, 1991)

Pending, current or previous surface coal mining permits in the United States held by Applicant or its affiliates, with identification of the regulatory authority:

<u>MINE</u>	<u>REGULATORY AUTHORITY</u>	<u>PERMIT</u>			
		<u>NUMBERS</u>	<u>NUMBER</u>		
Shamrock Coal Co., Inc. (contd)		866-0003	697-8004		
		866-5008	866-5021		
		466-5079	526-5007		
		497-5070	874-9002		
		466-5077	916-5001		
		466-5060	874-9003		
		466-8001	866-5030		
		466-5078	866-5036		
		666-0306	916-0008		
		666-5071	916-0012		
		866-5010			
		Dominion Coal Corporation	Virginia Department of Mines, Minerals & Energy	1200878	1401181
				1201015	1401273
1201027	1401299				
1401039	1201345				
1201091	1201341				
1201133	1201348				
1201182	1101073				
1201162	1200194				
1201161	1200354				
1201160	1200241				
1201230	1200240				
Cumberland Collieries, Inc.	Virginia Department of Mines, Minerals & Energy	1300931	1100302		
		1300929	1300930		
Jewell Smokeless Coal Corp.	Virginia Department of Mines, Minerals & Energy	1201139	1201144		
		1101308	0089020		
		1201157	1201184		
		1201007	1300404		
		1300427	1300640		
		1301339	1301204		
		1300426	1100729		
		1301024	1300945		
		1200987	1300120		
		1201050	1300425		
		1201607	1301226		
		1201046	1201008		
		1201049	1201136		
Oneida Coal Co., Inc. (Prestonia Coal Co.) (Wolf Creek Coal Co.)	West Virginia Department of Energy	1201053			
		P-26-81	U-2016-89		
		P-155-81	S-1-14-90		
		U-1015-90	P-2018-86		
		S-2004-87	1034-91		
		P-154-81			
		P-585	R-728		
		D-47-81	D-7-82		
		D-46-82	S-71-85		
		H-471	H-505		
I-449	I-482				
P-526	R-525				
UO-359	O-37-84				

TABLE 1.12.4-1 (contd)
Mine Permits List R614-301-112.400
(October, 1991)

Pending, current or previous surface coal mining permits in the United States held by Applicant or its affiliates, with identification of the regulatory authority:

<u>MINE</u>	<u>REGULATORY AUTHORITY</u>	<u>PERMIT</u>	
		<u>NUMBERS</u>	<u>NUMBER</u>
(Wolf Creek Coal Co.) contd		UO-524 I-563 1026-91	UO-620 R-620
Soldier Creek Coal Co. (Soldier Canyon Mine) (Banning Loadout)	Utah Division of Oil, Gas and Mining	ACT/007/018 ACT/007/034	
Sunoco Energy Development Company (Sage Point-Dugout Canyon)	Utah Divison of Oil, Gas and Mining	ACT/007/009	
	Wyoming Department of Environmental Quality	327T-1	
Whitaker Coal Corp.	Kentucky Natural Resources and Environmental Protection	867-5010 897-8001 897-0063 897-5021 897-5027 897-5028 867-5037 866-5025 897-5022 867-5038 897-5024 897-5013 866-0142 897-5016 897-8006 297-0244 097-0001 897-0063 897-5041	897-5025 897-5026 813-5006 897-5023 897-0191 897-8007 897-0185 897-0187 897-0188 897-0190 897-0186 897-0194 897-5014 897-0201 897-0189 897-9000 860-5125 897-5060 566-0197
Whitaker Coal Corp. (EAS Coal Company) (Perry County Coal Corp) (Ray Coal Company)	Virginia Department of Mines Minerals and Energy Kentucky Natural Resources and Environment Protection	1301317 497-5002 697-5016 297-0450 097-5020 097-5041 097-8005 067-5049 097-5033 097-0079 097-5064 067-5064 097-5077 066-5100 097-0121 497-0079	697-0425 897-0017 466-5100 697-5056 467-5064 497-5041 497-5077 497-5020 467-5049 697-5055 897-0002 497-5033 497-5064

TABLE 1.12.4-1 (contd)
 Mine Permits List R614-301-112.400
 (October, 1991)

Pending, current or previous surface coal mining permits in the United States held by Applicant or its affiliates, with identification of the regulatory authority:

<u>MINE</u>	<u>REGULATORY AUTHORITY</u>	<u>PERMIT</u>	
		<u>NUMBERS</u>	<u>NUMBER</u>
(Ray Coal Company) cont'd		679-0450	497-8005
		697-0352	697-0326

1.12.5 Surface and Subsurface Legal Owners

The legal or equitable owners of the areas to be affected by the surface operations and facilities are:

The United States of America

Louise L. Iriart
 Route 1, Box 172
 Price, UT 84501

Newell H. and Madge Nelson
 Cleveland, UT 84518

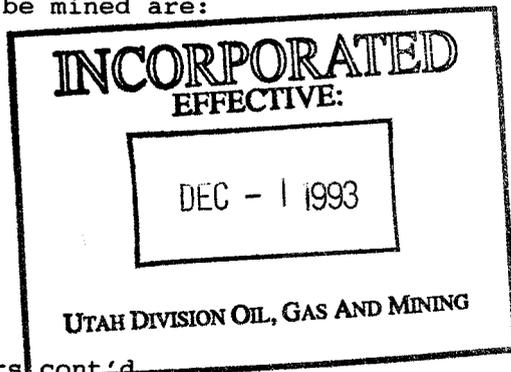
Sage Point Coal Company
 P.O. Box I
 Price, UT 84501

The legal or equitable owners of the coal to be mined are:

The United States of America

The State of Utah

Louise L. Iriart
 Route 1, Box 172
 Price, UT 84501



Surface and Subsurface Legal Owners cont'd

Sage Point Coal Company
 P.O. Box I
 Price, UT 84501

Leasehold Interest

The holders of record of any leasehold interest in areas to be affected by surface operations or facilities:

Great Western Drilling

Ken Davis Jr.
Proprietor
Great Western Drilling
P.O. Box 1659
Midland, TX

REI Underground Exploration, Inc. Officers

Jeffrey J. Schwoebel
President
REI Underground Exploration, Inc.
360 Wakara Way
Salt Lake City, UT 84108

Cherie B. Pedersen
Secretary/Treasurer
REI Underground Exploration, Inc.
360 Wakara Way
Salt Lake City, UT 84108

Soldier Creek Coal Company

P.O. Box I
Price, UT 84501

Sage Point Coal Company

P.O. Box I
Price, UT 84501

Principal Shareholders for leasehold interests:

<u>For</u>	<u>Is</u>	<u>Whose Address Is</u>
REI Underground Exploration, Inc.	Resource Enterprises, Inc.	360 Wakara Way Salt Lake City, UT 84108
Elk River Resources Incorporated	Sun Company, Inc.	100 Matsonford Road Radnor, PA 19087
Sage Point Coal Co.	Elk River Resources, Inc.	4711 Old Kingston Pike Knoxville, TN 37919

Resident agents for leasehold interests:

REI Underground Exploration, Inc.
Resource Enterprise, Inc.
360 Wakara Way

Salt Lake City, UT 84108

Elk River Resources, Inc. and Sage Point Coal Company are affiliated with the Applicant and share the same resident agent.

The holders of record of leasehold interest in the coal to be mined are Sage Point Coal Company, whose officers are listed in Section 1.12.31, the United States of America, and the State of Utah.

1.12.6 Ownership of Areas Contiguous to Permit Area

Owners of record of surface and subsurface areas contiguous to the proposed permit area, including the sewage lagoons and refuse disposal site, are shown on Exhibits 1.12-1 and 1.12-2.

Names and address of those owners are:

Surface

Sage Point Coal Company
P.O. Box I
Price, UT 84501

Carbon County
Courthouse Bldg.
Price, UT 84501

Newell H. and Madge Nelson
Cleveland, UT 84518

Louise L. Iriart
Route 1, Box 172
Price, UT 84501

United States of America
Bureau of Land Management
U.S. Department of Interior

Subsurface

Utah State Office
Department of Natural Resources
Division of Lands and Forests
3 Triad Center
355 West North Temple
Salt Lake City, UT 84180-1203

Sage Point Coal Company
P.O. Box I
Price, UT 84501

Louise L. Iriart
Route 1, Box 172
Price, UT 84501

United States of America
Bureau of Land Management
U.S. Department of Interior

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DIVISION OF
OIL GAS & MINING

1.12.7 Mine Identification

The mine name and identification number are as follows:

Soldier Canyon Mine
MSHA I.D. Number 42-00077

1.12.8 Pending Interests of Lands Contiguous to Permit Area

The Applicant's affiliate, Sage Point Coal Company, has interests in lands contiguous to the area covered by the proposed mine permit (Exhibits 1.12-1 and 1.12-2). Sage Point Coal Company and Soldier Creek Coal Company hold all land and lease interests in the Permit Area.

1.13 Violation Information

The Applicant currently operates coal mining operations under approved mining permit numbers ACT/007/018 and for the Soldier Canyon Mine, and ACT/007/034 for the Banning Loadout. These operations are located in Carbon County, Utah. These permits were approved and issued by the State of Utah, DOGM on February 4, 1987 and October 24, 1988, respectively.

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.

Notices of violation were acquired by the Applicant with the purchase of the mine. The violations were in connection with mining activities, within the last three years, as presented in Table 1.13-1. Table 1.13-1 is current, listing the violations, date, location and current status for the Applicant as required under R614-301-113.300. The list of violations for the Applicant's affiliates are presented in Appendix 1 of Volume 2.

TABLE 1.13-1

STATUS OF NOTICES OF VIOLATIONS
SOLDIER CANYON MINE

DATE OF ISSUANCE	AGENCY	DESCRIPTION OF ALLEGED VIOLATION	AGENCY REVIEW DATE	REVIEW LOCATION	CURRENT STATUS
07/26/83	DOGM	NOV NO. N83-6-6-1 Failure to submit a map or plan clearly showing the area within the permit area upon which the applicant has the legal right to enter and commence mining operation. <u>Operator Action Taken</u> An acceptable map was submitted to DOGM on 8/18/83. The violation was subsequently appealed and vacated.	09/07/83 01/26/84	Mine SLC	Terminated Vacated
10/24/83	DOGM	NOV NO. N83-6-11-1 Failure to dispose of underground development waste in accordance with an approved plan. <u>Operator Action Taken</u> The removal of underground development waste was immediately suspended.	10/24/83	Mine	Terminated
08/10/84	DOGM	NOV NO. N84-6-10-1 Discharge of mine water at an unauthorized point. <u>Operator Action Taken</u> Discharge of mine water at the unauthorized point was immediately suspended. Authorization to discharge was subsequently obtained under NPDES Permit No. UT-0023680.	08/16/84	Mine	
05/02/85	DOGM	NOV NO. N85-4-15-1 Failure to construct and maintain the sediment pond embankment to ensure proper top width and side slope gradients. <u>Operator Action Taken</u> Plans for reconstruction of the sediment pond embankment were submitted to and approved by DOGM. Implementation of these plans should be completed by Fall 1986.		SLC	

TABLE 1.13-1 (continued)

DATE OF ISSUANCE	AGENCY	DESCRIPTION OF ALLEGED VIOLATION	AGENCY REVIEW		CURRENT STATUS
			DATE	LOCATION	
03/20/86	DOGM	NOV NO. N86-9-5-1 Snow, which contained coal, was inadvertently pushed beyond the existing sedimentation control facilities of the permitted disturbed area. <u>Operator Action Taken</u> The snow in question was relocated on the mine site so that runoff would enter the sedimentation pond.	03/21/86	Mine	Terminated
07/17/87	DOGM	NOV NO. N87-9-6-1 Failure to prevent, to the extent possible, additional contributions of sediment to stream flow outside the permit area. <u>Operator Action Taken</u> Repaired two small piping holes along a berm.	08/20/87	Loadout	Terminated
04/18/88	DOGM	NOV NO. N88-13-1-1 Failure to pass disturbed runoff through an operating sediment control structure. <u>Operator Action Taken</u> Repaired and reinstalled two silt fences and installed two straw bale dikes.	04/28/88	Loadout	Terminated
02/01/89	DOGM	NOV NO. N89-28-1-1 Failure to pass surface drainage from a disturbed area through a sediment pond or treatment facility before leaving permit area. <u>Operator Action Taken</u> Snow pushed beyond drainage control facilities was recovered to the extent possible. Straw bales installed around remainder.	02/06/89	Mine	Terminated
10/11/89	DOGM	NOV NO. 89-17-3-1 Failure to maintain adequate sediment control, to prevent to the extent possible, additional contributions of sediment to Soldier Creek.	10/16/89	Mine	Terminated

TABLE 1.13-1 (continued)

DATE OF ISSUANCE	AGENCY	DESCRIPTION OF ALLEGED VIOLATION	AGENCY REVIEW		CURRENT STATUS
			DATE	LOCATION	
		<u>Operator Action Taken</u> Diverted all stream flow including mine water discharge around construction site during construction activities.			
11/22/89	DOGM	NOV NO. N89-11-1 Failure to confine disturbance to limits of previously approved boundaries during surface facilities expansion construction. <u>Operator Action Taken</u> An adequate plan for the use and/or reclamation of areas disturbed was submitted.	01/22/90	Mine	Terminated
05/22/90	DOGM	NOV NO. N90-27-6-1 Failure of sub-contractor (Cowin & Company, Inc.) for new mine portal development to have surface blaster certification. <u>Operator Action Taken</u> Sub-contractor had completed work and moved off the job site. No remedial action required.	05/22/90	Mine	Terminated
08/01/90	DOGM	NOV NO. N90-28-5-1 Failure to have a valid certificate of blaster certification during surface blasting activities <u>Operator Action Taken</u> After the Fact-no remedial action was required	08/06/90	Mine	Terminated
10/04/90	DOGM	NOV NO. N90-15-1-1 Violation 1 of 2 issued for failure to obtain permit amendment prior to constructing a temporary scaling facility <u>Operator Action Taken</u> Submit plans to DOGM for review and approval. Revise text and all applicable maps relative to truck scale	10/24/90	Loadout	Terminated
10/04/90	DOGM	NOV NO. N90-15-1-1 Violation 2 of 2 issued for failure to conduct water monitoring in accordance with approved plan	10/04/90	Loadout	Terminated

TABLE 1.13-1 (Continued)

		<u>Operator Action Taken</u>			
		After the fact-no remedial action was required			
01/30/91	DOGM	NOV NO. N91-37-1-3 Violation 1 of 3 issued for failure to operate within disturbed area boundary	04/02/91	Mine	Terminated
		<u>Operator Action Taken</u> Revise map to reflect actual ground disturbance. Erect perimeter markers to delineate the disturbance boundary			
01/30/91	DOGM	NOV NO. N91-37-1-3 Violation 2 of 3 issued for failure to place excess spoil in a designated area within the permit boundary	03/01/91	Mine	Terminated
		<u>Operator Action Taken</u> Show spoil storage on surface facilities map. Sample spoil pile			
01/30/91	DOGM	NOV NO. N91-37-1-3 Violation 3 of 3 issued for failure to identify and protect the topsoil resource	03/01/91	Mine	Terminated
		<u>Operator Action Taken</u> Locate soil pile on appropriate map, sample soils, protect soil from wind and water erosion, properly identify material			

1.14 Right of Entry and Operation

The Applicant bases its right to enter and continue underground mining activities on a number of documents pertaining to coal leases and surface ownership in the permit area (Exhibits 1.12-1 and 1.12-2). The Applicant has a working agreement with lessee of all the coal to be mined in the five-year permit term. All surface facilities are constructed on Bureau of Land Management Rights-of-Way and Coal Lease Lands.

The coal leases, supporting documents, and a surface consent agreement to conduct underground mining are summarized below.

Federal Coal Leases

Lease No. SL 051279-063188

Date of Lease: January 4, 1935

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 12: E/2E/2

Sec. 13: NE/4 NE/4

T13S, R12E, SLB&M

Sec. 7:All

Sec. 8: W/2

Sec. 17: NW/4

Sec. 18: N/2 NE/4, SE/4, NE/4, NE/4, NW/4, Lot 1
(NW/4 NW/4)

Containing: 1548.31 ac

Supporting Documents:

1. Assignment of federal coal lease from Premium Coal Company to California Portland Cement Company on July 31, 1974, approved effective September 1, 1974 by BLM.
2. Assignment of Federal coal lease from California Portland Cement Company to Sunedco Coal Company on August 23, 1985, approved by BLM on September 5, 1985.
3. Working agreement established between Applicant and Sunedco Coal Company.
4. Working agreement established between Sunedco and Sage Point Coal Company.

5. Working agreement established between Sage Point Coal Company and the Applicant.

Federal Permission to Mine

Date of Lease: Permission was attached to Federal Lease No. SL 051279-063188 by the U.S. Geological Survey Mining Supervisor on December 11, 1974.

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 13: SE/4 NE/4, NE/4 SE/4

T13S, R12E, SLB&M

Sec. 18: Lot 2 (SW/4 NW/4), SE/4 NW/4

Containing: 163.32 ac

Supporting Documents:

1. Assignment of Federal Coal Lease SL 051279-063188 from California Portland Cement Company to Sunedco Coal Company on August 23, 1985, approved by BLM on September 5, 1985.
2. Working agreement established between the Applicant and Sunedco Coal Company.
3. Working agreement established between Sunedco and Sage Point Coal Company.
4. Working agreement established between Sage Point Coal Company and the Applicant.

Federal Coal Lease U-50722

Date of Lease: September 1, 1982

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 12: E/2 W/2, W/2 E/2

Sec. 13: NW/4 NE/4, NE/4 NW/4

Containing: 400 ac

Supporting Documents:

1. Assignment of Federal coal lease from California Portland Cement Company to Sunedco Coal Company on August 23, 1985, approved by BLM on September 5, 1985.

2. Working agreement established between Applicant and Sunedco Coal Company.
3. Working agreement established between Sunedco and Sage Point Coal Company.
4. Working agreement established between Sage Point Coal Company and the Applicant.

Federal Coal Lease Modified U-50722

Date of Lease: August 24, 1991

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 1: Lot 8

Containing 40.00 acres

Supporting Documents:

1. Modified coal lease from the BLM to Sage Point Coal Company dated August 24, 1990.
2. Working agreement established between Sage Point Coal Company and the Applicant.

Unleased Federal Coal Leases

Lands Covered:

These lands are outside the approved five-year term of permit and will be acquired from United States of America (BLM) during the permit renewal five-year term permit. The lands are included to show the progression of mine development over the mine's life.

T13S, R11E, SLB&M

Sec. 1: Lot 1, NW 1/4, SW 1/4, SE 1/4, NW 1/4, NE 1/4, SW 1/4, NE 1/4, SE 1/4, NE 1/4

Containing: 40 acres

T12S, R12E, SLB&M

Sec. 31: All

Containing: 600 acres

T12S, R12E, SLB&M

Sec. 33: SW 1/4, SE 1/4

Containing: 320 acres

T12S, R12E, SLB&M

Sec. 34: SW 1/4

Containing: 160 acres

Supporting Documents:

1. The Applicant will not enter the property until all legal rights (leases) have been obtained.
2. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

State Coal Leases

State Coal Lease ML-21994

Date of Lease: September 1, 1964

Lessee: Sage Point Coal Company

Land Covered:

T12S, R12E, SLB&M

Sec. 32: S/2

Containing: 320.00 ac

Supporting Documents:

1. Assignment of State lease from Heiner Coal Company to Pacific Gas and Electric Company (PG&E) on August 2, 1976, approved August 9, 1976 by Utah Division of State Lands.
2. Assignment of State lease from PG&E to Eureka on December 8, 1978, approved January 8, 1979 by Utah Division of State Lands.
3. Assignment of State lease from Eureka to Sunedco on March 4, 1982, approved March 22, 1982, by Utah Division of State Lands.
4. Working agreement established between Applicant and Sunedco.
5. Working agreement established between Sunedco and Sage Point Coal Company.
6. Working agreement established between Sage Point Coal Company and the Applicant.

State Coal Lease ML-22675

Date of Lease: February 23, 1965

Lessee: Sage Point Coal Company

Lands covered:

T12S, R12E, SLB&M

Sec. 32: NE/4 NE/4, S/2 NE/4, NW/4

Containing 280 ac

Supporting Documents:

1. Assignment of State lease from Heiner Coal Company to PG&E on August 2, 1976, approved August 9, 1976 by Utah Division of State Lands.
2. Assignment of State lease from PG&E to Eureka on December 8, 1978, approved January 8, 1979 by Utah Division of State Lands.
3. Assignment of State lease from Eureka to Sunedco on March 4, 1982, approved March 22, 1982 by Utah Division of State Lands.
4. Working agreement established between Applicant and Sunedco
5. Working agreement established between Sunedco and Sage Point Coal Company.
6. Working agreement established between Sage Point Coal Company and the Applicant.

State Coal Lease ML-42648

Date of Lease: October 11, 1985

Lessee: Sage Point Coal Company

Land Covered:

T13S, R12E, SLB&M

Sec. 8: E/2

Sec. 17: NE/4

Containing: 480 ac

Supporting Documents

1. Federal Coal Lease U-089096 issued July 1, 1962, was converted to State ownership (ML-42648) in the In-Lieu Land Transfer on October 11, 1985, approved by Utah Division of State Lands on October 11, 1985.
2. Working agreement established between the Applicant and Sunedco Coal Company.
3. Working agreement established between the Sunedco and Sage Point Coal Company.
4. Working agreement established between Sage Point Coal Company and the Applicant.

State Coal Lease ML-42649

Date of Lease: October 11, 1985

Lessee: Sage Point Coal Company

Lands Covered:

Lands described below are only a portion of the entire lands held by this lease:

T13S, R12E, SLB&M

Sec. 4: S/2, Lots 1, 2, 3, 4

Sec. 5: SE/4, Lots 1, 2

Sec. 9: W/2, NE/4, N/2, SE/4

Containing: 1117.80 ac

Supporting Documents:

1. Federal Coal Lease U-0144820 issued September 1, 1966 was converted to State ownership (ML-42649) in the In-Lieu Land Transfer on October 11, 1985, approved by Utah Division of State Lands on October 11, 1985.
2. Working agreement established between the Applicant and Sunedco Coal Company.
3. Working agreement established between Sunedco and Sage Point Coal Company.
4. Working agreement established between Sage Point Coal Company and the Applicant.

T13S, R12E, SLB&M

Sec. 5: SW 1/4, Lots 3, 4

Sec. 6: All

Containing: 557.20 ac

Supporting Documents:

1. State Coal Lease ML-44365 was acquired by the Applicant on April 3, 1989.

Unleased Private Coal Leases

These lands are outside the approved five-year term of permit and will be acquired from individual owners during the permit renewal five-year term permit. The lands are included to show the progression of mine development over the mine's life.

T12S, R12E, SLB&M

Section 31: NE 1/4, NE 1/4

Containing: 40 ac

Section 32: NW 1/4, NE 1/4

Containing: 40 ac

Section 33: NE 1/4, NE 1/4

Containing: 40 ac

Section 34: NW 1/4

Containing: 160 ac

Supporting Documents:

1. The Applicant will not enter the property until all legal rights (leases) have been obtained.
2. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

Surface Ownership

Surface ownership for the life of mine area is illustrated on Exhibit 2.2-1. The life of mine area contains 6958.19 ac, while the five-year term of permit area contains 4909.69 ac.

Federal Right-of-Ways U-50167

(Sewage Lagoons, Pipeline, Access Road)

Dated: July 2, 1982

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R12E, SLB&M

Sec. 18: Lot 4, NE/4 SW/4,

SW/4 NE/4, SE/4 SW/4, NW/4 SE/4

Sec. 19: Lots 1, 2, 3, 4

T13S, R11E, SLB&M

Sec. 24: SE/4 SE/4 SE/4

Containing: 4.81 ac

Supporting Documents:

1. Assignment of Right-of-Ways from California Portland Cement Company to Sunedco Coal Company on September 5, 1985, approved by the BLM on September 19, 1985.
2. Working agreement established between Applicant and Sunedco Coal Company.
3. Working agreement established between Sunedco Coal Company and Sage Point Coal Company.

Sec. 17: E/2 SW/4, SE/4
Sec. 20: E/2 NW/4, SW/4 NW/4, N/2 NE/4
Sec. 21: N/2 NW/4, NE/4
Sec. 22: N/2, N/2 S/2
Sec. 23: W/2 NW/4

Containing: 3160 ac

Supporting Documents:

1. Federal Coal Lease U-089096 issued July 1, 1962, was converted to State ownership (ML-42648) in the In-Lieu Land Transfer on October 11, 1985, approved by Utah Division of State Lands on October 11, 1985.
2. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

State Coal Lease ML-42649

Date of Lease: October 11, 1985

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R12E, SLB&M

Sec. 3: E/2

Sec. 9: S/2 SE/4

Sec. 10: N/2

Sec. 11: N/2

Containing: 906.86 ac

Supporting Documents:

1. Federal Coal Lease U-0144820 issued September 1, 1966, was converted to State ownership (ML-42649) in the In-Lieu Land Transfer on October 1, 1985, approved by Utah Division of State Lands on October 11, 1985.
2. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

State Coal Lease ML-22590

Date of Lease: January 25, 1965

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R12E, SLB&M

Sec. 2: All

Containing 375.52 Ac

Supporting Documents:

1. Assignment of lease ML-22590 from Heiner Coal Co. to PC and E August 2, 1976, approved August 9, 1976 by Utah Division of State Lands.

2. Assignment of lease ML-22590 from PG and E to Eureka December 8, 1978, approved January 8, 1979 by Utah Division of State Lands.
3. On March 4, 1982, Eureka Energy Company assigns to Sunoco Energy Development Co. all rights and privileges as lessee in such lands.
4. Effective November 30, 1985, all coal reserves in the state of Utah formerly owned by Sunedco are now owned or leased by Sage Point Coal Company
5. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

Unleased Private Coal Leases

These lands are outside the approved five-year term of permit and will be acquired from individual owners during the permit renewal five-year term permit. The lands are included to show the progression of mine development over the mine's life.

T12S, R12E, SLB&M

Section 31: NE 1/4, NE 1/4

Containing: 40 ac
Section 32: NW 1/4, NE 1/4

Containing: 40 ac
Section 33: NE 1/4 NE 1/4

Containing: 40 ac
Section 34: NW 1/4

Containing: 160 ac

Supporting Documents:

1. The Applicant will not enter the property until all legal rights (leases) have been obtained.
2. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

Fee Coal Contiguous to Permit Area

(Proposed lease additions not within this Permit Term)

Parcel 1 - "Fish Creek Canyon" Fee Coal

Owner in Fee: Sage Point Coal Company

Lands Covered:

T13S, R12E, SLB&M

Sec. 16: All

Containing: 640.0 ac

Supporting Documents:

1. On March 4, 1982, Eureka Energy Company conveys and warrants to Sunoco Energy Development Co. Fee Coal interest 801671 and 801672.
2. Effective November 30, 1985, all coal reserves in the state of Utah formerly owned or leased by Sunedco are not owned or leased by Sage Point Coal Company.
3. The Applicant will not enter the property until all DOGM permitting requirements are satisfied and approved.

Parcel 2 - "Dugout Canyon" Fee Coal

Owner in Fee: Sage Point Coal Company

Lands Covered:

T13S, R12E, SLB&M

Sec. 23: W/2 NE/4, E/2 NW/4

Containing: 160.0 ac

Supporting Documents:

1. On March 4, 1982, Eureka Energy Company conveys and warrants to

1. Easement license to construct and maintain a power line between Mountain Fuels Company to California Portland Cement Company on July 26, 1982.
2. Assignment of the easement license from California Portland Cement Company to Sunedco Coal Company on September 5, 1985.
3. Working agreement between the Applicant and Sunedco Coal Company.
4. Working agreement between Sunedco Coal Company and Sage Point Coal Company.
5. Working agreement between Sage Point Coal Company and the Applicant.

Conditional Licensee Agreement

(Surface Facilities)

Date of Agreement: December 11, 1989

Consentor: Questar Pipeline Company

Consentee: Soldier Creek Coal Company

Lands Covered:

T13S, R12E, SLB&M

Sec. 18: NE/4 NE 4

Supporting Document:

Conditional license agreement to construct facilities necessary for the development of the Soldier Canyon Mine between Questar Pipeline Company and the Applicant on December 11, 1989.

Realignment of Portion of Soldier Creek Road

Date of Agreement: July 11, 1990

Lands Covered:

T13S, R12E, SLB&M

Sec. 7: SE/4 SE/4

Sec. 18: NE/4 NE/4

Supporting Document:

Letter from Nick Sampinos (Attorney for Carbon County) to Mark Mackiewicz (BLM) stating the County's supportive position in the realignment project.

Stream Channel Alteration Permit 90-91-23SA

Stream Culvert Extension

Date of Agreement: September 26, 1990
Consentor: State of Utah, Department of Natural Resources
Division of Water Rights

Consentee: Carbon County

Lands Covered:

T13S, R12E, SLB&M

Sec. 18: NE/4 NE/4

Supporting Documents:

1. Stream Channel Alteration Permit 90-91-23SA to install 885 feet of stream culvert between the Division of Water Rights and Carbon County.
2. Working agreement between Carbon County and the Applicant.

County Road Relocation Project

Date of Agreement: March 25, 1991

Consentor: Carbon County

Consentee: Soldier Creek Coal Company

Lands Covered:

T13S, R12E, SLB&M

Sec. 7: SE/4 SE/4

Sec. 18: NE/4 NE/4

Supporting Documents:

Letter from William D. Krompel (Carbon County Commissioner) to Soldier Creek Coal Company (SC3), giving SC3 its approval to proceed with the road relocation.

County Road Right-of-Way Encroachment Authorization

(Topsoil Storage Access Road)

Date of Agreement: April 4, 1991

Consentor: Carbon County

Consentee: Soldier Creek Coal Company

Lands Covered:

Area of access road that will encroach upon Carbon County's right-of-way.

Supporting Documents:

Letter from Evan Hansen (County Engineer) granting Soldier Creek Coal Company permission to encroach upon Carbon County's road right-of-way.

Other Licenses and Permits

Permits and licenses held by the Applicant are listed along with the governmental agency issuing the approvals on Table 1.14-1.

TABLE 1.14-1

PERMITS AND APPROVALS
SOLDIER CREEK COAL COMPANY

<u>PERMIT/ APPROVAL</u>	<u>AGENCY</u>	<u>DATE</u>
Mine I.D. 42-00077	MINE SAFETY AND HEALTH ADMINISTRATION Federal Center P.O. Box 25367 Denver, CO 80225	02/27/73
Permit to Mine UT-0023	U.S. OFFICE OF SURFACE MINING Brooks Tower 1020 15th Street Denver, CO 80202	05/31/85
NPDES UT-0023680	U.S. ENVIRONMENTAL PROTECTION AGENCY 1860 Lincoln Street Suite 103 Denver, CO 80295	06/01/91
Rights-of Way Sewage Lagoons U-50167	U.S. BUREAU OF LAND MANAGEMENT	07/08/82
Rights-of Way Sediment Pond U-52071	U.S. BUREAU OF LAND MANAGEMENT	06/07/83
Permit to Mine ACT/007/018	UTAH DIVISION OF OIL, GAS AND MINING 355 West North Temple 3 Triad Center, Suite 350 Salt Lake City, UT 84180	05/29/85
Air Quality Approval Order	UTAH DIVISION OF ENVIRONMENTAL HEALTH P.O. Box 2500 Salt Lake City, UT 84110	09/03/91
Safe Drinking Water Approval	UTAH DIVISION OF ENVIRONMENTAL HEALTH	01/17/79
Waste water System Sewage Lagoons Approval Order	UTAH DIVISION OF ENVIRONMENTAL HEALTH	05/07/82
Wastewater System Septic Tank Approval Order	UTAH DIVISION OF ENVIRONMENTAL HEALTH	06/02/82
Land Use Permit UTU-66132	U.S. BUREAU OF LAND MANAGEMENT	08/14/90
Conditional License Agreement	QUESTAR PIPELINE COMPANY 79 South State Street P.O. Box 11450 Salt Lake City, UT 84147	12/11/89

TABLE 1.14-1 (Continued)

<u>PERMIT/ APPROVAL</u>	<u>AGENCY</u>	<u>DATE</u>
Land Use Permit UTU-66132	U.S. BUREAU OF LAND MANAGEMENT	08/14/90
Conditional License Agreement	QUESTAR PIPELINE COMPANY 79 South State Street P.O. Box 11450 Salt Lake City, UT 84147	12/11/89
Stream Channel Alteration Permit 90-91-23SA	STATE OF UTAH, DEPARTMENT OF NATURAL RESOURCES DIVISION OF WATER RIGHTS 1636 West North Temple Suite 220 Salt Lake City, UT 84116-3156	09/26/90
Amendment of Right-of-Way UTU-62044	U.S. BUREAU OF LAND MANAGEMENT	04/26/91

1.15 Status of Unsuitability Claims

After reviewing the description of the proposed permit area, the Regulatory Authority should determine that this area is:

- a. Not included within an area designated unsuitable for surface coal mining operations. {R614-301-115.100}
- b. Not within an area under study for designating lands unsuitable for surface coal mining operations. {R614-301-115.100}
- c. Not on any lands subject to the prohibitions or limitations for R614-103-322.
- d. Within 100 ft. of the outside right-of-way of a public road {R614-103-234}. The Applicant has received formal permission from the Carbon County Commissioners to mine within 100 ft. of the right-of-way of a public road.
- e. Not within 300 ft. of any occupied dwelling. {R614-103-235}
- f. Not unsuitable in accordance with 522 of SMCRA.

1.16 Permit Term

Soldier Canyon Mine's origin dates back to 1906 when limited prospecting was done on the property. A Federal coal lease was granted in 1935 and mining commenced on the property.

Mine rehabilitation was initiated in 1975 and consisted of a general clean-up to meet federal safety standards, driving two rock tunnels and installing a conveyor belt system. The underground work was completed in June, 1976. Surface rehabilitation work began in August, 1975 and continued until completion in May, 1978. The outside rehabilitation work included the construction of a substation, power centers, office, warehouse, shop and bathhouse. Construction of a sedimentation pond was completed in November, 1979 and sewage lagoons were completed in October, 1982.

A permanent program mining permit (ACT/007/018) was issued by the State and OSM (UT 0023) on May 19, 1985. Subsequently, the mine was acquired by Sunedco Coal Company on September 5, 1985, and Sunedco reincorporated the Applicant in Delaware and transferred the mine assets back to the Applicant. Federal and State leases are held by two affiliate companies, Sunedco Coal Company and Sunoco

Energy Development Company. A working agreement was established between them and the Applicant to continue operating the mine.

Thereafter, a corporate reorganization on December 31, 1987, by Sun Coal Company, Inc., initiated a corporate merger of Sunedco Coal Company and Sunoco Energy Development Company into Sage Point Coal Company. As a result of the corporate merger, Sage Point Coal Company became the sole shareholder of Soldier Creek Coal Company. A working agreement was thereafter established between Sage Point Coal Company and the Applicant. The Applicant intends to add additional coal reserves to its present base and seeks a new mine permit to include these reserves. The Applicant foresees the need to expand its surface facilities and are described within this permit application.

Exhibits 5.21-1, 5.26-1, and Plate 5-1 show the location of each surface mining activity within the 6958.19 ac life of mine area and 4,909.69 ac five-year term of permit area.

The horizontal and vertical extent of the proposed underground mine workings for each phase of mining is shown on Exhibits 5.21-1, 5.21-2 and 5.21-3. Mining will be restricted to the reduced five-year term until the necessary leases and permits are obtained to extend mining activities.

The Applicant proposes to operate Soldier Canyon Mine for 30 years and requests that a permit be issued for the first five years. This application presents information on the construction of surface facilities, mine operation and reclamation over the anticipated 30 year life of the mine.

The Applicant is conducting mining activities within 100 ft. of a public road. Soldier Creek Road is the public road and the affected portion is a stretch within the permit area, T13S, R12E, Sec. 18 and 7, Carbon County, Utah. The legal description of the permit boundary is provided in Sec. 1.17.200. Areas of disturbance are illustrated on Exhibits 5.21-2, 5.21-3, 5.26-1 and Plate 5-1.

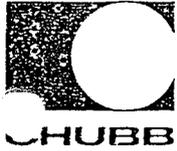
1.17 Insurance, Proof of Publication

1.17.1 Insurance

The following page is a Certificate of Liability Insurance with the Applicant listed as the insured.

1.17.2 Proof of Publication

A copy of the newspaper advertisement of the application for a renewal of Soldier Canyon Mine's permit will be filed with the Division and will be made part of the



CHUBB GROUP OF INSURANCE COMPANIES

15 Mountain View Road, P.O. Box 1615, Warren, NJ 07061-1615

FEDERAL INSURANCE COMPANY

RIDER to be attached to and form a part of
 Bond No. 8107-37-63 wherein
 FEDERAL INSURANCE COMPANY
 is named as Surety, on behalf of
 SOLDIER CREEK COAL COMPANY
 as Principal, in favor of STATE OF UTAH, DIVISION OF OIL, GAS AND MINING AND
 THE UNITED STATES DEPARTMENT OF THE INTERIOR, OFFICE OF SURFACE
 as Obligee, in the sum of \$1,940,000.00 MINING
 dated 8/15/85, effective 8/16/85

Permit #ACT/007/018 UT-0023

IT IS HEREBY UNDERSTOOD AND AGREED that effective the 17th day of January, 1992
 the penalty of this bond is IN creased
 from ONE MILLION NINE HUNDRED FORTY THOUSAND AND 00/100-----
 ----- (\$1,940,000.00)
 to THREE MILLION TWO HUNDRED THIRTY-EIGHT THOUSAND AND 00/100-----
 ----- (\$3,238,000.00.)
 as to losses occurring after said effective date. Acreage is amended from: 24.0 acres to: 95.2.

Provided, however, that the liability of the Principal and Surety hereon shall not be cumulative or in any event exceed the revised bond amount referred to herein.

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

Signed, sealed and dated this 17th day of January, 19 92

If bond amount is being DECREASED sign below
 & return a copy with original signature to the
 Surety:
 ACCEPTED

By: _____
 (Signature of Obligee)
 Name:
 Title:

SOLDIER CREEK COAL COMPANY

By: R.W. Olsen (SEAL)

Name: REID W. OLSEN
Title: PRESIDENT

FEDERAL INSURANCE COMPANY

By: Denise DuMont (SEAL)

Name: Denise DuMont
ATTORNEY-IN-FACT

POWER OF ATTORNEY

Know all Men by these Presents, That the FEDERAL INSURANCE COMPANY, 15 Mountain View Road, Warren, New Jersey, an Indiana Corporation, has constituted and appointed, and does hereby constitute and appoint Matthew E. Lubin, J. David Emrich, Brice R. G...er, Denise DuMont and Alexandra S. Handago of Philadelphia, Pennsylvania-----

each its true and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as surety thereon or otherwise, bonds or obligations (other than Bail Bonds) given or executed in the course of its business, and any instruments amending or altering the same, and consents to the modification or alteration of any instruments referred to in said bonds or obligations.

In Witness Whereof, the said FEDERAL INSURANCE COMPANY has, pursuant to its By-Laws, caused these presents to be signed by its Vice President and Assistant Secretary and its corporate seal to be hereto affixed this 20th day of February 19 91

Corporate Seal



Richard D. O'Connor Assistant Secretary

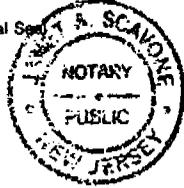
FEDERAL INSURANCE COMPANY

By James D. Dixon Vice President

STATE OF NEW JERSEY } ss. County of Somerset

On this 20th day of February 19 91, before me personally came Richard D. O'Connor to me known and by me known to be Assistant Secretary of the FEDERAL INSURANCE COMPANY, the corporation described in and which executed the foregoing Power of Attorney, and the said Richard D. O'Connor being by me duly sworn, did depose and say that he is Assistant Secretary of the FEDERAL INSURANCE COMPANY and knows the corporate seal thereof; that the seal affixed to the foregoing Power of Attorney is such corporate seal and was thereto affixed by authority of the By-Laws of said Company, and that he signed said Power of Attorney as Assistant Secretary of said Company by like authority; and that he is acquainted with James D. Dixon and knows him to be the Vice President of said Company, and that the signature of said James D. Dixon subscribed to said Power of Attorney is in the genuine handwriting of said James D. Dixon and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal



Acknowledged and Sworn to before me on the date above written.

Janet A. Scavone Notary Public

CERTIFICATION

JANET A. SCAVONE Notary Public, State of New Jersey No. 2066520 Commission Expires October 2, 1994

STATE OF NEW JERSEY } ss. County of Somerset

I, the undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors on March 2, 1990 and that this By-Law is in full force and effect.

"ARTICLE XVIII.

Section 2. All bonds, undertakings, contracts and other instruments other than as above for and on behalf of the Company which it is authorized by law or its charter to execute, may and shall be executed in the name and on behalf of the Company either by the Chairman or the Vice Chairman or the President or a Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations, except that one or more officers or attorneys-in-fact designated in any resolution of the Board of Directors or the Executive Committee, or in any power of attorney executed as provided for in Section 3 below, may execute any such bond, undertaking or other obligation as provided in such resolution or power of attorney.

Section 3. All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, Vice Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached."

I further certify that said FEDERAL INSURANCE COMPANY is duly licensed to transact fidelity and surety business in each of the States of the United States of America, District of Columbia, Puerto Rico, and each of the Provinces of Canada with the exception of Prince Edward Island; and is also duly licensed to become sole surety on bonds, undertakings, etc., permitted or required by law.

I, the undersigned Assistant Secretary of FEDERAL INSURANCE COMPANY, do hereby certify that the foregoing Power of Attorney is in full force and effect.

Witness my hand and the seal of said Company at Warren, N.J., this 17th day of January 19 92



Assistant Secretary



CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)
7/2/91

PRODUCER
Alexander & Alexander Inc.
100 Light Street
Baltimore, MD 21202

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
Sun Company, Inc., Its
Affiliates and Subsidiaries
100 Matsonford Road
Radnor, PA 19087
Incl. Soldier Creek Coal Company

COMPANIES AFFORDING COVERAGE	
COMPANY LETTER	A Travelers Indemnity Company
COMPANY LETTER	B
COMPANY LETTER	C
COMPANY LETTER	D
COMPANY LETTER	E

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM DD YY)	LIABILITY LIMITS IN THOUSANDS		
					EACH OCCURRENCE	AGGREGATE	
A	GENERAL LIABILITY	TLJSLG-186T908-A-91	1-1-91	Until Canceled	BODILY INJURY	\$	\$
	PROPERTY DAMAGE				\$	\$	
	BI & PD COMBINED				\$ 300	\$ 500	
	PERSONAL INJURY				\$	\$	
	COMPREHENSIVE FORM						
	PREMISES OPERATIONS UNDERGROUND EXPLOSION & COLLAPSE HAZARD						
	PRODUCTS/COMPLETED OPERATIONS						
	CONTRACTUAL						
A	AUTOMOBILE LIABILITY	TJCAP-186T901-7-91	1-1-91	Until Canceled	BODILY INJURY PER PERSON	\$	
	BODILY INJURY PER ACCIDENT				\$		
	PROPERTY DAMAGE				\$		
	BI & PD COMBINED				\$		
	ANY AUTO						
	ALL OWNED AUTOS (PRIV. PASS.)						
A	EXCESS LIABILITY				BI & PD COMBINED	\$	\$
	UMBRELLA FORM						
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY	TDRJUB-186T894-8-91	1-1-91	Until Canceled	STATUTORY		
	\$				(EACH ACCIDENT)		
	\$				(DISEASE-POLICY LIMIT)		
	OTHER				\$	(DISEASE-EACH EMPLOYEE)	

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS (See Attached for Exclusions)
Mine Name: Soldier Canyon Mine, Carbon County, Utah
Mine No.: ACT/007/018

CERTIFICATE HOLDER
State of Utah - Dept. of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. ANY FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION ON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE
Law C Bennett

EXCLUSIONS

General Liability Exclusions include, but are not limited to:

Pollution, Asbestos, Discrimination, Wrongful Termination,
Nuclear, Tanker or Barge Operation, Property in Insured's Care,
Custody or Control, Aircraft Liability, and War.

application as required under R614-300-121.100.

1.18 Filing Fee

This permit application to conduct coal mining and reclamation operations pursuant to the State Program will be accompanied by a fee of \$5.00.

1.20 Application Format and Contents

This application is structured based on the R614 regulations of the Division of Oil, Gas and Mining. The chapter divisions in the application are based on the section subdivisions in the R614 regulations. Additionally, each section of the application is based on a corresponding subsection of the various regulation sections (i.e., section 1.20 addresses the concerns of R614-301-120 in the regulations).

1.23 Verification of Application

I, the undersigned say:

I am the official of Soldier Creek Coal Company, a third tier subsidiary of Sun Company, Inc., Applicant herein. I make this verification as such on behalf of Applicant.

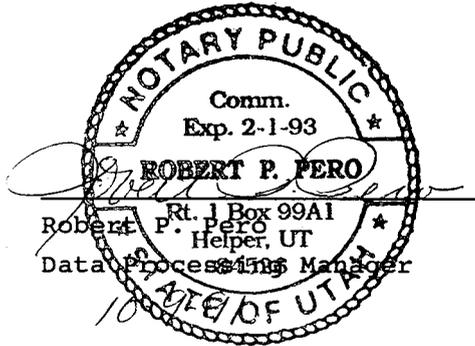
I declare that the following information contained in this application is true and correct to the best of my knowledge, information and belief.

Executed this 9th day of SEPTEMBER, 1991.

R.W. Olsen

R.W. Olsen
President
Soldier Creek Coal Company

Attest:



PUBLIC NOTICE
Application for Permit Renewal
Soldier Creek Coal Company
Soldier Canyon Mine
P.O. Box I, Price, UT 84501

Notice is hereby given that Soldier Creek Coal Company, on October 11, 1991 submitted a complete application for permit renewal, that includes the construction of a refuse disposal site and expansion of the permit area, to the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining under the provisions of the Utah Coal Mining and Reclamation ACT (Utah Code Annotated 40-10-1 et seq.) and the Utah R614 Coal Mining Rules. The presently approved permit is Permit No. ACT/007/018. The permit area is located approximately 12 miles north of U.S. Highway 6 & 50, on Soldier Creek Road.

A copy of the complete application for permit renewal is available for public inspection at the Carbon County Recorder's Office, Price, Utah 84501.

Soldier Creek Coal Company proposes to increase its permit area to facilitate future underground coal mining activities and to construct a refuse disposal site. The refuse disposal site is required for disposal of both underground development wastes generated during mining operations and coarse coal processing wastes generated from the coal preparation plant.

Soldier Canyon Mine and the associated lands involved in the mining project are shown on the United States Geological Survey 7.5 minute quadrangle maps:

Deadman Canyon
Pine Canyon

A legal description of the lands involved in Soldier Creek Coal Company's permit area is as follows:

LEGAL DESCRIPTION
SOLDIER CANYON MINE

Township 12 South, Range 12 East, SLB & M

Sec. 31: All
Sec. 32: All
Sec. 33: All
Sec. 34: W2

Township 13 South, Range 11 East, SLB & M

Sec. 1, Lot 8, Lot 1
Sec. 12: E/2, E/2NW/4, E/2SW/4.
Sec. 13: N/2NE/4, NE/4NW/4, SE/4NE/4, NE/4SE/4.
Sec. 24: S/2S/2SW/4SE/4, beginning at a point N 313.28 ft and
W. 155.41 ft from the SE corner of Sec. 24, thence
N 44° 21' 57" W 168.00 ft, thence
N 45° 38' 00" E 312.00 ft, thence

S 44° 21' 59" E 168.00 ft, thence
S 45° 38' 01" W 312.00 ft to the point of the beginning.
Sec. 25: N/2NW/4NE/4.
Sec. 36: E/2 NW/4, N/2 SW/4, W/3 NW/4 NE/4

Township 13 South, Range 12 East, SLB & M

Sec. 4: All
Sec. 5: All
Sec. 6: All
Sec. 7: All
Sec. 8: All
Sec. 9: W/2, NE/4, N2/SE/4.
Sec. 17: N/2
Sec. 18: N/2N/2, SE/4NE/4, S/2NW/4, NW/4NE/4SW/4NE/4,
NW/4SW/4NE/4SW/4NE/4, NE/4SE/4NW/4SW/4NE/4.
Sec. 19: Commencing at a point N 23° 21' 59" E, 1126.22 ft
from the SW corner of Sec. 19; thence
S 47° 39' 00" W, 75.35 ft; thence
S 75° 52' 28" W, 44.00 ft; thence
S 82° 21' 10" W, 78.00 ft; thence
S 71° 53' 59" W, 60.57 ft; thence
S 64° 40' 02" W, 75.27 ft; thence
S 59° 26' 11" W, 77.03 ft; thence
S 57° 57' 52" W, 40.00 ft; thence
S 50° 58' 42" W, 48.00 ft; thence
S 43° 03' 31" W, 88.30 ft; thence
S 39° 25' 25" W, 98.36 ft; thence
S 36° 27' 33" W, 138.59 ft; thence
S 53° 32' 27" E, 52.30 ft;
to include a 15 ft row (17.5 ft either side)
along the entire length.

Written comments must be submitted within thirty (30) days from the last date of publication of this notice, December 25, 1991. Written comments, objections or requests for public hearing or an informal conference concerning this Application may be submitted to:

State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining,
3 Triad Center, Suite 350, 355 W. North Temple, Salt Lake City, Utah 84180-1203.

Published in the Sun Advocate

1.30 Technical Data

The technical data collected for this permit application were collected by the staff of Soldier Creek Coal Company or its consultants. In each chapter, a list of the contributing individuals and firms are presented.

1.40 Maps and Plans

The maps submitted in this application are suitable to the presentation of the information required by the regulations. Every attempt has been made to adjust the scale of the various maps to the data being presented.