

# PERMIT CHANGE TRACKING FORM

- Significant Permit Revision
- Permit Amendment
- Incidental Boundary Change

DATE RECEIVED	9/14/95	By: <i>pgl</i> (Initial)	PERMIT NUMBER	ACT/007/018			
Title of Proposal:	IBC -		PERMIT CHANGE #	95B			
Description:	Alkali Lease Tract (UTU-69635)		PERMITTEE	SOLDIER CREEK COAL COMPANY			
			MINE NAME	SOLDIER CANYON MINE			
<input type="checkbox"/> 15 DAY INITIAL RESPONSE TO PERMIT CHANGE APPLICATION			DATE DUE	DATE DONE			
<input type="checkbox"/> Notice of Review Status of proposed permit change sent to the Permittee.							
<input type="checkbox"/> Responses Received.							
<input type="checkbox"/> Notice of Affidavit of Publication. (If change is a Significant Revision.)							
			RESULT				
			<input type="checkbox"/> ACCEPTED <input type="checkbox"/> REJECTED				
COMMENTS							
REVIEW TRACKING		INITIAL REVIEW		MODIFIED REVIEW		FINAL REVIEW AND FINDINGS	
DOGM REVIEWER		DUE	DONE	DUE	DONE	DUE	DONE
<input type="checkbox"/> Lead <i>Paul</i>							
<input type="checkbox"/> TA (See Attached)							
<input type="checkbox"/> Reviewers							
<input type="checkbox"/> Administrative (AVS) <i>Paul/Pam</i>		<i>10/19</i>					
<input type="checkbox"/> Biology <i>Paul</i>		<i>10/19</i>					
<input type="checkbox"/> Engineering <i>Jess</i>		<i>10/19</i>					
<input type="checkbox"/> Geology <i>Jim</i>		<i>10/19</i>					
<input type="checkbox"/> Soils							
<input type="checkbox"/> Hydrology <i>Jim</i>		<i>10/19</i>					
COORDINATED REVIEWS		SENT	DUE	RECEIVED	SENT	DUE	DONE
<input checked="" type="checkbox"/> OSMRE		<i>9/19/95</i>					
<input type="checkbox"/> US Forest Service							
<input checked="" type="checkbox"/> Bureau of Land Management		<i>9/19/95</i>					
<input checked="" type="checkbox"/> US Fish and Wildlife Service		<i>9/19/95</i>					
<input type="checkbox"/> US National Parks Service							
<input type="checkbox"/> UT Environmental Quality							
<input type="checkbox"/> UT Water Resources							
<input checked="" type="checkbox"/> UT Water Rights		<i>9/19/95</i>					
<input checked="" type="checkbox"/> UT Wildlife Resources		<i>9/19/95</i>					
<input checked="" type="checkbox"/> UT State History (SHPO)		<i>9/19/95</i>					
<input type="checkbox"/> State Trust Lands							
<input type="checkbox"/> Public Notice / Comment / Hearing Complete. (If the permit change is a Significant Revision)				<input checked="" type="checkbox"/> Permit Change Approval Form signed and approved effective as of this date.			
<input type="checkbox"/> Copies of permit change marked and ready for MRP.				<input type="checkbox"/> Permit Change Denied.			
<input type="checkbox"/> Special Conditions/Stipulations written for approval.				<input type="checkbox"/> Notice of <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Denial to Permittee.			
<input type="checkbox"/> TA and CHIA modified as required.				<input type="checkbox"/> Copy of Approved Permit Change to File.			
<input type="checkbox"/> Permit Change Approval Form ready for approval.				<input type="checkbox"/> Copy of Approved Permit Change to Permittee.			
				<input type="checkbox"/> Copies to Other Agencies and Price Field Office.			

Approved by *OSM*  
6/14/96

11/20/95

## PERMIT CHANGE TRACKING FORM

<b>DATE RECEIVED</b>	9/14/95	<b>PERMIT NUMBER</b>	ACT/007/018
<b>of Proposal:</b>	Incidental Boundary Change	<b>PERMIT CHANGE #</b>	95B
<b>Description:</b>	Alkali lease	<b>PERMITTEE</b>	Soldier Creek Coal Co.
		<b>MINE NAME</b>	Soldier Canyon

	DATE DUE	DATE DONE	RESULT
<input type="checkbox"/> 15 DAY INITIAL RESPONSE TO PERMIT CHANGE APPLICATION			<input type="checkbox"/> ACCEPTED <input type="checkbox"/> REJECTED
<input type="checkbox"/> Notice of Review Status of proposed permit change sent to the Permittee.			<b>Permit Change Classification</b>
<input type="checkbox"/> Request additional review copies prior to Division/Other Agency review.			<input type="checkbox"/> Significant Permit Revision
<input type="checkbox"/> Notice of Approval of Publication. (If change is a Significant Revision.)			<input type="checkbox"/> Permit Amendment
<input type="checkbox"/> Notice of request to modify proposed permit change prior to approval.			<input type="checkbox"/> Incidental Boundary Change

REVIEW TRACKING	INITIAL REVIEW		MODIFIED REVIEW		FINAL REVIEW AND FINDINGS	
DOGM REVIEWER	DUE	DONE	DUE	DONE	DUE	DONE
<input type="checkbox"/> Administrative <u>Paul</u>	10/19					
<input type="checkbox"/> Biology <u>Paul</u>	"					
<input type="checkbox"/> Engineering <u>Jess</u>	"					
<input type="checkbox"/> Geology <u>Jim</u>	"					
<input type="checkbox"/> Soils _____	"					
<input type="checkbox"/> Hydrology <u>Jim</u>	"					
<input type="checkbox"/> Bonding _____	"					
<input type="checkbox"/> AVS Check <u>Pam</u>	"					

COORDINATED REVIEWS	DUE	DONE	DUE	DONE	DUE	DONE
<input type="checkbox"/> OSMRE						
<input type="checkbox"/> US Forest Service						
<input type="checkbox"/> Bureau of Land Management						
<input type="checkbox"/> US Fish and Wildlife Service						
<input type="checkbox"/> US National Parks Service						
<input type="checkbox"/> UT Environmental Quality						
<input type="checkbox"/> UT Water Resources						
<input type="checkbox"/> UT Water Rights						
<input type="checkbox"/> UT Wildlife Resources						
<input type="checkbox"/> UT State History						
<input type="checkbox"/> Other						

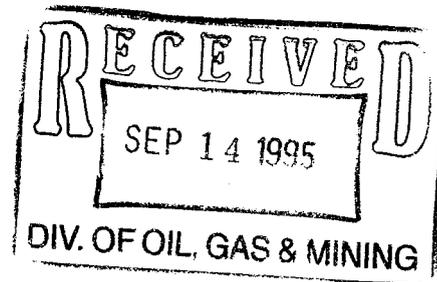
<input type="checkbox"/> Public Notice/Comment/Hearing Complete (If the permit change is a Significant Revision)	<input type="checkbox"/> Permit Change Approval Form signed and approved effective as of this date. <input type="checkbox"/> Permit Change Denied.
<input checked="" type="checkbox"/> Copies of permit change marked and ready for MRP.	<input type="checkbox"/> Notice of <input type="checkbox"/> Approval <input type="checkbox"/> Denial to Permittee.
<input type="checkbox"/> Special Conditions/Stipulations written for approval.	<input type="checkbox"/> Copy of Approved Permit Change to File.
<input type="checkbox"/> TA and CHIA modified as required.	<input type="checkbox"/> Copy of Approved Permit Change to Permittee.
<input type="checkbox"/> Permit Change Approval Form ready for approval.	<input type="checkbox"/> Copies to Other Agencies and Price Field Office.



**Coastal**  
The Energy People

September 13, 1995

Daron R. Haddock  
Permit Supervisor  
Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203



*Copy Daron & PAM*

Re: Incidental Boundary Change, Soldier Creek Coal Company, ACT/007/018 #2

Dear Mr. Haddock:

Soldier Creek Coal Company hereby requests an Incidental Boundary Change to its above referenced permit. Soldier Creek purchased the Alkali Lease (UTU-69635) west of the current mine permit area on July 19, 1995. The effective date of the lease is pending at this time. In order to sustain production and maintain full employment at the mining operation it is necessary for Soldier Creek to mine into part of the Alkali Lease as soon as possible. The area of the proposed boundary change is shown on the enclosed Coal Ownership and Lease Map and consists of approximately 276 acres. This acreage is well below the 15 percent limit for an Incidental Boundary Change. Since this area will be mined from existing workings there will be no surface disturbance. In order to simplify this permit change the incidental boundary area was selected to be totally within the current CHIA for the Soldier Creek permit.

Permitting issues dealing with this change are addressed below in the order of the R645-301 Rules.

### R645-301-100 General Contents

All of the information contained in this section of the Soldier Creek Permit will apply to the boundary change except:

Lease UTU-69635 will be incorporated into the permit by replacing page 1-84 and inserting page 1-84a. The Environmental Assessment (EA) developed by the Bureau of Land Management for this lease is listed as a "supporting document" for this lease and will be incorporated into the permit by inserting the EA as Appendix 1 A

**Utah Fuel Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
P O BOX 719 • HELPER UT 84526-0719 • 801-637-7925 • FAX 801-637-7929 • SALT LAKE 801-596-7111

Daron R. Haddock  
September 11, 1995  
Page 2 of 4

By verbal communication with Daron Haddock on August 28 it was agreed that the permit boundary will be changed on one map with the commitment that the boundary will be changed on all other permit maps during permit renewal. Soldier Creek hereby makes this commitment. The one map which shows the proposed boundary change is the Coal Ownership and Lease Map, Exhibit 1.12-2, 14 copies of which are enclosed.

Updated corporate ownership and structure and AVS information have been submitted to Pam Grubaugh-Littig. It is anticipated that additional information will be submitted within ten days. We will continue to work with her on these issues, during the review of this submittal, until they are resolved.

#### **R645-301-200 Soils**

Soils information contained in the existing permit also applies to the Alkali lease with the exception of the Prime Farmland determination which is addressed below.

The SCS conducted a Prime Farmland Investigation based on soil mapping of the Alkali Lease and determined that no Prime Farmland exists within the lease. This information will be incorporated into the permit by replacing page 2-2, inserting page 2-2a, and inserting the enclosed letter from Mike Domeier and Form AD-1006 into Appendix 2-B of the permit.

#### **R645-301-300 Biology**

Previous investigations dealing with the biology of the Soldier Creek Permit have covered the area proposed to be incorporated by this permit change. Also while doing the 1995 Raptor survey of the Soldier Creek permit area the Alkali Lease was surveyed.

The raptor survey map which was updated in 1995 dealing with the area to be included by this boundary change will be incorporated into the permit by replacing page 3-3 and the title page of Appendix 3-G, and inserting the enclosed map which shows the 1995 raptor survey activity into Appendix 3-G.

Soldier Creek Coal Company has made a commitment to the Utah Division of Wildlife Resources that it will train its employees and require its coal haulage contractor to train its employees in the protection of wildlife in order to reduce roadkills on the County Road which serves the Soldier Canyon Mine. This

Daron R. Haddock  
September 11, 1995  
Page 3 of 4

commitment will be incorporated into the permit by replacing page 3-11 and inserting page 3-11a.

#### **R645-301-400 Land Use and Air Quality**

All information in this section of the permit applies to this permit change except that an archeological investigation was performed over the entire Alkali Lease. The owners of the surface within the incidental boundary area are the BLM and Louise L. Iriart.

Archeological information dealing with the area of this boundary change will be incorporated into the permit by replacing page 4-7 and the title page to Appendix 4 C and inserting the enclosed report from AERC into Appendix 4 C.

The BLM was notified of mining beneath its surface by letter dated July 16, 1992, to Mr. Gary Johnson. This letter is already in the permit as part of Illustration 4.13-1. Mrs. Iriart has been notified of mining beneath the surface owned by her as evidenced by the letter from her to Soldier Creek Coal Company dated September 1, 1995. This letter will be incorporated into the permit by inserting the enclosed copies into Illustration 4.13-1, pages 4-9f and 4-9g.

#### **R645-301-500 Engineering**

Information contained in this section of the permit also applies to the Incidental Boundary area. No subsidence in the Incidental Boundary area is planned for this permit term so no additional subsidence monitoring should be required at this time. There will be no surface disturbance in the Incidental Boundary area.

Exhibit 5.21-5 shows the proposed plan for mining the Alkali Lease. The Incidental Boundary area is part of this mining plan. Please replace this exhibit in the permit.

#### **R645-301-600 Geology**

The geology in the Incidental Boundary area is simply an extension of the geology of the current permit area. No change in this section of the permit should be required.

Daron R. Haddock  
September 11, 1995  
Page 4 of 4

### **R645-301-700 Hydrology**

The Incidental Boundary area is within the CHIA which the Division developed for the Soldier Canyon Mine thus eliminating the need to prepare a new PHC and CHIA at this time. Since there will be no surface disturbance in this area there will be no new runoff or sediment control structures. There are no springs or streams in this area to monitor and there are no water rights. This section of the permit should not require revision to incorporate the Incidental Boundary Change.

### **R645-301-800 Bonding**

This change to the permit will not result in any additional disturbance or the construction of any additional facilities at the Soldier Canyon Mine. Therefore, the estimated cost of reclamation should not change and no adjustment of the bond amount should be required.

We appreciate your help expediting the review of this application. If there are any questions during the review of this application we would appreciate a telephone call so we can correct any problems quickly rather than wait until the review is completed. Please direct any questions or comments to Keith Zobell or Barry Barnum at the Skyline Mine.

Very truly yours,



Rick Olsen  
President, Soldier Creek Coal Company

# APPLICATION FOR PERMIT CHANGE

Title of Change: Alkali Tract Incidental Boundary Change

Permit Number: ACT/007/018

Mine: Soldier Canyon Mine  
Permittee: Soldier Creek Coal Company

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

Adding new storage areas and a new rock dust building and dust collector building.

DIV. OF OIL, GAS & MINING

- |   |  |  |
|---|--|--|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            | 1. Change in the size of the Permit Area? 276 acres <input checked="" 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 type="checkbox"/> Yes            | <input checked="" 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?   |
| <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No | 8. Permit change as a result of a Division Order? D.O.#  |
| <input type="checkbox"/> Yes            | <input checked="" 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 checked="" type="checkbox"/> Yes | <input 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 checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            | 18. Does permit change require or include certified designs, maps, or calculations?  |
| <input checked="" 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? |

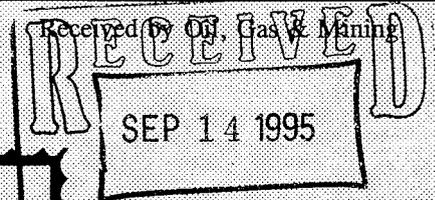
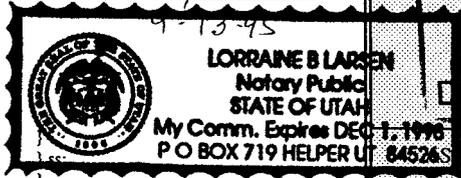
Attach 3 complete copies of proposed permit change as it would be incorporated into the Mining and Reclamation Plan.

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.

*Randy Olson for R.W. Olsen, v.p.*  
Signed - Name - Position - Date

Subscribed and sworn to before me this 13 day of Sept., 19 95.  
*Lorraine B. Larsen*  
Notary Public

My Commission Expires: Dec. 1, 19 98  
Attest: STATE OF Utah  
COUNTY OF Carbon



DIV. OF OIL, GAS & MINING

SIGNED PERMIT CHANGE NUMBER

## Application for Permit Change Detailed Schedule of Changes to the Permit

Title of Change: Alkali Tract Indidental Boundary Change	Permit Number: ACT/007/018
	Mine: Soldier Canyon Mine
	Permittee: Soldier Creek Coal Company

			DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	BLM "EA" for Alkali Tract
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Coal ownership and lease map Exhibit 1.12-2
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Page 2-2
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Page 2-2a, Mike Domier letter and form AD-1006
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Page 3-3 and Title Page Appendix 3-G
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	1995 Raptor Survey Map to Appendix 3-G
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Page 3-11
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Page 3-11a
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Page 4-7 and Title page to Appendix 4C
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	AERC Report on Alkali Tract to Appendix 4C
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Iriart Letter Pages 4-9f and 4-9g
<input type="checkbox"/> ADD	<input checked="" type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Exhibit 5.21-5
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
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<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?

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.

Federal Coal Lease UTU-69635

Date of Lease: Pending

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 1: Lots 1-7, Lot 8 for all coal except the Rock Canyon seam

Sec. 10: E 1/2 E 1/2

Sec. 11: All

Sec. 12: W 1/2 W 1/2

Sec. 13: W 1/2 NW 1/4, SE 1/4 NW 1/4, SW 1/4

Sec. 14: N 1/2, N 1/2 S 1/2, SE 1/4 SE 1/4

Sec. 15: NE 1/4 NE 1/4

Sec. 23: N 1/2 NE 1/4 NE 1/4

Sec. 24: N 1/2 N 1/2 NW 1/4

Containing 2,177.52 acres

Supporting Documents:

1. Coal Lease UTU-69635 Form 3400-12

2. BLM Environmental Assessment, March 1995, Appendix 1A

**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

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.

**Federal Coal Leases Contiguous to Permit Area**

(Proposed lease additions not within this Permit Term)

Federal Coal Lease U-07064-027821

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R12E, SLB&M

Sec. 13: S/2

Sec. 23: E/2 E/2, W/2 SE/4, NE/4 SW/4

Sec. 24: All

Sec. 25: N/2 N/2

Sec. 26: N/2 NE/4

T13S, R13E, SLB&M

Sec. 18: S/2

APPENDIX 1A

BLM ENVIRONMENTAL ASSESSMENT  
UT-066-95-6  
ALKALI CREEK TRACT

ENVIRONMENTAL ASSESSMENT

EA # UT-066-95-6

PRICE RIVER RESOURCE AREA

FILE # 3425

PROPOSED ACTION TITLE/TYPE: Coal Lease Application, Alkali Creek Tract,  
UTU-69635

APPLICANT: Original - Sage Point Coal Co.  
Present Interest - Coastal States Energy Company

AGENCIES INVOLVED: Bureau of Land Management (BLM) and Office of Surface  
Mining(OSM)

March 1995

## **I. ENVIRONMENTAL ASSESSMENT/CATEGORICAL EXCLUSION DETERMINATION:**

Under 516 DM 2.3 A(3), mineral lease applications are not listed under actions that could be categorically excluded from environmental assessments (EA) or environmental impact statement preparation. An environmental assessment is necessary to evaluate this proposal.

## **II. CONFORMANCE WITH LAND USE PLAN:**

This proposed action is subject to the Price River Resource Management Framework Plan (MFP) as amended. This plan has been reviewed to determine if the proposed action conforms with the Land Use Plan (LUP) terms and conditions as required by 43 CFR 1610.5. This action has been found to be in conformance with the MFP Category 1- Open to leasing with standard and special stipulations. The Unsuitability Criteria for Coal Mining has been applied in the Land Use Planning process and may receive further application in the process of reviewing and approving the Mining Plan.

## **III. INTRODUCTION:**

### **A. Purpose and Need:**

Sage Point Coal Company applied on May 22, 1992, for a Federal coal lease adjacent to their Soldier Canyon Mine property located within the Book Cliffs Known Recoverable Coal Area and within the Price River Resource Area (PRRA). Coastal States Energy acquired the Soldier Canyon Mine and interest in the lease application in 1994 and has indicated an immediate need for processing the application to meet future mining needs. The coal resource mineral estate is reserved to the United States and the surface estate is held in private except for certain of the south areas described later in the document.

### **B. Authorizing Action:**

BLM, with the assistance of the Regional Coal Team has determined that processing the coal lease application will be in the public interest. Processing and evaluation will be under the following authorities: Mineral Leasing Act of 1920, as amended (MLA); Federal Coal Leasing Amendments Act of 1976 (FCLAA); Federal Land Policy and Management Act of 1976 (FLPMA); Surface Mining Control and Reclamation Act of 1977 (SMCRA); National Environmental Policy Act of 1969 (NEPA); and Federal Regulations at 43 CFR 3425.

The BLM, in response to the application, is responsible for the following actions:

- 1) Preliminary evaluation of the application to determine if it meets the criteria for lease by application.
- 2) Notification to the Governor of the State of Utah of the application.
- 3) Preparation of the environmental documentation needed to comply with NEPA, determination of fair market value, and the tract delineation review report.
- 4) And, if appropriate, preparation for and holding of the lease sale and issuance of a lease for the mining of coal resources from the public lands involved.

The Office of Surface Mining has jurisdiction over any mining plan application that may result from BLM's leasing decision (see discussion below). As a result, OSM is participating in the preparation of this EA as a formal cooperating Agency (40 CFR 1501.6).

SMCRA gives OSM primary responsibility to administer programs that regulate surface coal mining operations and the surface effects of underground coal mining operations. In January 1981, pursuant to Section 503 of SMCRA, the Utah Division of Oil, Gas and Mining (DOGM) developed, and the Secretary of the Interior approved, a permanent program authorizing Utah DOGM to regulate surface coal mining operations and surface effects of underground coal mining on non-federal lands within the State of Utah. In March 1987, pursuant to Section 523(c) of SMCRA, Utah DOGM entered into a cooperative agreement with the Secretary of the Interior authorizing Utah DOGM to regulate surface coal mining operations and surface effects of underground coal mining on federal lands within the state.

Pursuant to the cooperative agreement, Federal coal lease holders in Utah must submit permit application packages to OSM and DOGM for proposed mining and reclamation operations on federal lands in the state. Utah DOGM reviews the packages to ensure that the permit application complies with the permitting requirements and that the coal mining operation will meet the performance standards of the approved permanent program. If it does comply, Utah DOGM issues the applicant a permit to conduct coal mining operations. OSM, BLM, and other federal agencies review the permit application package to ensure that it complies with the terms of the terms of the coal lease, the Mineral Leasing Act of 1920, the National Environmental Policy Act of 1969, and other federal laws and their attendant regulations. OSM recommends approval, approval with conditions, or disapproval of the mining plan to the Assistant Secretary, Land and Minerals Management. Before the mining plan can be approved, BLM and the surface-managing agency (if other than BLM) must concur with this recommendation.

Utah DOGM enforces the performance standards and permit requirements during the mine's operation and has primary authority in environmental emergencies. OSM retains oversight responsibility for this enforcement. BLM has authority in those emergency situations where Utah DOGM or OSM inspectors cannot act before significant environmental harm or damage occurs.

#### C. History and Background:

The application area includes the area originally delineated as the Alkali Creek Tract plus a 40 acre parcel to eliminate any gaps between the tract and existing Federal coal leases. This is the same tract that was delineated during the second round tract delineation effort for the Uinta-Southwestern Utah Coal Region held in the early 1980's.

An environmental assessment was completed in June of 1982, which cleared the tract for further leasing consideration. The Uinta-Southwestern Utah Coal Region Round Two Final Environmental Impact Statement was completed on October 7, 1983. The Round Two leasing effort evaluated 27 tracts in Utah and Colorado. The Alkali Creek tract was one of 22 tracts recommended for competitive leasing under the preferred alternative (Alternative Two, High Level). Due to a reevaluation of the Federal Coal Program and changes in the regional coal market, none of the tracts were offered for leasing under the Regional Sale Procedures but several tracts have been offered for lease in recent years.

In January of 1988, the Uinta-Southwestern Utah Coal Region was decertified and, as a result, new coal leasing within the Region will be conducted under the Lease by Application (LBA) Process set forth in 43 CFR 3425. This application is the sixth to be processed in Utah under this procedure since decertification of the Region.

#### D. DESCRIPTION OF THE PROPOSED ACTION:

The proposed action is to offer for lease the Alkali Creek Tract as

delineated. Tract delineation was completed in January 1995, and includes the original 1982 tract plus an additional 40 acres to include all coal lands adjacent to existing leases (Copy of non-confidential tract delineation report attached, Attachment # 3). The tracts legal description is listed below and a map of the area is posted as Attachment # 1.

<u>Legal Description</u>	<u>Surface Ownership</u>	<u>Acreage</u>
T. 13 S., R. 11 E., SLM, Utah		
Sec. 1, Lots 1-8;*	Non-Fed.	317.52 ---
Sec. 10, E1/2E1/2;	Non-Fed.	160.00
Sec. 11, all;	Non-Fed.	640.00
Sec. 12, W1/2W1/2;	Non-Fed.	160.00
Sec. 13, NW1/4NW1/4, S1/2NW1/4, SW1/4;	Non-Fed.	280.00
Sec. 14, N1/2;	Non-Fed.	320.00
Sec. 14, N1/2S1/2, SE1/4SE1/4;	Federal	200.00
Sec. 15, NE1/4NE1/4;	Non-Fed.	40.00
Sec. 23, N1/2NE1/4NE1/4;	Federal	20.00
Sec. 24, N1/2N1/2NW1/4.	Non-Fed.	40.00
	Total	1,957.52 220.00

\* Note: Lot 8 is for all coal except the Rock Canyon bed which was included in adjacent lease U-50722 by modification.

Coastal States proposes to extend underground mine workings into the new lease if they are the successful bidders for the lease tract. Two minable coal seams exist in the lease tract and contains an estimated 15 to 18 million tons of recoverable coal. The recoverable reserve figure that will be used for fair market value determination is still being reviewed. However, the 18 million ton figure is expected to be at the upper limit for this assessment as it is about 50% of the estimated 35.4 million tons of in-place reserves. The tract would be mined by underground mining methods using the existing room and pillar methods at the Soldier Canyon Mine at a production level up to 1 million tons per year. The previous tract specific EA and regional EIS analyzed the impacts as a new mine using both longwall and room and pillar mining methods for the tract. The most likely scenario at this time is that physical and economic conditions preclude the possibility of a new mine. Portal access to the coal and location of portal facilities would be difficult and expensive due to the steep and narrow canyons and the location of the outcrop high on the cliff faces. Cost of construction in relation to the limited coal reserves (estimated life of less than 20 years for a small to mid-sized mine) would be uneconomic under current or foreseeable conditions. For this proposed action, development of this lease would be from Coastal's existing adjacent mine workings in the Soldier Canyon Mine. All coal mined would be processed through the existing surface facilities of the mine. Surface disturbance would be from possible mine subsidence and a possible ventilation portal at the coal outcrop in one of the side canyons on the west end of the property. Previous environmental documents addressed a development scenario of a new mine and portal facilities for the lease tract when coal was of higher demand and price. Also, exploration drilling and information obtained after the 1983 leasing effort have indicated less coal reserves than expected which reduces the viability as a stand alone mining tract.

#### IV. DESCRIPTION OF ALTERNATIVES:

##### A. Alternative 1 - No Action

Under this alternative the coal lease application would be denied and the tract would not be offered for leasing.

B. Alternative 2 - Offer for lease with identified stipulations

Under this alternative the tract would be offered for competitive leasing as identified by the Tract Delineation Team. Lease stipulations would be the standard BLM ones plus any special stipulations identified to further protect specified resources.

V. DESCRIPTION OF THE AFFECTED ENVIRONMENT:

A. General Setting, Topography and Geology:

The lease tract area is undeveloped land which forms the top of a portion of the Book Cliffs east of Price, Carbon County, Utah. The Book Cliffs area, where the tract is located, is a cliff line running east-west with relief varying from 1,000 to 2,000 feet. The base of the cliffs are at an elevation of 7,000 feet. The rock formations of the cliffs include, from top to bottom, North Horn Formation (limestones), Price River Formation (light sandstones with interbedded shales and conglomerates), Castlegate Sandstone Formation (massive cliff-forming sandstone), Blackhawk Formation (interbedded shales and sandstones along with coal), and Mancos Shale (gray sandy shale). The line direction of the cliff meanders through the lease tract as there are many side draws and canyons off of the main Coal Creek Canyon to the west. The flat tops of the Book Cliffs only occurs in the northeast corner of the lease tract. All of the surface estate for the lease tract is privately held except for public land on the south boundary of the tract.

The affected environment is discussed in detail for the Alkali Creek Tract in a Site Specific Analysis dated June, 1982, (Appendix 3, impact matrix, pg. 22 to 72 with maps). This tract along with 26 others were analyzed in BLM's Round II Uinta-Southwestern Utah Regional Leasing EIS, (Final dated October 1983). Natural environmental conditions have changed little on the tract and surrounding area since the early 1980's. The existing mine and the socioeconomic conditions and projections for the future have changed significantly since this time and will require updated analysis.

B. Existing Mining Disturbance:

The existing Soldier Canyon Mine facility located two miles east of the Proposed coal lease tract, has been operating at various levels since the 1930's. The mine, owned and operated by Coastal States Energy, is situated in Soldier Creek Canyon where mining development has driven tunnels or drifts into the coal seam. A total of 14 acres have been disturbed to build surface facilities such as coal loading facilities, mine offices, repair and storage buildings, ventilation fans, etc. A number of other acres have been disturbed by coal exploration drilling but have all been reclaimed as these drill sites are temporary. The mine will exhaust existing coal reserves in less than 10 years. Then the surface facilities will be removed and the location reclaimed. With leasing the Alkali Creek tract to Coastal States, mining would extend from existing underground workings of the Soldier Canyon Mine into the new lease. Surface facilities would not change and no further surface disturbance would occur except for about 400 square feet for the two intake air portals to the west and possible coal exploration drill sites. The affected environment would be reclaimed at the end of the mine life as approved in the Soldier Canyon Mine and Reclamation Plan.

C. Socioeconomic:

1. General:

The area of influence for this LBA application and the Soldier Canyon Mine is generally confined to the Carbon County area. The mine is in a relatively isolated area about 13 miles from the nearest community (Wellington) but

within 20 miles of most of the county's population.

Carbon County estimated 1993 population was 20,700 which is 1/2 of 1% more than the 1992 population and about 9% less than the county average in the early 1980's. The State Population Estimates Committee indicates that Carbon's population peaked in 1982 at 24,300. The decline since 1982 has been significant, 3,600 or 15 percent. The county has experienced out migration annually between 1982 and 1990. Since then, population has stabilized and begun a slow increasing trend.

The average civilian labor force in the county in 1993 was 8,613. This is a significant 15% less than the peak year of 1982. Considering 1992 data and personal income by industrial source, the major components in Carbon county were:

Mining.....	\$66,611,00	(30.3 %)
Government.....	39,941,000	(18.2 %)
Services.....	38,046,000	(17.3 %)
Trade.....	31,271,000	(14.2 %)
Transport/public utilities.	17,888,000	( 8.1 %)

This is a relatively well balance economy. Income change by significant category from 1991 to 1992 indicates mining declined 8.4 %, government + 4.5%, services + 8.4 %, trade + 5 %, and transport/utilities + 6.2 %.

Mining, which is primarily coal mining, is the dominant industry in the county contributing about 30 percent of earnings. Additionally, coal hauling and coal fired electric generation is the major part of the transportation/public utilities category. Coal mining and directly related areas are clearly the major income production area for Carbon County.

Population projections for the county by the Utah Office of Planning and Budget show a very modest population increase or less than 5 percent by the year 2000.

A major factor influencing Carbon County is what has happened in Utah coal mining industry employment. Total state coal mining employment peaked in 1982 at 4,296. Within one year, the number employed fell to 2,707 (a 37 percent reduction). Moderate decline continued throughout the 80's and has declined significantly in the 1990's to 2,162 employees in 1993.

It is significant that in the period 1983 to 1993, Utah's coal production has increased from 11,829,000 tons to 21,723,000 in 1993 which is about 10 million more tons or an 84 percent increase in this period. This relatively significant increased production was achieved with a significant reduction in direct employment. During this period the productivity of Utah coal mines has increased significantly through cost controls and other efficiency factors including installation of longwall mining equipment which greatly reduces labor requirements. Coal production in Utah is expected to reach new record production of 24 million tons in 1994, a significant 10.4 percent increase from 1993.

## 2. Specific:

Concerning the most likely development scenario of leasing and mining by the Soldier Creek Mine. Current employment is at 60 and appears stable for production in the 550,000 to 600,000 Tons of coal annually. This mine employs less than 3% of the coal mine employment in Utah (1993 data) and less than 1% of Carbon Counties total work force.

## VI. EFFECTS OF IMPLEMENTATION:

### A. Alternative 1 - NO ACTION:

The no action alternative would be to deny the lease application and not lease the tract for coal mining. No mining would be allowed within the tract in the foreseeable future. There would be no mining related environmental consequences directly on the tract or no economic benefits to federal, state or local governments from coal lease holding fees and production royalties which would be 30 to 35 million dollars over time. Impacts to surrounding areas would remain the same as coal production at the Soldier Canyon Mine shifts to fee and state lands. The overall mine life would be reduced by 15 to 20 years. All the coal will not be lost, however, its potential for economic development in the foreseeable future would be threatened if access through the existing mine is lost. This is due to the relative small size of the reserve and high cost for development as an independent operation in the present day coal market.

### B. Alternative 2 - Offer for lease with Identified stipulations:

#### 1. General:

Under this alternative, the tract would be offered for competitive leasing as recommended by the Tract Delineation Team. The standard BLM lease stipulation attached to this document would be included in the lease.

Underground mining has occurred in the area for many years as this is an historic coal mining region since the turn of the century. Surface impacts from coal mining have been limited to the surface disturbance from the portal facilities. Under this proposal, no new surface facilities would be built and only a ventilation opening or portal at the coal outcrop would be built in one of the side canyons in the west end of the tract. The exact location and size would be dependent on a number of factors that could only be evaluated when a actual mining plan in formulated. However, the best estimations would require two adjacent intake air portals at the coal outcrop that would amount to surface disturbance of about 400 square feet where the mine tunnels or entries would break to the surface. Affects to flora and fauna would be limited to this small area of the portals. T & E species and raptor surveys would need to be done before the openings are made. These portals would be mined to the surface from the underground mine workings. Other than the portal opening, no other surface disturbance would occur. Earth material at the opening would be hauled away underground and not spoiled down the slope from the portal opening. At the end of the mine life, the portals would be sealed from underground and backfilled by hand. A scenario of a larger ventilation portal with facilities (mine fan, substation and power lines) was analyzed in the June 1982 tract specific EA. New estimations with the lease proposal do not require a large ventilation facility which is not included in this analysis.

Affects to the surface from underground mining would be limited to possible mining induced subsidence. The effects are related to the type of mining methods employed. Room and pillar extraction methods with the use of continuous mining machines have shown no subsidence at two adjacent mines. It is surmised that the massive sandstone rock formations above the coal seams have tended to bridge the excavated coal seams and no subsidence expressions on the surface have occurred. If longwall mining methods are employed, some uniform ground lowering is expected. However, the applicant has indicated that the room and pillar mining method with continuous miners is the proposed mining method that would extend from the adjacent Soldier Canyon Mine. With the relatively small size of the coal reserve and the configuration of the Alkali Creek Tract, it is not likely that longwall mining could be justified. For this analysis, mining would be by the room and pillar method and no surface affects from underground mining would occur.

Underground mining may intercept underground water. Historically at adjacent mines, the amount of water intercepted by mine workings has been minimal and no documented changes have occurred to springs or surface waters. Mining the lease is not expected to affect any groundwater sources. Most of the groundwater sources above the coal seams are in the form of widely spaced perched aquifers and there are no area-wide aquifers. Protection of water sources is a condition of mine plan approval.

Mining has encountered paleontological resources such as dinosaur tracks and petrified vegetation. Many of these features have been donated to the local museum. Standard lease stipulations placed on all leases include stipulations to protect significant resources.

The current highway up Soldier Creek Canyon is a designated Scenic Byway and Backcountry Byway that accesses Nine Mile Canyon. Current traffic includes coal haul truck traffic from the Soldier Canyon Mine. If Coastal States is the successful bidder for the lease tract, coal haul truck traffic would continue as the mined coal would still be loaded out at the mine loading facilities. It is likely that production rates may increase with the addition of the lease and therefore increase coal haul truck traffic on the road. Current coal haul truck traffic runs at 40 to 50 round trips per working day. This could increase to 60 round trips per working day. This is not a significant increase that would be noticed. Impacts to visitor's experience and use of the road would essentially be the same as the existing situation. Visual and air quality along the highway would be impaired only to the current extent with the amount of coal haul trucks. The probable locations for a ventilation breakout would not be visible from the highway.

It is likely that if Coastal States is the successful bidder for this lease tract, that extra coal exploration drilling will occur. Over the life of the mine on the lease, it is estimated that about 5 coal exploration drill holes would be drilled. Each drill hole disturbs about a quarter of an acre for the drill pad and drilling fluid pit. An extra acre or two may be disturbed from access road building depending on the length of road need to access the site. These drill holes are very temporary, being only 2 to 6 weeks from initial road and pad grading, through drilling to final reclamation grading and seeding. Reclamation success has been good on other drill holes that are located on the Book Cliffs which receive 16 to 18 inches of precipitation. Cumulative impacts of drilling over the life of the property and surrounding coal lands are still in the order of 10 to 20 acres of total disturbance with only 1 or 2 acres that are disturbed and unreclaimed at any given time.

The following is a summary analysis of the anticipated impacts from the proposed action:

<u>Critical element</u>	<u>Affected</u>		<u>Critical element</u>	<u>Affected</u>	
	<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>
Air quality	L(= Low impact)		T & E species	L	—
ACEC's	—	X	Hazardous waste	—	X
Cultural resources	—	X	Water quality	L	—
Prime/unique farmland	—	X	Wetlands/riparian	—	X
Floodplains	—	X	Wild & scenic rivers	—	X
Nat. Amer. Religion	—	X	Wilderness/IMP	—	X
Visual Resources	—	X	Topography/Geology	L	—

## 2. Socioeconomic:

The tract under application is adjacent the Soldier Canyon Mine and could be leased and easily developed through the existing operation. Access to the coal outcrop for another potential operation is technically possible but likely not economical considering the size of the reserve and cost for developing a new operation. For practical purposes, it is assumed the tract would be developed from the existing Soldier Creek operation.

The Soldier Canyon Mine has a production capacity of 1.2 million tons but the new owner is presently operating as a one shift, two continuous miner unit mine. Production is in the 550,000 to 600,000 ton range annually with a permanent work force of 60. The company has indicated production could go to 1,000,000 tons in 2 to 3 years given the right market conditions. The company controls large reserves accessible from this mine and could increase production significantly with increased market share. Lack of significant long term contracts to utilities limits mine production at the present time. The addition of an estimated 18 million tons of reserve depending on recovery and mining method and increased annual production to 1 million tons could result in increased employment of 25 to 30 persons. The factors of long and intermediate marketing conditions and efficiency of the mine equipment are significant factors affecting employment at this mine in the foreseeable future. Since Carbon County has unemployment in the 8 to 10 percent range, new jobs would likely be filled locally through unemployed or under employed persons.

In summary, the leasing and development of the subject federal coal lease tract is not expected to have a significant socioeconomic impact on Carbon County.

## 3. Cumulative Impacts:

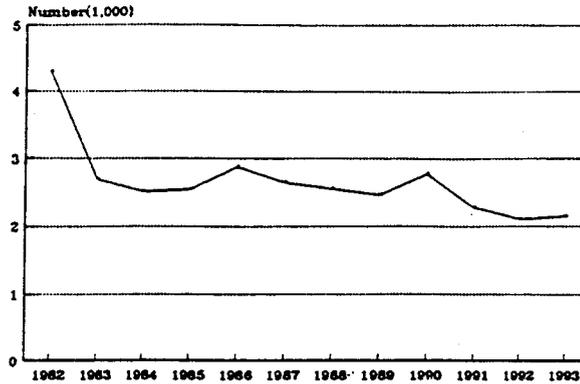
Concerning cumulative impacts from this action and other proposals in the region, BLM has four potential coal lease tracts under consideration in central eastern Utah including two in Carbon county and two in Emery County. In each case, the tracts are adjacent existing operations and will not lead to new operations. Production trends will be in line with those that have occurred in recent years which have generally been flat to gently increasing. For all practical purposes, socioeconomic impacts could be more comparable to trends in coal mining employment which have generally been declining (see chart top of next page). Therefore, based upon the environmental assessment completed in June of 1982, the Uinta-Southwestern Utah Coal Region Round Two Final Environmental Impact Statement completed on October 7, 1983, and reviewing all additional information since the completion of the above stated documents, we have concluded that the cumulative impacts of the leasing of this tract are very low to non-existent. All economic statistics for the county in recent years indicate the declining to stabilizing nature of the Carbon County and lack of adverse cumulative impacts.

BLM management plans have not proposed an accelerating rate of investments in the area that would lead to adverse cumulative impacts. The establishment of Wilderness Areas continues to be a controversial subject with no definite plans for their establishment.

## VII. MITIGATION MEASURES:

The lease will contain standard lease stipulations that cover broad environmental standards and goals. These are contained in Attachment # 2. No mining will occur until a mining permit is approved which expands and specifies the standard lease stipulations.

## UTAH COAL MINING EMPLOYMENT



### VIII. PERSONS/AGENCIES CONSULTED:

PRRA Range Conservationist: Ray Jenson  
PRRA Wildlife Biologist: David Mills  
PRRA Paleontologist: Tom Rasmussen  
PRRA Hydrologist: Kerry Flood  
PRRA Recreation Planner: Dennis Willis  
PRRA Realty Specialist: Mark Mackiewicz  
BLM SO Economist: Max Nielsen  
OSM Representative: Floyd McMullen

Stephen W. Falk  
Team Leader

Mining Engineer  
Title

4/3/95  
Date

### Attachments:

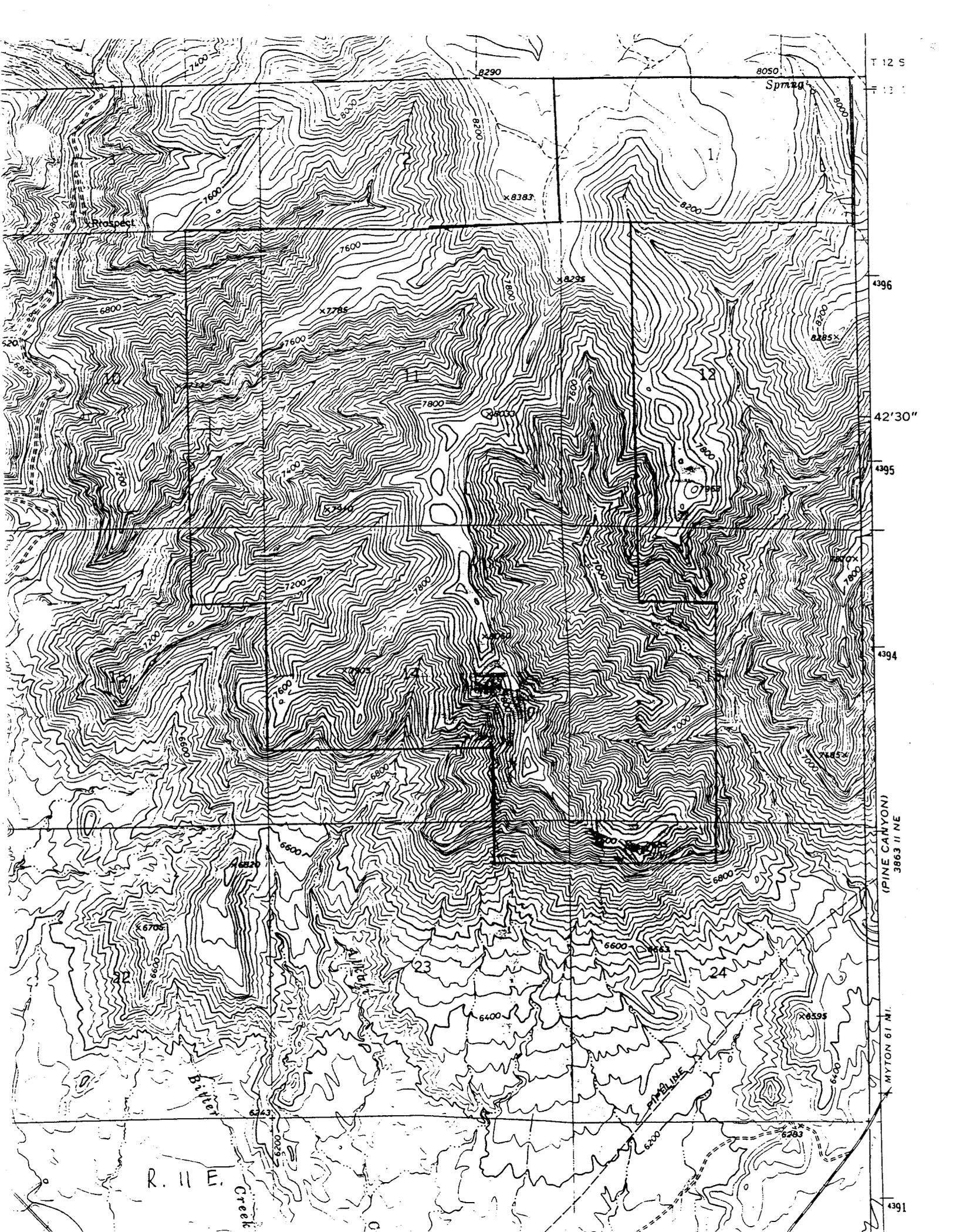
- (1) Map of area
- (2) Standard lease stipulations
- (3) Tract Delineation Report

**FINDING OF NO SIGNIFICANT IMPACT/DECISION RECORD:**

I have reviewed this environmental assessment including the explanation and resolution of any potentially significant environmental impacts. I have determined that the lease application using the standard lease stipulations will not have any significant impacts on the human environment and that an Environmental Impact Statement is not required. The proposed lease application is in conformance with the approved land use plan. My decision is to recommend holding a lease sale of the lease application with the existing lease stipulations.

Mark E. Bailey  
Price River Resource Area Manager

4 Apr 95  
Date



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## **BLM STIPULATIONS**

The following stipulations made part of this lease may be waived or amended with the mutual consent of the lessor and lessee.

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. The permitting of any mining operations on the lease will be subject to the possible designation of any portion of the lease as unsuitable for some or all kinds of surface mining under the regulations of the Department under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) in effect at the time of action on the mine plan permit.

3. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural resources.

If significant cultural resources are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by qualified paleontologists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.

If paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries brought to his attention and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee. The cost of salvage of paleontological remains (fossils) shall be borne by the United States.

5. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory species of high Federal interest occur in the area, the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. A listing of migratory birds of high Federal interest in Federal coal producing regions is published by the Fish and Wildlife Service, Migratory Bird Management Office, Washington, D.C. The inventory shall be conducted by qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

6. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

7. Powerlines on the lease area used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

8. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities on the lease area. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

9. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

10. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: 1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, 2) cause damage to existing surface structures, or 3) damage or alter the flow of perennial streams.

11. In order to avoid surface disturbance on steep canyon slopes and to satisfy the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

12. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.

13. The lessee shall be required to pay the value of the royalty on coal left unmined without the authorized officer (AO) approval, which should have been recovered under the approval of a mine plan (Resource Recovery and Protection Plan, [R2P2]) and which would otherwise be lost or left economically inaccessible.



The slopes in this area range from 10% to >60%. Vegetation varies from a deciduous community along the stream channel to a mountain brush community. As shown on Exhibit (2.22-2), much of the soil resources in this area had been previously disturbed through coal mining and exploration activities, county and road development, and the installation of a gas pipeline.

#### Topsoil Storage Site

This site is located in Section 25, T13S, R11E, S.L.B & M. This site is located just west, within 100 feet of the Soldier Creek Road right-of-way and approximately 2.5 miles south of the central mine facilities (Exhibit 5.21-2). The site area is located on a small gentle sloped bench at an approximate elevation of 6200 MSL (Appendix 2-A). Vegetation in the site area consists of a sagebrush-grass community (Exhibit 3.7-3/Map A). The sagebrush-grass community has a cover of approximately 35 percent.

#### Refuse Disposal Site

The proposed refuse disposal area is located in Section 25 & 36, Township 13 South, Range 11 East, S.L.B & M. The site is situated just west of Highway 53 approximately nine miles northeast of Wellington, Utah in Carbon County (Appendix 2-A).

More specifically, the site is located in a small drainage west of Soldier Creek at an approximate elevation of 6100 MSL (Appendix 2-A). The small drainage channel bottom slopes to the south at 4% to 30%. The perimeter sideslopes of the drainage are fairly steep sloped, from 30% to >60%.

Vegetation at the site consists of approximately 70% shrubs, 1% forbs and 29% grasses. The mean combined living ground cover for the site was estimated as approximately 31% (Mt. Nebo Scientific, 1991). Soil across the surface appears to be relatively uniform in texture with variations in color and moisture due primarily to vegetation and relief. The local topography within the drainage is dissected by erosion and has created a badlands type terrain.

#### 2.21 Prime Farmland Investigation

Soil mapping was completed for the proposed LOM permit area, including the Alkali lease, and the resultant data forwarded to the SCS office in Salt Lake City, Utah. This information was reviewed by SCS personnel and a negative determination was given with regard to the prime farmland status of the soils overlying the proposed LOM area. Copies of these letters are presented in Appendix 2-B.

In addition, the Soil Conservation Service indicated that a small area of



United States  
Department of  
Agriculture

Soil  
Conservation  
Service

P.O. Box 11350  
Salt Lake City, Utah 84147

May 30, 1995

Mr. Barry Barnum  
Environmental Engineer  
Utah Fuel Company  
P.O. Box 719  
Helper, Utah 84526-0719

Dear Mr. Barnum:

We have reviewed the Soldier Creek Coal Company Expansion for important farmland determination.

The area is determined to be excluded from all categories of important farmlands because Slope x K (soil erodibility factor) exceeds 2 and most soils have more than 10 percent rock fragments in the surface layer greater than 3 inches in diameter. A completed Form AD-1006 is enclosed.

If we can be of further assistance, please call on us at (801) 524-5064.

Sincerely,

MIKE DOMEIER  
Soil Correlator

Enclosure



The Soil Conservation Service  
is an agency of the  
Department of Agriculture

AN EQUAL OPPORTUNITY EMPLOYER

U.S. Department of Agriculture

# FARMLAND CONVERSION IMPACT RATING

<b>PART I</b> (To be completed by Federal Agency)		Date Of Land Evaluation Request 5/03/95	
Name Of Project <b>Soldier Creek Coal Company Expansion</b>		Federal Agency Involved	
Proposed Land Use <b>Expansion</b>		County And State <b>Carbon, Utah</b>	
<b>PART II</b> (To be completed by SCS)		Date Request Received By SCS <b>May 12, 1995</b>	

Does the site contain prime, unique, statewide or local important farmland? (If no, the FPPA does not apply - do not complete additional parts of this form).		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Acres Irrigated	Average Farm Size
Major Crop(s)	Farmable Land In Govt. Jurisdiction Acres: %		Amount Of Farmland As Defined in FPPA Acres: %		
Name Of Land Evaluation System Used	Name Of Local Site Assessment System		Date Land Evaluation Returned By SCS		

PART III (To be completed by Federal Agency)	Alternative Site Rating			
	Site A	Site B	Site C	Site D
A. Total Acres To Be Converted Directly				
B. Total Acres To Be Converted Indirectly				
C. Total Acres In Site				

PART IV (To be completed by SCS) Land Evaluation Information	Site A	Site B	Site C	Site D
A. Total Acres Prime And Unique Farmland				
B. Total Acres Statewide And Local Important Farmland				
C. Percentage Of Farmland In County Or Local Govt. Unit To Be Converted				
D. Percentage Of Farmland In Govt. Jurisdiction With Same Or Higher Relative Value				

RT V (To be completed by SCS) Land Evaluation Criterion Relative Value Of Farmland To Be Converted (Scale of 0 to 100 Points)	Site A	Site B	Site C	Site D

PART VI (To be completed by Federal Agency) Site Assessment Criteria (These criteria are explained in 7 CFR 658.5(b))	Maximum Points	Site A	Site B	Site C	Site D
1. Area In Nonurban Use					
2. Perimeter In Nonurban Use					
3. Percent Of Site Being Farmed					
4. Protection Provided By State And Local Government					
5. Distance From Urban Builtup Area					
6. Distance To Urban Support Services					
7. Size Of Present Farm Unit Compared To Average					
8. Creation Of Nonfarmable Farmland					
9. Availability Of Farm Support Services					
10. On-Farm Investments					
11. Effects Of Conversion On Farm Support Services					
12. Compatibility With Existing Agricultural Use					
<b>TOTAL SITE ASSESSMENT POINTS</b>	<b>160</b>				

PART VII (To be completed by Federal Agency)	Maximum Points	Site A	Site B	Site C	Site D
Relative Value Of Farmland (From Part V)	100				
Total Site Assessment (From Part VI above or a local site assessment)	160				
<b>TOTAL POINTS (Total of above 2 lines)</b>	<b>260</b>				

Site Selected:	Date Of Selection	Was A Local Site Assessment Used? Yes <input type="checkbox"/> No <input type="checkbox"/>
----------------	-------------------	---

Reason For Selection:

A raptor and bird survey of the permit and adjacent areas was conducted during May, June and July. An additional survey was conducted during May 1995 on the Permit area, including the Alkali Lease. The results of these studies are in Appendix 3-G "1992 & 1995 Avian Surveys."

#### 3.22.10 Scope and Level of Detail

The scope and level of detail will be sufficient to design the protection and enhancement of the fish and wildlife in the area of the Soldier Canyon Mine LOM permit area required under R614-301-333.

#### 3.22.20 Site-Specific Resource Information

The permit area serves primarily as rangeland for livestock and wildlife habitat. A wide variety of wildlife species utilize habitats within and adjacent to the permit area. Among the more economically important and high interest species are mule deer, elk, mountain lion, coyote, blue grouse, reffed grouse, sage grouse, snowshoe hare, mountain cottontail, desert cottontail, and a variety of raptor species.

Details and methodology of the investigations are addressed in Appendices 3-D and 3-D-1.

#### 3.22.21 Listed or Proposed Endangered or Threatened Species of Plants or Animals

Three species federally listed as "endangered" by the U.S. Fish and Wildlife Service are potential inhabitants of the general region of the project area: the black-footed ferret, bald eagle, and peregrine falcon (Table 3.22-1).

The rarity of the black-footed ferret as well as their nocturnal and subterranean habits, contribute to their undetermined status in Utah. The only time ferrets may be seen with any regularity is in late summer when the young are active above ground (Clark, 1978). The range of the black-footed ferret closely coincides with that of prairie dogs. Ferrets utilize prairie dog burrows for living and rearing their young (Boner et al., 1977) and, thus, areas supporting prairie dogs on or adjacent to proposed permit area are potential habitat for the black-footed ferret. There have been no confirmed sightings of ferrets in Carbon County. The most recent unconfirmed sighting was by a local UDWR Conservation Officer on February 10, 1980 and occurred near East Carbon City.

A search to the east and southeast of the Soldier Canyon Coal Mine area was conducted in April and May, 1980. No prairie dogs or prairie dog colonies are known to exist on the proposed area.

APPENDIX 3 G

1992 AVIAN SURVEYS  
WITH 1995 UPDATED MAP



**LEGEND**

- ▲ Golden Eagle Nest
- △ Prairie Falcon Scrape
- Butte or Red Tailed Hawk Nest
- ▲ Raven Nest
- ▲ Raptor Observation

1995 RAPTOR SURVEY

apparently causing undue mortality to wildlife, then appropriate mitigation measures will be taken such as erecting "deer crossing" signs, or reducing speed limits. Soldier commits to including wildlife awareness and protection training in its annual training curriculum for all employees. It also commits to requiring its haulage contractor to include such training in the contractor's employee training. When possible this training will include participation by a representative of UDWR. UDWR has determined that most of the mule deer wintering in the vicinity of the project area migrate via canyons west of Fish Creek. Only a few animals utilize Fish Creek or Dugout Canyon a migratory routes.

#### Regulation of Firearms and Activity Within Mine Boundaries

State and federal wildlife regulations will be enforced on the Applicant's properties within the permit area.

The presence of unauthorized people and companion animals is prohibited in areas controlled by the Applicant. Harassment of wildlife by excessive observation, disturbance of nesting birds and young animals, and chasing wildlife in vehicles (such as snowmobiles), will be discouraged by the Applicant. The unauthorized use of off-road vehicles on land controlled by the Applicant will be prohibited.

#### Replacement of High Value Habitat

Following mining, revegetation will be primarily concerned with replacing the pre-mining habitats. High value habitats including pinion-juniper, and riparian areas will be restored to pre-mining or better condition.

#### Regulation of Pesticides

Efforts will be taken to carefully regulate the use of pesticides when needed to prevent insects from destroying newly established revegetation. These chemicals can have serious consequences to wildlife; therefore, before a pesticide is utilized, the type and the appropriate concentration will be approved by the Regulatory Authority.

3.40 Reclamation Plan

3.41 Revegetation Plan

#### Introduction

The following revegetation plan has been developed to address all disturbed areas requiring reseeding associated with the Soldier Canyon Mine. At the central mine facilities area, this includes all disturbances with the exception of those associated with Soldier Creek Road and the REI properties (Exhibit 5.21-1). At the sewage lagoons area, all disturbances will be revegetated with the exception of the access roads. These roads will be returned to public use and access.

The short-term goal of this revegetation plan is the immediate stabilization of the disturbed sites through erosion control. This objective will be achieved through controlled grading practices, proper seedbed preparation to encourage

#### 4.11.13 Existing Land Use and Classification

County Zoning Ordinance No. 155 Article IV restricts land use in the vicinity of the permit area (Exhibit 4.11-1). The mine's surface facilities are located in a CE-2 zone that is described as "certain mountain, riparian and other lands of environmental concern in the county which, because of the presence of less severe physical conditions, are of less critical environmental concern than the "more restrictive" CE-1 Zone, and are suitable for limited levels of development activity". The Applicant has approval to operate in the CE-2 and M&G zones from Carbon County (Illustration 4-1).

Other zones in the vicinity of the mine permit boundary are the CE-1 and M&G Zones. The CE-1 Critical Environmental Zone includes the canyon, mountains, riparian and other lands of environmental concern in the County. Because of limitations imposed by topography, climate, soil conditions and other natural features, use of the land within this zone has been limited primarily to livestock grazing and related uses, wildlife habitat, and certain outdoor recreation activities and facilities. The M&G-1 Zone (mining and grazing) generally includes the low rangeland areas of Castle Valley. Because of the limitations imposed by climate, topography, soil capability, inadequate water supply and the presence of economically significant mineral deposits, this area has historically been utilized as a place for the grazing of livestock on the open range and as the location of numerous mining and mineral exploration sites. The peculiar characteristics and conditions present in this area make the land more appropriately suited for a continuation of these uses. However, because of the relatively fragile balance of nature in the area, all permitted activities must be carried out in a manner consistent with the limitations of the environment.

#### 4.11.14 Cultural and Historic Resources Information

Cultural resource inventories have been completed within the proposed LOM area of the Soldier Canyon Mine (Exhibit 1.12-1). These studies were performed by Archeological Environmental Research Corporation (AERC) between late summer of 1979 and early summer of 1989, Hauck and Weder (1980), Berry (1984), Metcalf Archeological Consultants, Inc. (1985), Neilson Consulting Group (1990), and AERC (1995). The reports on these surveys are presented in Appendix 4-A, 4-B, and 4-C.

During the initial permitting of the Soldier Canyon Mine (SCM), Metcalf Archeological Consultants used information gathered by Hauck and Weder, Berry, and AERC along with their information to produce a cultural resource report (Appendix 4-B) for the initial LOM area.

Illustration 4.13-1

RECEIVED

SEP - 5 1995

SOLDIER CREEK COAL CO.

September 1, 1995

Soldier Creek Coal Company  
P.O. Box 1029  
Wellington, Utah 84542

Dear Sirs:

I am the owner of certain surface properties overlying your coal leases of which you are developing or plan to develop in the near future. A description of my surface ownership is as follows:

Township 13 South, Range 11 East

- Section 1: All
- Section 10: E $\frac{1}{2}$ , E $\frac{1}{2}$
- Section 11: All
- Section 12: All
- Section 13: W $\frac{1}{2}$
- Section 14: N $\frac{1}{2}$
- Section 15: NE $\frac{1}{4}$ , NE $\frac{1}{4}$

Township 13 South, Range 12 East

- Section 6: All
- Section 7: N $\frac{1}{2}$
- " " SW $\frac{1}{4}$
- " " NW $\frac{1}{4}$ , SE $\frac{1}{4}$

Be advised I have no objection to underground mining activities on your coal leases below any portion of the aforementioned surface properties I currently own.

I understand that some subsidence related surface movement may occur as a result of underground coal mining activities. I will not hold Soldier Creek Coal Company responsible for said subsidence and related movement.

I expect that post-mining use of my surface properties will be the same as the current usage which includes livestock grazing, wildlife habitat, big game hunting and other recreational activities.

I also hereby authorize Soldier Creek Coal Company or its authorized agents to enter said surface properties to conduct water monitoring, subsidence surveys, raptor surveys or other

## Illustration 4.13-1

-2-

required studies as stipulated in the permits currently granted or to be granted by the various governmental agencies provided that I am notified in advance of the need to enter said properties and advised of the type and duration of activities to take place. As part of this permission, I also expect that Soldier Creek Coal Company or their authorized agents enter said properties with vehicles or other transportation modes (ATV's, etc.) so as to not damage existing roads and that all gates be closed and/or locked as necessary as they enter or exit said properties.

Sincerely,

*Louise L. Iriart*

Louise L. Iriart

APPENDIX 4 C

NEILSON CONSULTING GROUP  
AND  
ARCHEOLOGICAL-ENVIRONMENTAL RESEARCH CORPORATION  
CULTURAL RESOURCES REPORTS

**A CLASS II (SAMPLE SURVEY)  
CULTURAL RESOURCE EVALUATION  
OF THE ALKALI TRACT AREA IN THE  
BOOK CLIFFS LOCALITY OF  
CARBON COUNTY, UTAH**

Report Prepared for  
Coastal Energy Corporation/Utah Fuel Company/  
Soldier Creek Coal Company

Dept. of Interior (BLM-Utah) Permit No.: UT-95-54937  
AERC Project 1484 (CSEC-95-2)

Utah State Project No.: UT-95-AF-114p

Principal Investigator & Author of Report  
F. Richard Hauck, Ph.D.



**ARCHEOLOGICAL-ENVIRONMENTAL RESEARCH  
CORPORATION (AERC)**

181 North 200 West, Suite 5  
P.O. Box 853  
Bountiful, Utah 84011-0853

July 6, 1995

## **ABSTRACT**

An intensive cultural resource evaluation has been conducted for Coastal Energy Corporation/Utah Fuel Company/Soldier Creek Coal Company of the Alkali Tract locality situated on private lands in the Book Cliffs locality of Carbon County, Utah. The client's proposed coal lease development program in this locality requires archaeological evaluations of 10% of the total 3060 acre study zone in order to assess its potential for containing significant resources that could be adversely affected by future subsidence activities related to the proposed mining program.

This evaluation therefore consists of a Class II or stratified sample survey of the 3060 acre study zone. That 3060 study zone contains 2060 acres in the Alkali Lease Tract, 400 acres within the Section 2 tract, and 600 acres within a .25 mile-wide buffer zone around the western and northern peripheries of the Alkali Tract.

Of these 3060 total acres, AERC archaeologists, Glade Hadden and F.R. Hauck intensively examined 335 acres or 11% of the total study area between June 26 and 30, 1995. Records in the Utah State Antiquities Section indicate that an additional 40 acres in the study area have been previously inventoried (Utah Permit G-700-4); the original report of that early survey is missing from the State files and cannot be examined or further cited.

The Class II sample survey of the 3060 acres was non-randomly developed due to the limited amount of acreage that is accessible for archaeological evaluation; perhaps 80% of the surfaces within the study area consists of escarpments associated with the Book Cliffs. Thus, AERC's intensive evaluations were confined to the upper ridges and escarpment crests -- those accessible localities where prehistoric and historic activities could have occurred.

No previously recorded significant or National Register eligible cultural resources were identified within the study area.

Two isolated artifacts were observed during the evaluation. Both artifacts consist of single lithic flakes that cannot be culturally identified or associated with activity loci.

No historic or prehistoric cultural resource activity loci were discovered and recorded during the examination. Camping debris observed within the study area is generally of modern derivation.

No paleontological loci were identified during the evaluation.

## TABLE OF CONTENTS

	page
Abstract . . . . .	ii
Table of Contents . . . . .	iii
List of Maps of the Project Area . . . . .	iv
General Information . . . . .	1
Project Location . . . . .	6
Environmental Description . . . . .	6
Previous Research in the Locality . . . . .	7
File Search . . . . .	7
Prehistory and History of the Cultural Region. . . . .	7
Field Evaluations . . . . .	8
Methodology . . . . .	8
Site Significance Criteria . . . . .	9
Results of Inventory . . . . .	10
Conclusion and Recommendations . . . . .	10
References . . . . .	11

**LIST OF MAPS OF THE PROJECT AREA**

	page
MAP 1: General Project Locality in Carbon County, Utah . . . . .	2
MAP 2: General Study Area in the Book Cliffs Locality of Carbon County, Utah . . . . .	3
MAP 3: Cultural Resource Survey of Selected Surfaces Within the Alkali Tract in the Book Cliffs Locality of Carbon County, Utah .	4
MAP 4: Cultural Resource Survey of Selected Surfaces Within the Alkali Tract in the Book Cliffs Locality of Carbon County, Utah .	5

## GENERAL INFORMATION

From June 26 through 29, 1995, AERC archaeologists F. Richard Hauck and Glade Hadden conducted a Class II sample survey within the 3060 acre study area associated with the Alkali Tract potential lease area in the Book Cliffs locality of Carbon County, Utah (see Maps 1 and 2). This sample survey involved an intensive investigation of 10% of the 3060 acre study area for Coastal Energy Corporation/Utah Fuel Company/Soldier Creek Coal Company of Price, Utah.

Utah Fuel Company's proposed coal lease development program in the Alkali Tract locality requires archaeological evaluations of at least 10% of the total 3060 acre study zone in order to assess its potential for containing significant resources that could be adversely affected by future subsidence activities related to the proposed mining program.

This evaluation therefore consists of a Class II or stratified sample survey of the 3060 acre study zone. That 3060 study zone subdivides into three separate units. These units include 2060 acres in the Alkali Lease Tract, 400 acres within the Section 2 tract, and 600 acres within a .25 mile-wide buffer zone around the western and northern peripheries of the Alkali Tract.

Of these 3060 total acres, AERC archaeologists, Glade Hadden and F.R. Hauck intensively examined 335 acres or 11% of the total study area. Records in the Utah State Antiquities Section indicate that an additional 40 acres in the study area have been previously inventoried (Utah Permit G-700-4); the original report of that early survey is missing from the State files and cannot be examined or further cited. With the addition of this 40 acre parcel (see Map 3 for location), the total evaluated acreage increases to 375 acres or 12.25% of the 3060 acre study zone.

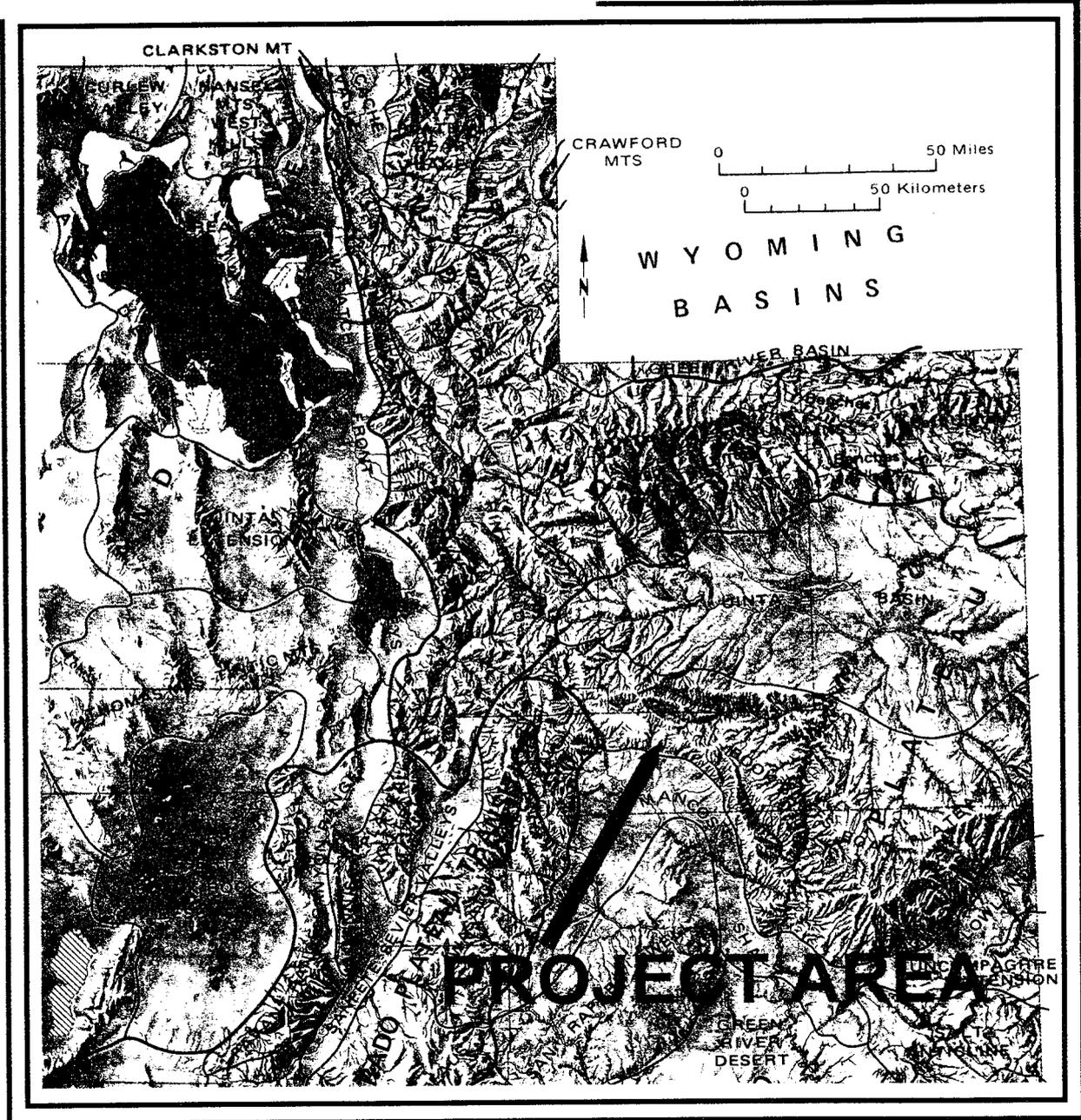
AERC's Class II sample survey of the 3060 acre study zone was non-randomly selected due to the limited amount of acreage that is accessible for archaeological evaluation; perhaps 80% of the surfaces within the study area consists of escarpments associated with the Book Cliffs. Thus, AERC's intensive evaluations were confined to the upper ridges and escarpment crests -- those accessible localities where prehistoric and historic activities could have occurred (cf., Maps 3 and 4).

All evaluated areas are situated on privately owned land. The majority of the survey area acreage is owned by the Iriart brothers of Price, Utah.

The purpose of the field study and this report is to identify and document cultural resource presence and assess National Register potential significance relative to established criteria

**MAP 1: GENERAL PROJECT  
LOCALITY IN CARBON COUNTY  
UTAH**

**PROJECT:** CSEC - 95 - 2  
**SCALE:** see below  
**QUAD:** UG & MS Map 43  
**DATE:** July 5, 1995



UTAH

T. multiple

R. multiple

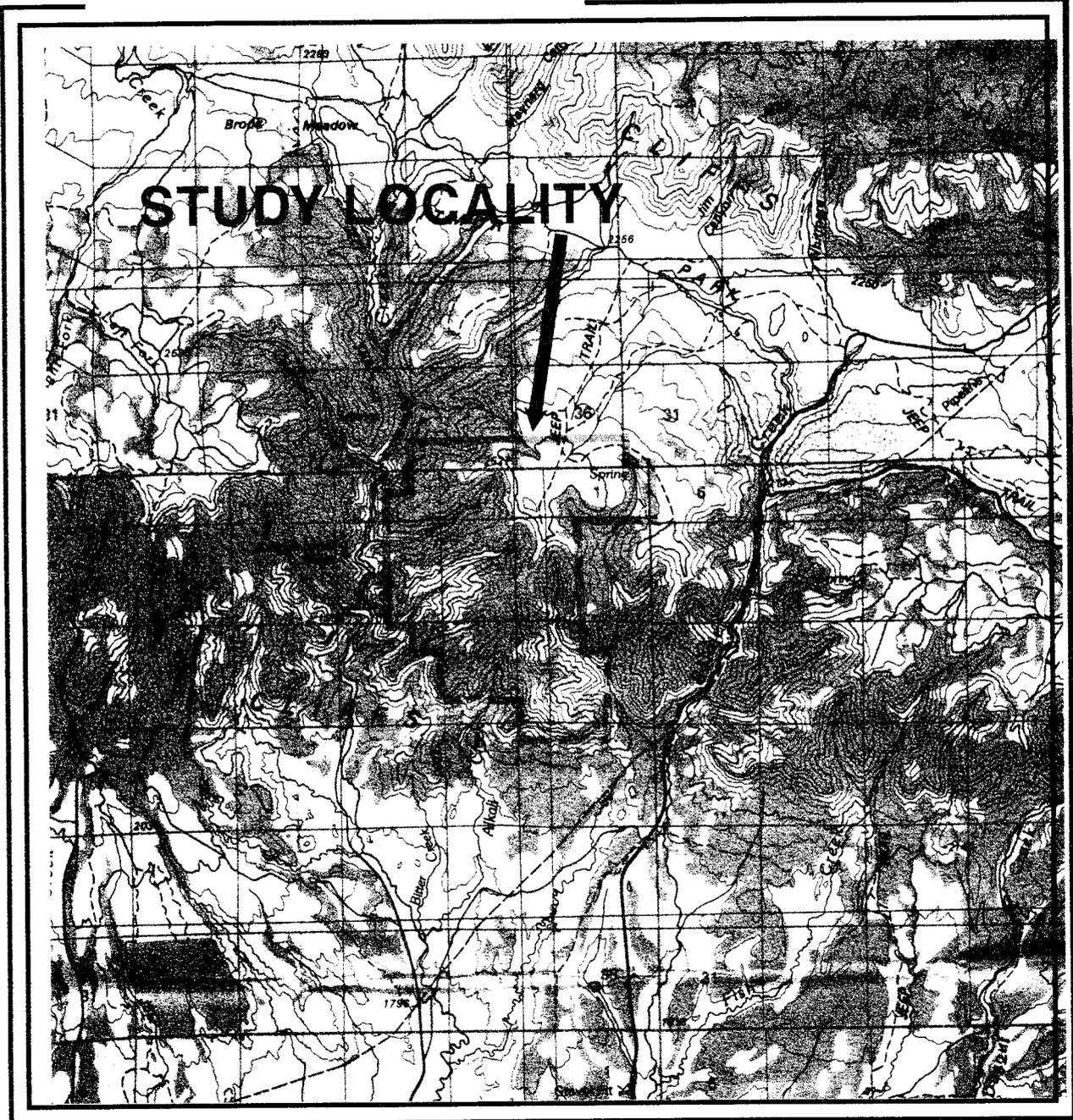
Meridian: Salt Lake B & M

(After PHYSIOGRAPHIC SUBDIVISIONS  
OF UTAH by W.L. Stokes)

**MAP 2: GENERAL STUDY AREA  
IN THE BOOK CLIFFS  
LOCALITY OF CARBON  
COUNTY, UTAH**

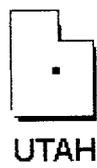


**PROJECT:** CSEC - 95 - 2  
**SCALE:** 1: 100,000  
**QUAD:** Price - U.S. Geological Survey  
**DATE:** July 5, 1995



**LEGEND:**

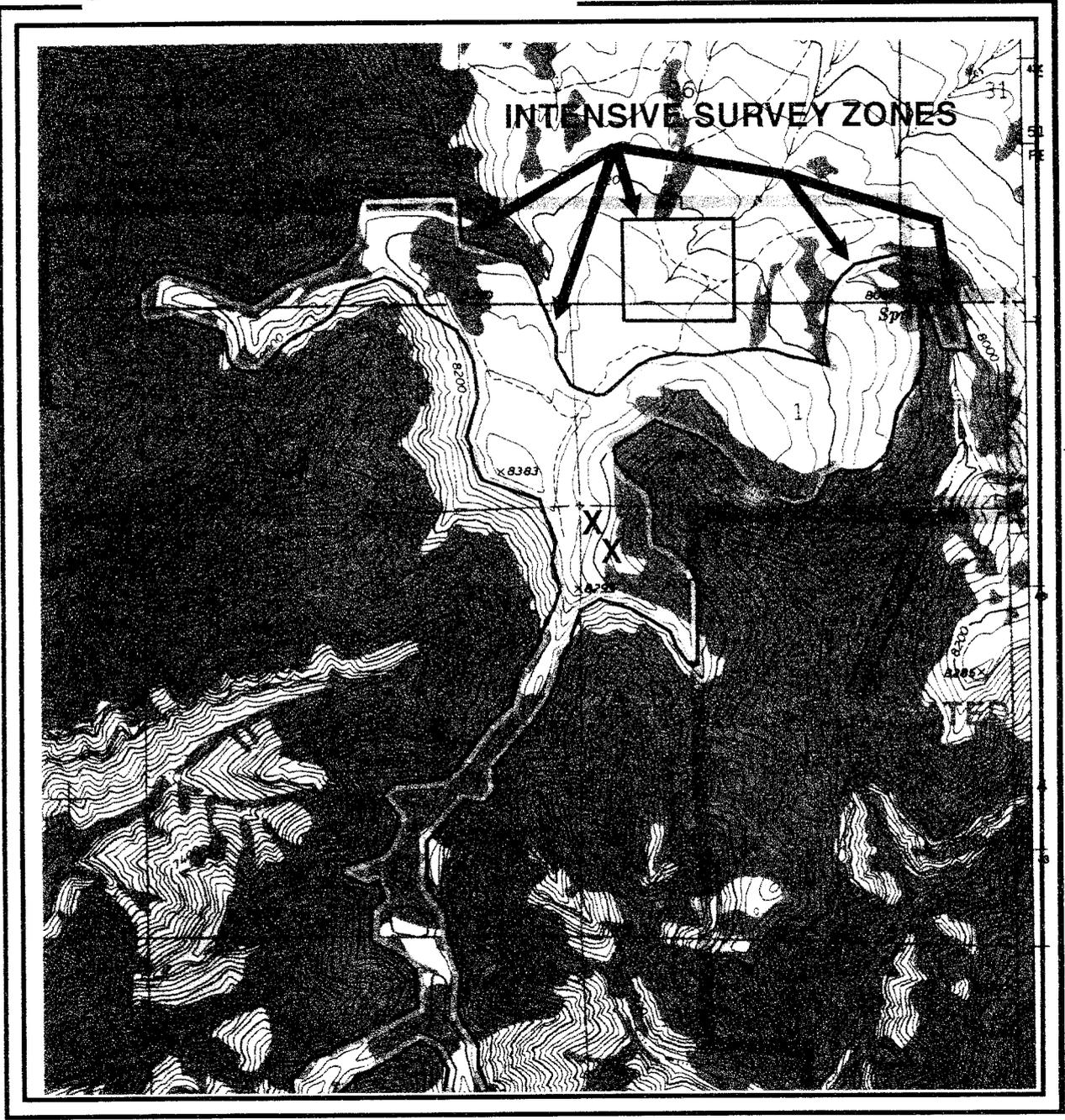
- T. 12 & 13 South
  - R. 11 & 12 East
  - Meridian: Salt Lake B & M
- (see above)



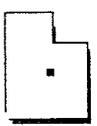
MAP 3: CULTURAL RESOURCE SURVEY  
OF SELECTED SURFACES WITHIN THE  
ALKALI TRACT IN THE BOOK CLIFFS  
LOCALITY OF CARBON  
COUNTY, UTAH



PROJECT: CSEC - 95 - 2  
SCALE: 1: 24,000  
QUAD: Deadman Canyon, Utah  
DATE: July 5, 1995



LEGEND:



UTAH

T. 12 & 13 South

R. 11 & 12 East

Meridian: Salt Lake B & M

Isolated Artifact X

**MAP 4: CULTURAL RESOURCE SURVEY  
 OF SELECTED SURFACES WITHIN THE  
 ALKALI TRACT IN THE BOOK CLIFFS  
 LOCALITY OF CARBON  
 COUNTY, UTAH**

**PROJECT:** CSEC - 95 - 2  
**SCALE:** 1: 24,000  
**QUAD:** Deadman Canyon, Utah  
**DATE:** July 5, 1995



**LEGEND:**



UTAH

T. 13 South

R. 11 East

Meridian: Salt Lake B & M

Isolated Artifact X

(cf., Title 36 CFR 60.6). The proposed development of the coal reserves within the Alkali Tract requires an archaeological evaluation in compliance with U.C.A. 9-8-404, the Federal Antiquities Act of 1906, the Reservoir Salvage Act of 1960-as amended by P.L. 93-291, Section 106 of the National Historic Preservation Act of 1966-as amended, the National Environmental Policy Act of 1969, the Federal Land Policy and Management Act of 1979, the Archaeological Resources Protection Act of 1979, the Native American Religious Freedom Act of 1978, the Historic Preservation Act of 1980, and Executive Order 11593.

In addition to documenting cultural identity and significance, mitigation recommendations relative to the preservation of cultural data and materials can be directed to the Utah State Antiquities Section. This work was done under U.S. Department of Interior Permit for Utah UT-95-54937 which expires on January 31, 1996.

### **Project Location**

The project area is located in the Book Cliff escarpment and canyon complex northeast of Price in Carbon County, Utah (see Maps 1-4). The study zone is situated on the Deadman Canyon, Utah 7.5 minute topographic quad.

The Class II sample survey area was confined to the top and upper ridgelines associated with the Book Cliffs simply because that locality was the most accessible of the entire Alkali Tract lease area and because that is the only locality where significant prehistoric and historic occupations are likely to occur within the entire permit area; the majority of the Alkali Tract area contains escarpments associated with Coal Creek and Alkali Creek canyons to the west and southwest and an unnamed canyon to the east.

Portions of the sample survey area are in the southern half of Sections 35 and 36, Township 12 South Range 11 East (see Map 3). The majority of the evaluated area is on the top and crest of the Book Cliffs in Sections 1, 2, 11, and 12 of Township 13 South, Range 11 East (see Map 3). Narrow ridge tops were also examined in Section 35 (Township 12 South, Range 11 East), and Sections 11, and 14 of Township 13 South, Range 11 East as shown on Maps 3 and 4.

### **Environmental Description**

The Alkali Tract general study area ranges in elevation between 6900 and 8383 feet above sea level. The sample survey area was confined to the 7800 to 8383 elevations.

The vegetation in the project area is characterized by Aspen communities on the upper well-watered terraces and ridges. Pinyon/Juniper woodland and associated rangeland vegetation including Chrysothamnus spp., Artemisia spp., and a variety of grasses and flowers are most common on the south-facing slopes. Cliffrose (Cowania stansburiana), Ash (Fraxinus spp.), Squawbush (Rhus trilobata), Oak (Quercus spp.) and Sarvisberry (Amelanchier utahensis) are the dominant species encountered within the drainages and sandstone ledges.

The geological association within this project area consists of the Cretaceous age Price River Formation, Castlegate Sandstone Formation, and Blackhawk Group (Hintze 1973; Stokes 1986).

## **PREVIOUS RESEARCH IN THE LOCALITY**

### **File Search**

A records search of the site files and maps at the Antiquities Section of the State Historic Preservation Office in Salt Lake City was conducted on March 21, 1995. The National Register of Historic Places has been consulted and no registered historic or prehistoric properties will be affected by the proposed development.

Previous archaeological research in the region has revealed the presence of extensive archaeological loci in Ninemile Canyon. AERC's 1979-1980 evaluations in nearby Sage Point-Dugout Creek locality identified a fairly high density of prehistoric activity loci in those lower elevations at the base of the Book Cliffs (Hauck and Weder 1980). More recently, various archaeologists have conducted evaluations related to the Soldier Creek Coal Mine development (see Berry 1984 and Black and Metcalf 1986). Those examinations included canyon floors and highland crests and ridges. Sites recorded during those inventories were also found to be associated with the lower elevations in the canyon bottoms below the Book Cliff escarpments.

### **Prehistory and History of the Cultural Region**

Currently available information indicates that the northern Colorado Plateau Cultural Region has been occupied by a variety of cultures beginning perhaps as early as 10,000 B.C. These cultures, as identified by their material remains, demonstrate a cultural developmental process that begins with the earliest identified Paleoindian peoples (10,000 -- 7,000 B.C.) and extends through the Archaic (ca. 7,000 B.C. -- A.D. 300), and Formative (ca. A.D. 400 -- 1200) Stages, and the Late Prehistoric-Protohistoric periods

(ca. A.D. 1200 -- 1850) to conclude in the Historic-Modern period which was initiated with the incursion of the Euro-American trappers, explorers, and settlers. Basically, each cultural stage -- with the possible exception of the Late Prehistoric hunting and gathering Shoshonean bands -- features a more complex life-way and social order than occurred during the earlier stage of development (Hauck 1991:53).

For a more comprehensive treatment of the prehistory and history of this region see Archaeological Evaluations in the Northern Colorado Plateau Cultural Area (Hauck 1991), Prehistory of Utah and the Eastern Great Basin (Jennings 1978), and Cultural Resource Evaluation in Central Utah -- 1977 (Hauck 1979).

## **FIELD EVALUATIONS**

### **Methodology**

Since the study area was determined to consist of 3060 acres with at least 80% of those surfaces inaccessible escarpments and narrow canyon channels, the 10% sample acreage (ca. 306 acres) was directed toward the more accessible highlands that are situated in the northern portion of the Alkali Tract (see Maps 2 and 3). AERC's past experience in similar highland terrains on the Book Cliffs, Tavaputs Plateau, and Wasatch Plateau has demonstrated that canyon rims and associated seep locations have the greatest potential for containing prehistoric activity loci; thus, the sample survey acreage was coordinated with those general surface conditions in the Alkali Tract on the top of the Book Cliffs.

The intensive evaluation of the Class II sample area was accomplished by the archaeologists walking a series of 5 to 25 meter wide transects across the surface within the sample survey area as shown on Maps 3 and 4. The width of the transects varied depending on slope, aspect, and ground cover. Localities having a moderate potential for containing cultural resource presence were subjected to transects of less than 12 meters in width.

Between 60 and 70% of the surface within the sample area was found to be obscured by the dense ground cover resulting from a long, damp spring. In addition, road blading along the canyon rim, rodent bioturbation, and agricultural activities, e.g., sheep bedding, have further altered certain surfaces which may have once contained limited archaeological materials. Because of these difficulties, much of the sample survey area was not easily evaluated for general archaeological presence.

Surface subsidence is the primary concern relative to Utah Fuel Company's future mining activities in the Alkali Tract.

Surface subsidence is most disruptive to those types of historic and prehistoric sites that contain complex associations of cultural context, i.e., standing architecture, spatially displayed activity units, and/or buried stratigraphic sequences including materials, features, and occupation levels. Although the ground cover and surface conditions complicated the sample survey, the archaeologists were able to easily ascertain the presence and potential for these types of significant cultural remains.

Observation of cultural materials results in intensive examinations to determine the nature of the resource (isolate or activity locus). The analysis of each specific cultural site results in its subsequently being sketched, photographed, and appropriately recorded on the standard Intermountain Antiquities Computer System (IMACS) forms. Cultural sites are then evaluated for significance utilizing the standards described below and mitigation recommendations are considered as a means of preserving significant resources which may be situated within the sample survey area.

### **Site Significance Criteria**

Prehistoric and historic cultural sites which can be considered as eligible for nomination to the National Register of Historic Places have been outlined as follows in the National Register's Criteria for Evaluation as established in Title 36 CFR 60.6: *The quality of significance in American ... archaeology ... and culture is present in ... sites ... that possess integrity of location, design, setting, materials, workmanship, feeling, and association and:*

- a. That are associated with events that have made a significant contribution to the broad patterns of our history; or*
- b. that are associated with the lives of persons significant in our past; or*
- c. that embody the distinctive characteristics of a type, period, or method of construction ... ; or*
- d. that have yielded, or may be likely to yield, information important in prehistory or history.*

In addition to satisfying one or more of these general conditions, a significant cultural resource site in Utah will generally be considered as being eligible for inclusion in the National Register if it should advance our current state of knowledge relating to chronology, cultural relationships, origins, and cultural life ways of prehistoric or historic groups in the area.

In a final review of any site's cultural significance, the site must possess integrity and at least one of the above criteria to be considered eligible for nomination to the National Record of Historic Places.

### **Results of the Inventory**

No prehistoric or historic cultural resource activity loci were observed and recorded during AERC's current archaeological evaluations.

Two isolated artifacts were observed within the development area (see Maps 3 and 4). These isolates are a white-gray chert primary flake exhibiting cortex and a white chert secondary flake. Both artifacts are found on the east-facing slope directly above the loci where other similar identifications were made during an earlier archaeological survey that was conducted outside but immediately adjacent to the present Alkali Tract survey area (cf., Berry 1984). The presence of four isolated artifacts on the same ridge complex suggests that this terrain feature may have been anciently utilized as a transportation corridor linking the lower elevations with the Whitmore Park highland directly to the north. Both isolates were left in their original position as agreed with the local landowners.

No paleontological loci were observed or recorded during the evaluation.

### **CONCLUSION AND RECOMMENDATIONS**

No significant historic or prehistoric cultural resources that could be susceptible to surface subsidence were observed within the sample survey area during the archaeological inventory.

The limited surveys conducted to-date in the highland environments on the top of the Book Cliffs have tended to produce negative results; the prehistoric inhabitants of the Price River basin and Ninemile Canyon localities evidently utilized the highlands associated with the top of the Book Cliff escarpments as occasional and specific resource procurement zones and not as base camps or summer occupation areas.

  
F. Richard Hauck, Ph.D.  
President and Principal  
Investigator

## REFERENCES

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- 1984 "A Cultural Resource Survey of Selected Portions of the Soldier Canyon Mine Lease Area." International Learning and Research, Inc., Cedar City.

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1980 Intensive Archaeological Surface Evaluations of the Proposed Sage Point-Dugout Canyon Project in Carbon County, Utah. AERC Paper No. 19, Archeological-Environmental Research Corporation, Bountiful.

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- 1978 "Prehistory of Utah and The Eastern Great Basin." University of Utah Anthropological Papers Number 98. University of Utah Press, Salt Lake City.

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- 1977 Physiographic Subdivisions of Utah. Map 43, Utah Geological and Mineral Survey, Salt Lake City.

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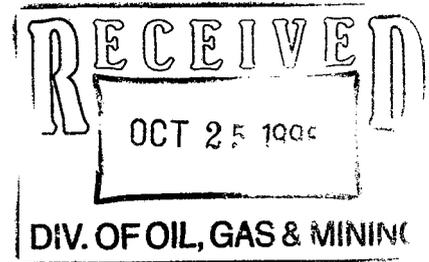


**Coastal**  
The Energy People

007/018 #2  
cc: Daron

October 24, 1995

Daron R. Haddock  
Permit Supervisor  
Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203



Re: Response to Deficiencies in Incidental Boundary Change, Soldier Creek Coal Company, ACT/007/018

Dear Mr. Haddock:

In response to your letter to Rick Olsen dated October 19, 1995, we propose the following revisions to above referenced Incidental Boundary Change:

**R645-301-114**

Since the original submittal of this permit change the BLM has issued the lease document for Lease UTU-69635 with an effective date of October 1, 1995. Page 1-84 of the permit has been revised to show this date and to reference a copy of the lease in Appendix 1B. Please replace this page in the original submittal. Also enclosed are cover sheets for Appendix 1B and copies of the lease for insertion into the permit.

**R645-301-115**

Page 1-98 of the permit has been revised to state that there are no public roads or occupied dwellings within the area of the Incidental Boundary Change. Please replace this page in the permit. This revision also requires the insertion of page 1-98a, copies of which are included.

**R645-301-525 (R645-301-321)**

Page 5-20 of the permit has been revised to include a statement that color infrared aerial photographs will be used every 5 years, at permit renewal, to monitor the effects of mining on the vegetative resource. Please replace this page in the permit. This change required that page 5-20a be inserted into the permit.

**Utah Fuel Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
P O BOX 719 • HELPER UT 84526-0719 • 801/637-7925 • FAX 801 637-7929 • SALT LAKE 801 596-7111

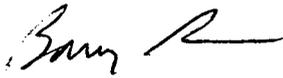
Mr. Daron R. Haddock  
October 24, 1995  
Page 2 of 2

**R645-301-728**

Exhibit 5.21-5 has been revised to show mining only within the Incidental Boundary Change area of the Alkali Lease. Copies of this revised map are enclosed for replacement in the permit.

We appreciate the Division's very rapid and complete review of our September 13, 1995, submittal and we hope that this response will allow approval of this Incidental Boundary Change. If there are any questions, please contact us.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Barry R.", written in black ink.

Barry Barnum, P.E.

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.

Federal Coal Lease UTU-69635

Date of Lease: October 1, 1995

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 1: Lots 1-7, Lot 8 for all coal except the Rock Canyon seam

Sec. 10: E 1/2 E 1/2

Sec. 11: All

Sec. 12: W 1/2 W 1/2

Sec. 13: W 1/2 NW 1/4, SE 1/4 NW 1/4, SW 1/4

Sec. 14: N 1/2, N 1/2 S 1/2, SE 1/4 SE 1/4

Sec. 15: NE 1/4 NE 1/4

Sec. 23: N 1/2 NE 1/4 NE 1/4

Sec. 24: N 1/2 N 1/2 NW 1/4

Containing 2,177.52 acres

Supporting Documents:

1. Coal Lease UTU-69635 Form 3400-12, Appendix 1B

2. BLM Environmental Assessment, March 1995, Appendix 1A

**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

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

APPENDIX 1B

COAL LEASE UTU-69635



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
324 South State, Suite 301  
Salt Lake City, Utah 84111-2303

IN REPLY REFER TO:

3425  
UTU-69635  
(UT-923)

SEP 22 1995

CERTIFIED MAIL--Return Receipt Requested

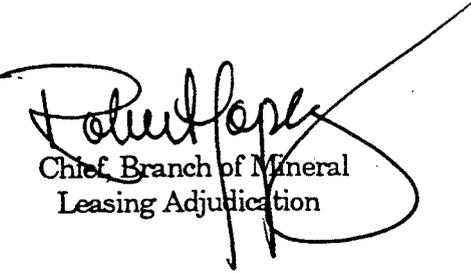
### DECISION

Sage Point Coal Company	:	
c/o Coastal States Energy Co.	:	Coal Lease
175 East 400 South, Suite 800	:	UTU-69635
Salt Lake City, UT 84111	:	

Lease Issued  
Bond Accepted

Pursuant to the lease by application coal sale held July 19, 1995, the bid of Sage Point Coal Company for the Alkali Creek Tract, assigned serial no. UTU-69635, was determined to be the acceptable high bid. Satisfactory evidence of the qualifications and holdings of Sage Point Coal Company have been filed; therefore, coal lease UTU-69635 is hereby issued effective October 1, 1995.

A surety bond of \$2,140,000 was filed in this office September 21, 1995. The name of the surety is St. Paul Fire and Marine Insurance Company, and the surety bond no. is 400JT1129. The bond is hereby accepted, as of October 1, 1995.

  
Chief Branch of Mineral  
Leasing Adjudication

Enclosure  
Coal Lease UTU-69635

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

UTU-69635

COAL LEASE

PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management, and  
(Name and Address)

Sage Point Coal Company  
c/o Coastal States Energy Company  
175 East 400 South, Suite 800  
Salt Lake City, Utah 84111

hereinafter called lessee, is effective (date) **OCT 01 1995**, for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;
- Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 13 S., R. 11 E., SLM, Utah

Sec. 1, lots 1-7; lot 8 (for all coal except the Rock Canyon Bed)

Sec. 10, E2E2;

Sec. 11, all;

Sec. 12, W2W2;

Sec. 13, W2NW, SENW, SW;

Sec. 14, N2, N2S2, SESE;

Sec. 15, NENE;

Sec. 23, N2NENE;

Sec. 24, N2N2NW.

95 SEP 21 PM 1:42  
DEPT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
UTAH STATE OFFICE  
RECEIVED  
ACCOUNTS UNIT

containing 2,177.52 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$ 3.00/ per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12 1/2 & 8 percent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of \$2,140,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. Lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

**Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION** - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any authorized officer of lessor, the leased premises and all surface and ground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

**Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS** - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral interests in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

**Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY** - Lessee shall pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies, and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

**Sec. 15. SPECIAL STIPULATIONS** -

**Sec. 9. (a) TRANSFERS**

- This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.
- This lease may be transferred in whole or in part to another public body or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.
- This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest *must* be approved in accordance with the regulations.

(b) **RELINQUISHMENT** - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

**Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC.** - At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

**Sec. 11. PROCEEDINGS IN CASE OF DEFAULT** - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

**Sec. 12. HEIRS AND SUCCESSORS-IN-INTEREST** - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

**Sec. 13. INDEMNIFICATION** - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

**Sec. 14. SPECIAL STATUTES** - This lease is subject to the Clean Water Act (33 U.S.C. 1252 et. seq.), the Clean Air Act (42 U.S.C. 4274 et. seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et. seq.).

This coal lease is subject to termination if the lessee is determined at the time of issuance to be in noncompliance with Section 2(a)2(A) of the Mineral Leasing Act.

**SEE ATTACHED STIPULATIONS**

THE UNITED STATES OF AMERICA

Sage Point Coal Company

Company or Lessee Name

*Werner A. Mortensen*

(Signature of Lessee)

Executive Vice President

(Title)

September 18, 1995

(Date)

By Bureau of Land Management

*John Hope*

(Signing Officer)

Chief, Branch of Mineral Leasing Adjudication

(Title)

SEP 22 1995

(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.

The following stipulations made part of this lease may be waived or amended with the mutual consent of the lessor and lessee.

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. The permitting of any mining operations on the lease will be subject to the possible designation of any portion of the lease as unsuitable for some or all kinds of surface mining under the regulations of the Department under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) in effect at the time of action on the mine plan permit.

3. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural resources.

If significant cultural resources are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by qualified paleontologists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.

If paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries brought to his attention and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee. The cost of salvage of paleontological remains (fossils) shall be borne by the United States.

5. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory species of high Federal interest occur in the area, the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. A listing of migratory birds of high Federal interest in Federal coal producing regions is published by the Fish and Wildlife Service, Migratory Bird Management Office, Washington, D.C. The inventory shall be conducted by qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

6. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

7. Powerlines on the lease area used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

8. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities on the lease area. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

9. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

10. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: 1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, 2) cause damage to existing surface structures, or 3) damage or alter the flow of perennial streams.

11. In order to avoid surface disturbance on steep canyon slopes and to satisfy the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

12. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.

13. The lessee shall be required to pay the value of the royalty on coal left unmined without the authorized officer (AO) approval, which should have been recovered under the approval of a mine plan (Resource Recovery and Protection Plan, [R2P2]) and which would otherwise be lost or left economically inaccessible.

14. The unleased coal in this tract is included in Proposed Legislation cited as the "Utah Public Lands Management Act of 1995" concerning the Designation of BLM Wilderness Lands in Utah. Provisions of the Proposed Act call for the exchange of State and Federal Lands. The State of Utah has designated the unleased coal tract (Alkali Creek) for acquisition by the State. Consummation of the exchange under the Proposed Act may, in the future, allow for the State of Utah to succeed to some or all of the United States interest in this tract.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number	UTU-69635
Bond Number	400JT1129

BOND\* UNDER LEASE FOR  
MINING Coal DEPOSITS

KNOW ALL MEN BY THESE PRESENTS, That Sage Point Coal Company  
of Roanoke, Virginia, as principal,  
and St. Paul Fire and Marine Insurance Company  
of St. Paul, Minnesota, as surety,

Two Million One Hundred Forty  
are held and firmly bound unto the United States in the sum of Thousand and No/100----- dollars

(\$ 2,140,000.00 ), lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

The conditions of this obligation are such, that whereas the said principal entered into a lease of the lands described therein and upon conditions therein expressed, which lease bears the above serial number.

NOW, THEREFORE, if the said principal, his heirs, executors, administrators, or successors, shall faithfully carry out the obligations and observe the requirements of said lease, and shall duly keep, perform, and abide by each and every term and provision of said lease as therein stipulated and agreed, then this obligation shall be null and void; otherwise to remain in full force and effect.

Signed on this 6th day of September, 19 95, in the presence of:

*Bernie Sweazie*  
Bernie Sweazie  
9 Greenway Plaza  
Houston, Texas 77046

(Signature of Witness)

(Address of Witness)

*William Sweeney*  
William Sweeney  
2000 Bering Drive, Suite 900  
Houston, Texas 77057

(Signature of Witness)

(Address of Witness)

(Signature of Witness)

(Address of Witness)

Sage Point Coal Company  
*Austin M. O'Toole, Sr.*  
Austin M. O'Toole, Sr. Vice President  
Crestar Bank Building, 310 First Street  
Roanoke, Virginia 24011

(Signature of Principal)

(Address of Principal)

St. Paul Fire and Marine Insurance Company  
*Wendy W. Stuckey*  
Wendy W. Stuckey  
385 Washington Street,  
St. Paul, Minnesota 55102

(Signature of Surety)

(Address of Surety)

(Signature of Surety)

(Address of Surety)

This form of bond may be used in connection with coal, phosphate, and sodium leases, Act of February 25, 1920, as amended (30 U.S.C. 181 et seq.); potassium leases, Act of February 7, 1927, as amended (30 U.S.C. 281 et seq.); sulphur leases, Act of April 17, 1926, as amended (30 U.S.C. 271 et seq.); all such leases involving acquired lands, Act of August 7, 1947 (30 U.S.C. 351), and asphalt leases, Act of June 28, 1944 (58 Stat. 463, 483-485), by inserting the particular mineral applicable in the space provided therefor. If this bond is executed by a corporation, it must bear the corporate seal.

CERTIFIED  
COPY NO.

For verification of the authenticity of this Power of Attorney, you may telephone toll free 1-800-421-3880 and ask for the Power of Attorney Clerk. Please refer to the Certificate of Authority No. and the named individual(s).

1839696

F-13338

**GENERAL POWER OF ATTORNEY - CERTIFIED COPY**  
(Original on File at Home Office of Company. See Certification.)

**OW ALL MEN BY THESE PRESENTS:** That St. Paul Fire and Marine Insurance Company, a corporation organized and existing under the laws of the State of Minnesota, having its principal office in the City of St. Paul, Minnesota, does hereby constitute and appoint:

**William N. Burke, Elsa Alvarez, Mary C. Jones, Dan W. Burton, Wendy W. Stuckey,  
Sharon J. Sweeney, individually, Houston, Texas**

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise,

**NOT TO EXCEED IN PENALTY THE SUM OF TWENTY-FIVE MILLION DOLLARS (\$25,000,000) EACH**

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said St. Paul Fire and Marine Insurance Company, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, -Section 6(C), of the By-Laws adopted by the Shareholders of ST. PAUL FIRE AND MARINE INSURANCE COMPANY at a meeting called and held on the 28th day of April, 1978, of which the following is a true transcript of said Section 6 (C):

- "The President or any Vice President, Assistant Vice President, Secretary or Service Center General Manager shall have power and authority
- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
  - (2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
  - (3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 5th day of May, 1959, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, St. Paul Fire and Marine Insurance Company has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 30th day of November, A.D. 1990.



ST. PAUL FIRE AND MARINE INSURANCE COMPANY

STATE OF NEW JERSEY }  
County of Somerset } ss.

*Michael B. Keegan*  
MICHAEL B. KEEGAN, Secretary

On this 5th day of May, 19 95, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said that he/she is the therein described and authorized officer of St. Paul Fire and Marine Insurance Company; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his/her signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the township of Bedminster, New Jersey, the day and year first above written.



*Linda Smethers*

LINDA SMETHERS, Notary Public, Middlesex, NJ  
My Commission Expires December 16, 1996

**CERTIFICATION**

I, the undersigned officer of St. Paul Fire and Marine Insurance Company, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.



IN TESTIMONY WHEREOF, I have hereunto set my hand this

6th day of September, 19 95

*Michael W. Anderson*  
MICHAEL W. ANDERSON, Asst. Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

**ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.**

#### 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. {R645-301-115.100}
- b. Not within an area under study for designating lands unsuitable for surface coal mining operations. {R645-301-115.100}
- c. Not on any lands subject to the prohibitions or limitations for R645-103-322.
- d. Within 100 ft. of the outside right-of-way of a public road {R645-103-234}. 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. {R645-103-235}
- f. Not unsuitable in accordance with 522 of SMCRA.

There are no public roads and no occupied dwellings within the area proposed to be added to the permit by Incidental Boundary Change.

#### 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

of mine entries. These entries are associated with the existing mine ventilation shaft, and lie directly beneath the Soldier Creek channel. All such entries, which have less than 100 feet of overburden shall be backfilled with available underground development waste. Backfilling of additional entries with 100 to 250 feet of overburden may also be considered, but only if these entries show significant signs of deterioration upon abandonment. It should be noted that the available information on pillar strengths and overburden characteristics indicate that backfilling is not required for long-term stability. The backfilling proposed is considered a precautionary measure only.

#### 5.25.14 Monitoring

Subsidence monitoring will be carried out on an annual basis and will entail direct surveys and visual surveys of the mine permit area. The major concern of the subsidence monitoring will be the renewable resources, perennial streams, perennial springs and gas line within the permit area. The methods to be used for monitoring will be ground surveys of monuments and visual surveys during water monitoring or any other surface activities. Color infrared aerial photography will be used during each permit renewal to determine the effects, if any, of underground mining activities on the vegetative resources. Initial subsidence monitoring began in 1987 and will continue throughout the life of mine. Annual reports will be sent to the Regulatory Authority detailing all subsidence monitoring activities. The 1987 through 1991 subsidence monitoring summary sheets are presented as Tables 5.25-2 through 5.25-6 respectively. Also the monuments which have been monitored through 1990 are shown on Exhibit 5.22-1 & 5.25-1.

Monitoring will entail the establishment of surface control monuments within and adjacent to the permit area. This initial survey will provide the Applicant with a base network which will be expanded each progressive year to obtain subsidence information over the permit area. The expanded network will cover the expected development for each progressive year. Each monument will have horizontal and vertical control determined during the initial survey. This information will be used as a comparison tool for all future monitoring.

Annual resurveys of the mine permit area will produce vertical control at the same sites as the previous year (i.e. the base network and all expanded networks). Information on each site will continue to be produced annually while the area underlying the site is being actively mined or is still unstable and subsiding. The subsiding areas which show no change for two consecutive years will be considered stable and will be omitted from further annual surveys.

If mining within the dropped sites happens to occur, then the sites will, again, be added to the annual surveys. Also, during random years, some of the dropped sites will be monitored as a check on their stability and any showing a

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.

Federal Coal Lease UTU-69635

Date of Lease: October 1, 1995

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 1: Lots 1-7, Lot 8 for all coal except the Rock Canyon seam

Sec. 10: E 1/2 E 1/2

Sec. 11: All

Sec. 12: W 1/2 W 1/2

Sec. 13: W 1/2 NW 1/4, SE 1/4 NW 1/4, SW 1/4

Sec. 14: N 1/2, N 1/2 S 1/2, SE 1/4 SE 1/4

Sec. 15: NE 1/4 NE 1/4

Sec. 23: N 1/2 NE 1/4 NE 1/4

Sec. 24: N 1/2 N 1/2 NW 1/4

Containing 2,177.52 acres

Supporting Documents:

1. Coal Lease UTU-69635 Form 3400-12, Appendix 1B
2. BLM Environmental Assessment, March 1995, Appendix 1A

**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

Containing: 40 acres

T12S, R12E, SLB&M

Sec. 31: All

Containing: 600 acres

T12S, R12E, SLB&M

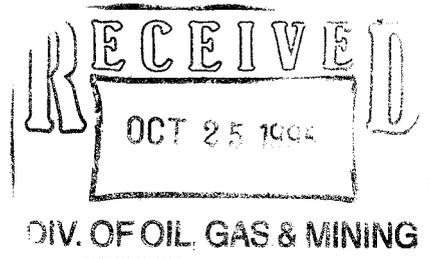
Sec. 33: SW 1/4, SE 1/4

Containing: 320 acres

T12S, R12E, SLB&M

Sec. 34: SW 1/4

Containing: 160 acres



APPENDIX 1B

COAL LEASE UTU-69635



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
324 South State, Suite 301  
Salt Lake City, Utah 84111-2303

IN REPLY REFER TO:

3425  
UTU-69635  
(UT-923)

SEP 22 1995

CERTIFIED MAIL—Return Receipt Requested

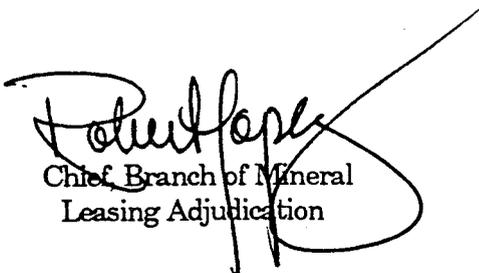
### DECISION

Sage Point Coal Company	:	
c/o Coastal States Energy Co.	:	Coal Lease
175 East 400 South, Suite 800	:	UTU-69635
Salt Lake City, UT 84111	:	

Lease Issued  
Bond Accepted

Pursuant to the lease by application coal sale held July 19, 1995, the bid of Sage Point Coal Company for the Alkali Creek Tract, assigned serial no. UTU-69635, was determined to be the acceptable high bid. Satisfactory evidence of the qualifications and holdings of Sage Point Coal Company have been filed; therefore, coal lease UTU-69635 is hereby issued effective October 1, 1995.

A surety bond of \$2,140,000 was filed in this office September 21, 1995. The name of the surety is St. Paul Fire and Marine Insurance Company, and the surety bond no. is 400JT1129. The bond is hereby accepted, as of October 1, 1995.

  
Chief, Branch of Mineral  
Leasing Adjudication

Enclosure  
Coal Lease UTU-69635

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

UTU-69635

COAL LEASE

PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management, and (Name and Address)

Sage Point Coal Company  
c/o Coastal States Energy Company  
175 East 400 South, Suite 800  
Salt Lake City, Utah 84111

hereinafter called lessee, is effective (date) **OCT 01 1995**, for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;
- Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

- T. 13 S., R. 11 E., SLM, Utah
- Sec. 1, lots 1-7; lot 8 (for all coal except the Rock Canyon Bed)
- Sec. 10, E2E2;
- Sec. 11, all;
- Sec. 12, W2W2;
- Sec. 13, W2NW, SENW, SW;
- Sec. 14, N2, N2S2, SESE;
- Sec. 15, NENE;
- Sec. 23, N2NENE;
- Sec. 24, N2N2NW.

UTAH STATE OFFICE  
BUREAU OF LAND MANAGEMENT  
ACCIDENT UNIT  
95 SEP 21 PM 1:42

containing 2,177.52 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$ 3.00/ per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12 1/2 % & 8 percent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of \$2,140,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. Lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

**Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION** - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any authorized officer of lessor, the leased premises and all surface and ground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

**Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS** - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

**Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY** - Lessee shall pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies, and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

**Sec. 15. SPECIAL STIPULATIONS** -

**Sec. 9. (a) TRANSFERS**

- This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.
- This lease may be transferred in whole or in part to another public body or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.
- This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

(b) **RELINQUISHMENT** - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

**Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC.** - At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

**Sec. 11. PROCEEDINGS IN CASE OF DEFAULT** - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

**Sec. 12. HEIRS AND SUCCESSORS-IN-INTEREST** - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

**Sec. 13. INDEMNIFICATION** - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

**Sec. 14. SPECIAL STATUTES** - This lease is subject to the Clean Water Act (33 U.S.C. 1252 et. seq.), the Clean Air Act (42 U.S.C. 4274 et. seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et. seq.).

This coal lease is subject to termination if the lessee is determined at the time of issuance to be in noncompliance with Section 2(a)2(A) of the Mineral Leasing Act.

**SEE ATTACHED STIPULATIONS**

THE UNITED STATES OF AMERICA

Sage Point Coal Company

Company or Lessee Name

*Vernor A. Mortensen*

(Signature of Lessee)

Executive Vice President

(Title)

September 18, 1995

(Date)

By Bureau of Land Management

*John H. [Signature]*

(Signing Officer)

Chief, Branch of Mineral Leasing Adjudication

(Title)

SEP 22 1995

(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.

The following stipulations made part of this lease may be waived or amended with the mutual consent of the lessor and lessee.

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. The permitting of any mining operations on the lease will be subject to the possible designation of any portion of the lease as unsuitable for some or all kinds of surface mining under the regulations of the Department under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) in effect at the time of action on the mine plan permit.

3. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural resources.

If significant cultural resources are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by qualified paleontologists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.

If paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries brought to his attention and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee. The cost of salvage of paleontological remains (fossils) shall be borne by the United States.

5. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory species of high Federal interest occur in the area, the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. A listing of migratory birds of high Federal interest in Federal coal producing regions is published by the Fish and Wildlife Service, Migratory Bird Management Office, Washington, D.C. The inventory shall be conducted by qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

6. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

7. Powerlines on the lease area used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

8. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities on the lease area. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

9. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

10. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: 1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, 2) cause damage to existing surface structures, or 3) damage or alter the flow of perennial streams.

11. In order to avoid surface disturbance on steep canyon slopes and to satisfy the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

12. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.

13. The lessee shall be required to pay the value of the royalty on coal left unmined without the authorized officer (AO) approval, which should have been recovered under the approval of a mine plan (Resource Recovery and Protection Plan, [R2P2]) and which would otherwise be lost or left economically inaccessible.

14. The unleased coal in this tract is included in Proposed Legislation cited as the "Utah Public Lands Management Act of 1995" concerning the Designation of BLM Wilderness Lands in Utah. Provisions of the Proposed Act call for the exchange of State and Federal Lands. The State of Utah has designated the unleased coal tract (Alkali Creek) for acquisition by the State. Consummation of the exchange under the Proposed Act may, in the future, allow for the State of Utah to succeed to some or all of the United States interest in this tract.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

UTU-69635

Bond Number

400JT1129

BOND\* UNDER LEASE FOR  
MINING Coal DEPOSITS

95 SEP 21 11:40  
BUREAU OF LAND MANAGEMENT  
WASHINGTON, D.C.

KNOW ALL MEN BY THESE PRESENTS, That Sage Point Coal Company

of Roanoke, Virginia

, as principal,

and St. Paul Fire and Marine Insurance Company

of St. Paul, Minnesota

, as surety,

Two Million One Hundred Forty

are held and firmly bound unto the United States in the sum of Thousand and No/100----- dollars

(\$ 2,140,000.00 ), lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

The conditions of this obligation are such, that whereas the said principal entered into a lease of the lands described therein and upon conditions therein expressed, which lease bears the above serial number.

NOW, THEREFORE, if the said principal, his heirs, executors, administrators, or successors, shall faithfully carry out the obligations and observe the requirements of said lease, and shall duly keep, perform, and abide by each and every term and provision of said lease as therein stipulated and agreed, then this obligation shall be null and void; otherwise to remain in full force and effect.

Signed on this 6th day of September, 19 95, in the presence of:

*Bernie Sweazie*  
Bernie Sweazie  
9 Greenway Plaza  
Houston, Texas 77046  
(Signature of Witness)  
(Address of Witness)

*Simon Swernick*  
Simon Swernick  
2000 Bering Drive, Suite 900  
Houston, Texas 77057  
(Signature of Witness)  
(Address of Witness)

(Signature of Witness)

(Address of Witness)

Sage Point Coal Company  
*Austin M. O'Toole, Sr.*  
Austin M. O'Toole, Sr. Vice President  
Crestar Bank Building, 310 First Street  
Roanoke, Virginia 24011  
(Signature of Principal)  
(Address of Principal)

St. Paul Fire and Marine Insurance Company  
*Wendy W. Stuckey*  
Wendy W. Stuckey  
385 Washington Street,  
St. Paul, Minnesota 55102  
(Signature of Surety)  
(Address of Surety)

(Signature of Surety)

(Address of Surety)

This form of bond may be used in connection with coal, phosphate, and sodium leases, Act of February 25, 1920, as amended (30 U.S.C. 181 et seq.); potassium leases, Act of February 7, 1927, as amended (30 U.S.C. 281 et seq.); sulphur leases, Act of April 17, 1926, as amended (30 U.S.C. 271 et seq.); all such leases involving acquired lands, Act of August 7, 1947 (30 U.S.C. 351), and asphalt leases, Act of June 28, 1944 (58 Stat. 463, 483-485), by inserting the particular mineral applicable in the space provided therefor. If this bond is executed by a corporation, it must bear the corporate seal.

CERTIFIED  
COPY NO.

For verification of the authenticity of this Power of Attorney, you may telephone toll free 1-800-421-3880 and ask for the Power of Attorney Clerk. Please refer to the Certificate of Authority No. and the named individual(s).

1839696

F-13338

**GENERAL POWER OF ATTORNEY - CERTIFIED COPY**  
(Original on File at Home Office of Company. See Certification.)

**OW ALL MEN BY THESE PRESENTS:** That St. Paul Fire and Marine Insurance Company, a corporation organized and existing under the laws of the State of Minnesota, having its principal office in the City of St. Paul, Minnesota, does hereby constitute and appoint:

**William N. Burke, Elsa Alvarez, Mary C. Jones, Dan W. Burton, Wendy W. Stuckey,  
Sharon J. Sweeney, individually, Houston, Texas**

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise,

**NOT TO EXCEED IN PENALTY THE SUM OF TWENTY-FIVE MILLION DOLLARS (\$25,000,000) EACH**

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said St. Paul Fire and Marine Insurance Company, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, -Section 6(C), of the By-Laws adopted by the Shareholders of ST. PAUL FIRE AND MARINE INSURANCE COMPANY at a meeting called and held on the 28th day of April, 1978, of which the following is a true transcript of said Section 6 (C):

- "The President or any Vice President, Assistant Vice President, Secretary or Service Center General Manager shall have power and authority
- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
  - (2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
  - (3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 5th day of May, 1959, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, St. Paul Fire and Marine Insurance Company has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 30th day of November, A.D. 1990.



ST. PAUL FIRE AND MARINE INSURANCE COMPANY

STATE OF NEW JERSEY } ss.  
County of Somerset

MICHAEL B. KEEGAN, Secretary

On this 5th day of May, 19 95, before me came the individual who executed the preceding instrument, to me personally known, and being by me duly sworn, said that he/she is the therein described and authorized officer of St. Paul Fire and Marine Insurance Company; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his/her signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the township of Bedminster, New Jersey, the day and year first above written.



LINDA SMETHERS, Notary Public, Middlesex, NJ  
My Commission Expires December 16, 1996

**CERTIFICATION**

I, the undersigned officer of St. Paul Fire and Marine Insurance Company, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.



IN TESTIMONY WHEREOF, I have hereunto set my hand this

6th day of September, 19 95

MICHAEL W. ANDERSON, Asst. Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

**ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.**

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. {R645-301-115.100}
- b. Not within an area under study for designating lands unsuitable for surface coal mining operations. {R645-301-115.100}
- c. Not on any lands subject to the prohibitions or limitations for R645-103-322.
- d. Within 100 ft. of the outside right-of-way of a public road {R645-103-234}. 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. {R645-103-235}
- f. Not unsuitable in accordance with 522 of SMCRA.

There are no public roads and no occupied dwellings within the area proposed to be added to the permit by Incidental Boundary Change.

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

of mine entries. These entries are associated with the existing mine ventilation shaft, and lie directly beneath the Soldier Creek channel. All such entries, which have less than 100 feet of overburden shall be backfilled with available underground development waste. Backfilling of additional entries with 100 to 250 feet of overburden may also be considered, but only if these entries show significant signs of deterioration upon abandonment. It should be noted that the available information on pillar strengths and overburden characteristics indicate that backfilling is not required for long-term stability. The backfilling proposed is considered a precautionary measure only.

#### 5.25.14 Monitoring

Subsidence monitoring will be carried out on an annual basis and will entail direct surveys and visual surveys of the mine permit area. The major concern of the subsidence monitoring will be the renewable resources, perennial streams, perennial springs and gas line within the permit area. The methods to be used for monitoring will be ground surveys of monuments and visual surveys during water monitoring or any other surface activities. Color infrared aerial photography will be used during each permit renewal to determine the effects, if any, of underground mining activities on the vegetative resources. Initial subsidence monitoring began in 1987 and will continue throughout the life of mine. Annual reports will be sent to the Regulatory Authority detailing all subsidence monitoring activities. The 1987 through 1991 subsidence monitoring summary sheets are presented as Tables 5.25-2 through 5.25-6 respectively. Also the monuments which have been monitored through 1990 are shown on Exhibit 5.22-1 & 5.25-1.

Monitoring will entail the establishment of surface control monuments within and adjacent to the permit area. This initial survey will provide the Applicant with a base network which will be expanded each progressive year to obtain subsidence information over the permit area. The expanded network will cover the expected development for each progressive year. Each monument will have horizontal and vertical control determined during the initial survey. This information will be used as a comparison tool for all future monitoring.

Annual resurveys of the mine permit area will produce vertical control at the same sites as the previous year (i.e. the base network and all expanded networks). Information on each site will continue to be produced annually while the area underlying the site is being actively mined or is still unstable and subsiding. The subsiding areas which show no change for two consecutive years will be considered stable and will be omitted from further annual surveys.

If mining within the dropped sites happens to occur, then the sites will, again, be added to the annual surveys. Also, during random years, some of the dropped sites will be monitored as a check on their stability and any showing a

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.

Federal Coal Lease UTU-69635

Date of Lease: October 1, 1995

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 1: Lots 1-7, Lot 8 for all coal except the Rock Canyon seam

Sec. 10: E 1/2 E 1/2

Sec. 11: All

Sec. 12: W 1/2 W 1/2

Sec. 13: W 1/2 NW 1/4, SE 1/4 NW 1/4, SW 1/4

Sec. 14: N 1/2, N 1/2 S 1/2, SE 1/4 SE 1/4

Sec. 15: NE 1/4 NE 1/4

Sec. 23: N 1/2 NE 1/4 NE 1/4

Sec. 24: N 1/2 N 1/2 NW 1/4

Containing 2,177.52 acres

Supporting Documents:

1. Coal Lease UTU-69635 Form 3400-12, Appendix 1B

2. BLM Environmental Assessment, March 1995, Appendix 1A

**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

Containing: 40 acres

T12S, R12E, SLB&M

Sec. 31: All

Containing: 600 acres

T12S, R12E, SLB&M

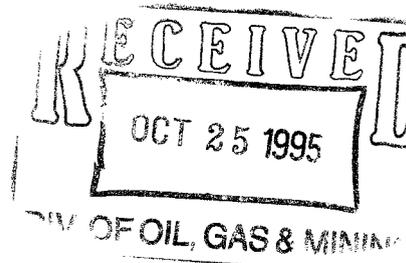
Sec. 33: SW 1/4, SE 1/4

Containing: 320 acres

T12S, R12E, SLB&M

Sec. 34: SW 1/4

Containing: 160 acres



APPENDIX 1B

COAL LEASE UTU-69635



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
324 South State, Suite 301  
Salt Lake City, Utah 84111-2303

IN REPLY REFER TO:

3425  
UTU-69635  
(UT-923)

SEP 22 1995

CERTIFIED MAIL--Return Receipt Requested

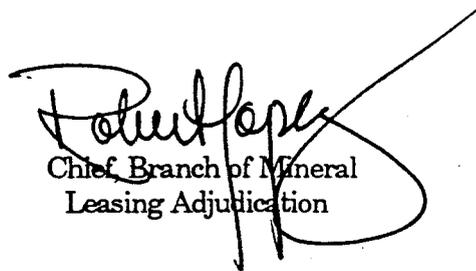
### DECISION

Sage Point Coal Company	:	
c/o Coastal States Energy Co.	:	Coal Lease
175 East 400 South, Suite 800	:	UTU-69635
Salt Lake City, UT 84111	:	

Lease Issued  
Bond Accepted

Pursuant to the lease by application coal sale held July 19, 1995, the bid of Sage Point Coal Company for the Alkali Creek Tract, assigned serial no. UTU-69635, was determined to be the acceptable high bid. Satisfactory evidence of the qualifications and holdings of Sage Point Coal Company have been filed; therefore, coal lease UTU-69635 is hereby issued effective October 1, 1995.

A surety bond of \$2,140,000 was filed in this office September 21, 1995. The name of the surety is St. Paul Fire and Marine Insurance Company, and the surety bond no. is 400JT1129. The bond is hereby accepted, as of October 1, 1995.

  
Chief Branch of Mineral  
Leasing Adjudication

Enclosure  
Coal Lease UTU-69635

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

UTU-69635

COAL LEASE

PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management, and (Name and Address)

Sage Point Coal Company  
c/o Coastal States Energy Company  
175 East 400 South, Suite 800  
Salt Lake City, Utah 84111

hereinafter called lessee, is effective (date) **OCT 01 1995**, for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;
- Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 13 S., R. 11 E., SLM, Utah  
 Sec. 1, lots 1-7; lot 8 (for all coal except the Rock Canyon Bed)  
 Sec. 10, E2E2;  
 Sec. 11, all;  
 Sec. 12, W2W2;  
 Sec. 13, W2NW, SENW, SW;  
 Sec. 14, N2, N2S2, SESE;  
 Sec. 15, NENE;  
 Sec. 23, N2NENE;  
 Sec. 24, N2N2NW.

UTAH STATE OF IDOT  
 RECEIVED  
 ACCOUNTS UNIT  
 95 SEP 21 PM 1:12  
 DEPT OF INTERIOR  
 BUREAU OF LAND RIGHTS

containing 2,177.52 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$ 3.00/ per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12 1/2 & 8 percent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of \$2,140,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. Lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

**Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION** - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any authorized officer of lessor, the leased premises and all surface and ground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

**Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS** - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

**Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY** - Lessee shall pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies, and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

**Sec. 15. SPECIAL STIPULATIONS** -

**Sec. 9. (a) TRANSFERS**

- This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.
- This lease may be transferred in whole or in part to another public body or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.
- This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

**(b) RELINQUISHMENT** - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

**Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC.** - At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

**Sec. 11. PROCEEDINGS IN CASE OF DEFAULT** - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

**Sec. 12. HEIRS AND SUCCESSORS-IN-INTEREST** - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

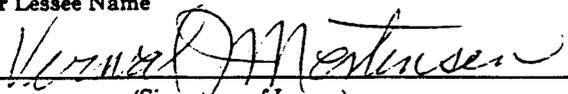
**Sec. 13. INDEMNIFICATION** - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

**Sec. 14. SPECIAL STATUTES** - This lease is subject to the Clean Water Act (33 U.S.C. 1252 et. seq.), the Clean Air Act (42 U.S.C. 4274 et. seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et. seq.).

This coal lease is subject to termination if the lessee is determined at the time of issuance to be in noncompliance with Section 2(a)2(A) of the Mineral Leasing Act.

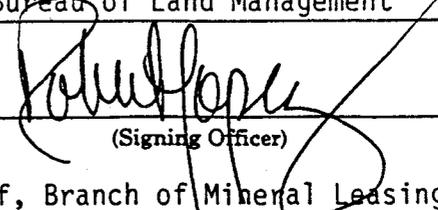
**SEE ATTACHED STIPULATIONS**

THE UNITED STATES OF AMERICA

Sage Point Coal Company  
Company or Lessee Name  
  
(Signature of Lessee)

Executive Vice President  
(Title)

September 18, 1995  
(Date)

By Bureau of Land Management  
  
(Signing Officer)

Chief, Branch of Mineral Leasing Adjudication  
(Title)

SEP 22 1995  
(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.

The following stipulations made part of this lease may be waived or amended with the mutual consent of the lessor and lessee.

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. The permitting of any mining operations on the lease will be subject to the possible designation of any portion of the lease as unsuitable for some or all kinds of surface mining under the regulations of the Department under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) in effect at the time of action on the mine plan permit.

3. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural resources.

If significant cultural resources are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by qualified paleontologists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.

If paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries brought to his attention and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee. The cost of salvage of paleontological remains (fossils) shall be borne by the United States.

5. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory species of high Federal interest occur in the area, the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. A listing of migratory birds of high Federal interest in Federal coal producing regions is published by the Fish and Wildlife Service, Migratory Bird Management Office, Washington, D.C. The inventory shall be conducted by qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

6. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

7. Powerlines on the lease area used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

8. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities on the lease area. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

9. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

10. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: 1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, 2) cause damage to existing surface structures, or 3) damage or alter the flow of perennial streams.

11. In order to avoid surface disturbance on steep canyon slopes and to satisfy the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

12. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.

13. The lessee shall be required to pay the value of the royalty on coal left unmined without the authorized officer (AO) approval, which should have been recovered under the approval of a mine plan (Resource Recovery and Protection Plan, [R2P2]) and which would otherwise be lost or left economically inaccessible.

14. The unleased coal in this tract is included in Proposed Legislation cited as the "Utah Public Lands Management Act of 1995" concerning the Designation of BLM Wilderness Lands in Utah. Provisions of the Proposed Act call for the exchange of State and Federal Lands. The State of Utah has designated the unleased coal tract (Alkali Creek) for acquisition by the State. Consummation of the exchange under the Proposed Act may, in the future, allow for the State of Utah to succeed to some or all of the United States interest in this tract.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

UTU-69635

Bond Number

400JT1129

BOND\* UNDER LEASE FOR  
MINING Coal DEPOSITS

95 SEP 21 10 11 AM '95  
BUREAU OF LAND MANAGEMENT  
WASHINGTON, D.C.

KNOW ALL MEN BY THESE PRESENTS, That Sage Point Coal Company  
of Roanoke, Virginia, as principal,  
and St. Paul Fire and Marine Insurance Company  
of St. Paul, Minnesota, as surety,  
Two Million One Hundred Forty  
are held and firmly bound unto the United States in the sum of Thousand and No/100----- dollars

(\$ 2,140,000.00 ), lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

The conditions of this obligation are such, that whereas the said principal entered into a lease of the lands described therein and upon conditions therein expressed, which lease bears the above serial number.

NOW, THEREFORE, if the said principal, his heirs, executors, administrators, or successors, shall faithfully carry out the obligations and observe the requirements of said lease, and shall duly keep, perform, and abide by each and every term and provision of said lease as therein stipulated and agreed, then this obligation shall be null and void; otherwise to remain in full force and effect.

Signed on this 6th day of September, 19 95, in the presence of:

*Bernie Sweazie*  
Bernie Sweazie  
9 Greenway Plaza  
Houston, Texas 77046  
(Signature of Witness)  
(Address of Witness)

*Simon Swerney*  
Simon Swerney  
2000 Bering Drive, Suite 900  
Houston, Texas 77057  
(Signature of Witness)  
(Address of Witness)

\_\_\_\_\_  
(Signature of Witness)  
\_\_\_\_\_  
(Address of Witness)

Sage Point Coal Company  
*Austin M. O'Toole, Sr.*  
Austin M. O'Toole, Sr., Vice President  
Crestar Bank Building, 310 First Street  
Roanoke, Virginia 24011  
(Signature of Principal)  
(Address of Principal)

St. Paul Fire and Marine Insurance Company  
*Wendy W. Stuckey*  
Wendy W. Stuckey  
385 Washington Street,  
St. Paul, Minnesota 55102  
(Signature of Surety)  
(Address of Surety)

\_\_\_\_\_  
(Signature of Surety)  
\_\_\_\_\_  
(Address of Surety)

This form of bond may be used in connection with coal, phosphate, and sodium leases, Act of February 25, 1920, as amended (30 U.S.C. 181 et seq.); potassium leases, Act of February 7, 1927, as amended (30 U.S.C. 281 et seq.); sulphur leases, Act of April 17, 1926, as amended (30 U.S.C. 271 et seq.); all such leases involving acquired lands, Act of August 7, 1947 (30 U.S.C. 351), and asphalt leases, Act of June 28, 1944 (58 Stat. 463, 483-485), by inserting the particular mineral applicable in the space provided therefor. If this bond is executed by a corporation, it must bear the corporate seal.

CERTIFIED  
COPY NO.

For verification of the authenticity of this Power of Attorney, you may telephone toll free 1-800-421-3880 and ask for the Power of Attorney Clerk. Please refer to the Certificate of Authority No. and the named individual(s).

1839696

F-13338

**GENERAL POWER OF ATTORNEY - CERTIFIED COPY**  
(Original on File at Home Office of Company. See Certification.)

OW ALL MEN BY THESE PRESENTS: That St. Paul Fire and Marine Insurance Company, a corporation organized and existing under the laws of the State of Minnesota, having its principal office in the City of St. Paul, Minnesota, does hereby constitute and appoint:

**William N. Burke, Elsa Alvarez, Mary C. Jones, Dan W. Burton, Wendy W. Stuckey,  
Sharon J. Sweeney, individually, Houston, Texas**

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise,

**NOT TO EXCEED IN PENALTY THE SUM OF TWENTY-FIVE MILLION DOLLARS (\$25,000,000) EACH**

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said St. Paul Fire and Marine Insurance Company, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, Section 6(C), of the By-Laws adopted by the Shareholders of ST. PAUL FIRE AND MARINE INSURANCE COMPANY at a meeting called and held on the 28th day of April, 1978, of which the following is a true transcript of said Section 6 (C):

"The President or any Vice President, Assistant Vice President, Secretary or Service Center General Manager shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
- (2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
- (3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 5th day of May, 1959, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, St. Paul Fire and Marine Insurance Company has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 30th day of November, A.D. 1990.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

MICHAEL B. KEEGAN, Secretary



STATE OF NEW JERSEY } ss.  
County of Somerset

On this 5th day of May, 19 95, before me came the individual who executed the preceding instrument, to me personally known, and being by me duly sworn, said that he/she is the therein described and authorized officer of St. Paul Fire and Marine Insurance Company; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his/her signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the township of Bedminster, New Jersey, the day and year first above written.



LINDA SMETHERS, Notary Public, Middlesex, NJ  
My Commission Expires December 16, 1996

**CERTIFICATION**

I, the undersigned officer of St. Paul Fire and Marine Insurance Company, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.



IN TESTIMONY WHEREOF, I have hereunto set my hand this

6th day of September, 19 95

MICHAEL W. ANDERSON, Asst. Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.

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. {R645-301-115.100}
- b. Not within an area under study for designating lands unsuitable for surface coal mining operations. {R645-301-115.100}
- c. Not on any lands subject to the prohibitions or limitations for R645-103-322.
- d. Within 100 ft. of the outside right-of-way of a public road {R645-103-234}. 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. {R645-103-235}
- f. Not unsuitable in accordance with 522 of SMCRA.

There are no public roads and no occupied dwellings within the area proposed to be added to the permit by Incidental Boundary Change.

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

of mine entries. These entries are associated with the existing mine ventilation shaft, and lie directly beneath the Soldier Creek channel. All such entries, which have less than 100 feet of overburden shall be backfilled with available underground development waste. Backfilling of additional entries with 100 to 250 feet of overburden may also be considered, but only if these entries show significant signs of deterioration upon abandonment. It should be noted that the available information on pillar strengths and overburden characteristics indicate that backfilling is not required for long-term stability. The backfilling proposed is considered a precautionary measure only.

#### 5.25.14 Monitoring

Subsidence monitoring will be carried out on an annual basis and will entail direct surveys and visual surveys of the mine permit area. The major concern of the subsidence monitoring will be the renewable resources, perennial streams, perennial springs and gas line within the permit area. The methods to be used for monitoring will be ground surveys of monuments and visual surveys during water monitoring or any other surface activities. ~~Color infrared aerial photography will be used during each permit renewal to determine the effects, if any, of underground mining activities on the vegetative resources~~ Initial subsidence monitoring began in 1987 and will continue throughout the life of mine. Annual reports will be sent to the Regulatory Authority detailing all subsidence monitoring activities. The 1987 through 1991 subsidence monitoring summary sheets are presented as Tables 5.25-2 through 5.25-6 respectively. Also the monuments which have been monitored through 1990 are shown on Exhibit 5.22-1 & 5.25-1.

Monitoring will entail the establishment of surface control monuments within and adjacent to the permit area. This initial survey will provide the Applicant with a base network which will be expanded each progressive year to obtain subsidence information over the permit area. The expanded network will cover the expected development for each progressive year. Each monument will have horizontal and vertical control determined during the initial survey. This information will be used as a comparison tool for all future monitoring.

Annual resurveys of the mine permit area will produce vertical control at the same sites as the previous year (i.e. the base network and all expanded networks). Information on each site will continue to be produced annually while the area underlying the site is being actively mined or is still unstable and subsiding. The subsiding areas which show no change for two consecutive years will be considered stable and will be omitted from further annual surveys.

If mining within the dropped sites happens to occur, then the sites will, again, be added to the annual surveys. Also, during random years, some of the dropped sites will be monitored as a check on their stability and any showing a

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.

Federal Coal Lease UTU-69635

Date of Lease: October 1, 1995

Lessee: Sage Point Coal Company

Lands Covered:

T13S, R11E, SLB&M

Sec. 1: Lots 1-7, Lot 8 for all coal except the Rock Canyon seam

Sec. 10: E 1/2 E 1/2

Sec. 11: All

Sec. 12: W 1/2 W 1/2

Sec. 13: W 1/2 NW 1/4, SE 1/4 NW 1/4, SW 1/4

Sec. 14: N 1/2, N 1/2 S 1/2, SE 1/4 SE 1/4

Sec. 15: NE 1/4 NE 1/4

Sec. 23: N 1/2 NE 1/4 NE 1/4

Sec. 24: N 1/2 N 1/2 NW 1/4

Containing 2,177.52 acres

Supporting Documents:

1. Coal Lease UTU-69635 Form 3400-12, Appendix 1B
2. BLM Environmental Assessment, March 1995, Appendix 1A

**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

Containing: 40 acres

T12S, R12E, SLB&M

Sec. 31: All

Containing: 600 acres

T12S, R12E, SLB&M

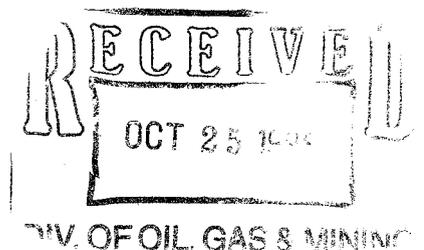
Sec. 33: SW 1/4, SE 1/4

Containing: 320 acres

T12S, R12E, SLB&M

Sec. 34: SW 1/4

Containing: 160 acres



APPENDIX 1B

COAL LEASE UTU-69635



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
324 South State, Suite 301  
Salt Lake City, Utah 84111-2303

IN REPLY REFER TO:

3425  
UTU-69635  
(UT-923)

SEP 22 1995

CERTIFIED MAIL--Return Receipt Requested

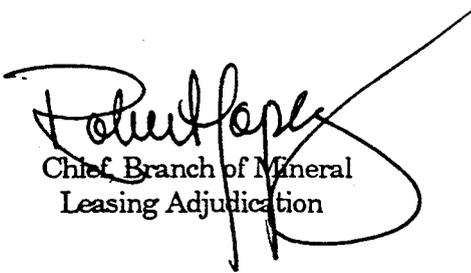
### DECISION

Sage Point Coal Company	:	
c/o Coastal States Energy Co.	:	Coal Lease
175 East 400 South, Suite 800	:	UTU-69635
Salt Lake City, UT 84111	:	

### Lease Issued Bond Accepted

Pursuant to the lease by application coal sale held July 19, 1995, the bid of Sage Point Coal Company for the Alkali Creek Tract, assigned serial no. UTU-69635, was determined to be the acceptable high bid. Satisfactory evidence of the qualifications and holdings of Sage Point Coal Company have been filed; therefore, coal lease UTU-69635 is hereby issued effective October 1, 1995.

A surety bond of \$2,140,000 was filed in this office September 21, 1995. The name of the surety is St. Paul Fire and Marine Insurance Company, and the surety bond no. is 400JT1129. The bond is hereby accepted, as of October 1, 1995.

  
Chief, Branch of Mineral  
Leasing Adjudication

Enclosure

Coal Lease UTU-69635

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

UTU-69635

COAL LEASE

PART I. LEASE RIGHTS GRANTED

This lease, entered into by and between the UNITED STATES OF AMERICA, hereinafter called lessor, through the Bureau of Land Management, and (Name and Address)

Sage Point Coal Company  
c/o Coastal States Energy Company  
175 East 400 South, Suite 800  
Salt Lake City, Utah 84111

hereinafter called lessee, is effective (date) **OCT 01 1995**, for a period of 20 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of the 20th lease year and each 10-year period thereafter.

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;
- Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to drill for, mine, extract, remove, or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

- T. 13 S., R. 11 E., SLM, Utah
- Sec. 1, lots 1-7; lot 8 (for all coal except the Rock Canyon Bed)
- Sec. 10, E2E2;
- Sec. 11, all;
- Sec. 12, W2W2;
- Sec. 13, W2NW, SENW, SW;
- Sec. 14, N2, N2S2, SESE;
- Sec. 15, NENE;
- Sec. 23, N2NENE;
- Sec. 24, N2N2NW.

UTAH STATE OFFICE  
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 DEPT. OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT

containing 2,177.52 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

PART II. TERMS AND CONDITIONS

Sec. 1. (a) RENTAL RATE - Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$ 3.00/ per acre for each lease year.

(b) RENTAL CREDITS - Rental shall not be credited against either production or advance royalties for any year.

Sec. 2. (a) PRODUCTION ROYALTIES - The royalty shall be 12 1/2 & 8 percent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligation accrues.

(b) ADVANCE ROYALTIES - Upon request by the lessee, the authorized officer may accept, for a total of not more than 10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

Sec. 3. BONDS - Lessee shall maintain in the proper office a lease bond in the amount of \$2,140,000. The authorized officer may require an increase in this amount when additional coverage is determined appropriate.

Sec. 4. DILIGENCE - This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. Lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after lease issuance.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

Sec. 5. LOGICAL MINING UNIT (LMU) - Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

**Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION** - At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all reasonable times for the inspection of any authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

**Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS** - Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

**Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY** - Lessee shall pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies, and take measures necessary to protect the health and safety of the public. No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

**Sec. 15. SPECIAL STIPULATIONS** -

**Sec. 9. (a) TRANSFERS**

- This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.
- This lease may be transferred in whole or in part to another public body or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.
- This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest *must* be approved in accordance with the regulations.

(b) **RELINQUISHMENT** - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

**Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC.** - At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

**Sec. 11. PROCEEDINGS IN CASE OF DEFAULT** - If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

**Sec. 12. HEIRS AND SUCCESSORS-IN-INTEREST** - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

**Sec. 13. INDEMNIFICATION** - Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

**Sec. 14. SPECIAL STATUTES** - This lease is subject to the Clean Water Act (33 U.S.C. 1252 et. seq.), the Clean Air Act (42 U.S.C. 4274 et. seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et. seq.).

This coal lease is subject to termination if the lessee is determined at the time of issuance to be in noncompliance with Section 2(a)(2)(A) of the Mineral Leasing Act.

**SEE ATTACHED STIPULATIONS**

THE UNITED STATES OF AMERICA

Sage Point Coal Company

Company or Lessee Name

*Vernor A. Montensen*

(Signature of Lessee)

Executive Vice President

(Title)

September 18, 1995

(Date)

By Bureau of Land Management

*John Hope*

(Signing Officer)

Chief, Branch of Mineral Leasing Adjudication

(Title)

SEP 22 1995

(Date)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.

The following stipulations made part of this lease may be waived or amended with the mutual consent of the lessor and lessee.

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable, a Utah program equivalent approved under cooperative agreement in accordance with Sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. The permitting of any mining operations on the lease will be subject to the possible designation of any portion of the lease as unsuitable for some or all kinds of surface mining under the regulations of the Department under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) in effect at the time of action on the mine plan permit.

3. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural resources.

If significant cultural resources are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by qualified paleontologists and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.

If paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee shall immediately bring them to the attention of the authorized officer who shall evaluate or have evaluated such discoveries brought to his attention and, within 5 working days, shall notify the lessee what action shall be taken with respect to such discoveries. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee. The cost of salvage of paleontological remains (fossils) shall be borne by the United States.

5. If there is reason to believe that threatened or endangered (T&E) species of plants or animals, or migratory species of high Federal interest occur in the area, the lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. A listing of migratory birds of high Federal interest in Federal coal producing regions is published by the Fish and Wildlife Service, Migratory Bird Management Office, Washington, D.C. The inventory shall be conducted by qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out necessary protective mitigating measures shall be borne by the lessee.

6. The lessee shall be required to perform a study to secure adequate baseline data to quantify the existing surface resources on and adjacent to the lease area. Existing data may be used if such data is adequate for the intended purposes. The study shall be adequate to locate, quantify, and demonstrate the inter-relationship of the geology, topography, surface hydrology, vegetation, and wildlife. Baseline data will be established so that future programs of observation can be incorporated at regular intervals for comparison.

7. Powerlines on the lease area used in conjunction with the mining of coal from this lease shall be constructed so as to provide adequate protection for raptors and other large birds. When feasible, powerlines will be located at least 100 yards from public roads.

8. The lessee shall provide for the suppression and control of fugitive dust on haul roads and at coal handling and storage facilities on the lease area. The migration of road surfacing and subsurface materials into streams and water courses shall be prevented.

9. The lessee shall be required to establish a monitoring system to locate, measure, and quantify the progressive and final effects of underground mining activities on the topographic surface, underground and surface hydrology and vegetation. The monitoring system shall utilize techniques which will provide a continuing record of change over time and an analytical method for location and measurement of a number of points over the lease area. The monitoring shall incorporate and be an extension of the baseline data.

10. Except at specifically approved locations, underground mining operations shall be conducted in such a manner so as to prevent surface subsidence that would: 1) cause the creation of hazardous conditions such as potential escarpment failure and landslides, 2) cause damage to existing surface structures, or 3) damage or alter the flow of perennial streams.

11. In order to avoid surface disturbance on steep canyon slopes and to satisfy the need for surface access, all surface breakouts for ventilation tunnels shall be constructed from inside the mine, except at specifically approved locations.

12. Support facilities, structures, equipment, and similar developments will be removed from the lease area within 2 years after the final termination of use of such facilities. This provision shall apply unless the requirement of Section 10 of the lease form is applicable. Disturbed areas and those areas occupied by such facilities will be stabilized and rehabilitated, drainages reestablished, and the areas returned to a premining land use.

13. The lessee shall be required to pay the value of the royalty on coal left unmined without the authorized officer (AO) approval, which should have been recovered under the approval of a mine plan (Resource Recovery and Protection Plan, [R2P2]) and which would otherwise be lost or left economically inaccessible.

14. The unleased coal in this tract is included in Proposed Legislation cited as the "Utah Public Lands Management Act of 1995" concerning the Designation of BLM Wilderness Lands in Utah. Provisions of the Proposed Act call for the exchange of State and Federal Lands. The State of Utah has designated the unleased coal tract (Alkali Creek) for acquisition by the State. Consummation of the exchange under the Proposed Act may, in the future, allow for the State of Utah to succeed to some or all of the United States interest in this tract.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number

UTU-69635

Bond Number

400JT1129

BOND\* UNDER LEASE FOR  
MINING Coal DEPOSITS

95 SEP 21 11:10 AM  
RECEIVED  
BUREAU OF LAND MANAGEMENT  
WASHINGTON, D.C.

KNOW ALL MEN BY THESE PRESENTS, That Sage Point Coal Company  
of Roanoke, Virginia, as principal,  
and St. Paul Fire and Marine Insurance Company  
of St. Paul, Minnesota, as surety,

Two Million One Hundred Forty  
are held and firmly bound unto the United States in the sum of Thousand and No/100----- dollars

(\$ 2,140,000.00 ), lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

The conditions of this obligation are such, that whereas the said principal entered into a lease of the lands described therein and upon conditions therein expressed, which lease bears the above serial number.

NOW, THEREFORE, if the said principal, his heirs, executors, administrators, or successors, shall faithfully carry out the obligations and observe the requirements of said lease, and shall duly keep, perform, and abide by each and every term and provision of said lease as therein stipulated and agreed, then this obligation shall be null and void; otherwise to remain in full force and effect.

Signed on this 6th day of September, 19 95, in the presence of:

*Bernie Sweazie*  
Bernie Sweazie  
9 Greenway Plaza  
Houston, Texas 77046

(Signature of Witness)

(Address of Witness)

*Simon Swerney*  
Simon Swerney  
2000 Bering Drive, Suite 900  
Houston, Texas 77057

(Signature of Witness)

(Address of Witness)

(Signature of Witness)

(Address of Witness)

Sage Point Coal Company  
*Austin M. O'Toole, Sr.*  
Austin M. O'Toole, Sr. Vice President

(Signature of Principal)

Crestar Bank Building, 310 First Street  
Roanoke, Virginia 24011

(Address of Principal)

St. Paul Fire and Marine Insurance Company

*Wendy W. Stuckey*  
Wendy W. Stuckey

(Signature of Surety)

385 Washington Street,  
St. Paul, Minnesota 55102

(Address of Surety)

(Signature of Surety)

(Address of Surety)

This form of bond may be used in connection with coal, phosphate, and sodium leases, Act of February 25, 1920, as amended (30 U.S.C. 181 et seq.); potassium leases, Act of February 7, 1927, as amended (30 U.S.C. 281 et seq.); sulphur leases, Act of April 17, 1926, as amended (30 U.S.C. 271 et seq.); all such leases involving acquired lands, Act of August 7, 1947 (30 U.S.C. 351), and asphalt leases, Act of June 28, 1944 (58 Stat. 463, 483-485), by inserting the particular mineral applicable in the space provided therefor. If this bond is executed by a corporation, it must bear the corporate seal.

CERTIFIED  
COPY NO.

For verification of the authenticity of this Power of Attorney, you may telephone toll free 1-800-421-3880 and ask for the Power of Attorney Clerk. Please refer to the Certificate of Authority No. and the named individual(s).

1839696

F-13338

**GENERAL POWER OF ATTORNEY - CERTIFIED COPY**  
(Original on File at Home Office of Company. See Certification.)

**JW ALL MEN BY THESE PRESENTS:** That St. Paul Fire and Marine Insurance Company, a corporation organized and existing under the laws of the State of Minnesota, having its principal office in the City of St. Paul, Minnesota, does hereby constitute and appoint:

**William N. Burke, Elsa Alvarez, Mary C. Jones, Dan W. Burton, Wendy W. Stuckey,  
Sharon J. Sweeney, individually, Houston, Texas**

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise.

**NOT TO EXCEED IN PENALTY THE SUM OF TWENTY-FIVE MILLION DOLLARS (\$25,000,000) EACH**

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said St. Paul Fire and Marine Insurance Company, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, -Section 6(C), of the By-Laws adopted by the Shareholders of ST. PAUL FIRE AND MARINE INSURANCE COMPANY at a meeting called and held on the 28th day of April, 1978, of which the following is a true transcript of said Section 6 (C):

"The President or any Vice President, Assistant Vice President, Secretary or Service Center General Manager shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
- (2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
- (3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 5th day of May, 1959, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, St. Paul Fire and Marine Insurance Company has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 30th day of November, A.D. 1990.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY



STATE OF NEW JERSEY } ss.  
County of Somerset

*Michael B. Keegan*

MICHAEL B. KEEGAN, Secretary

On this 5th day of May, 19 95, before me came the individual who executed the preceding instrument, to me personally known, and being by me duly sworn, said that he/she is the therein described and authorized officer of St. Paul Fire and Marine Insurance Company; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his/her signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the township of Bedminster, New Jersey, the day and year first above written.



*Linda Smethers*  
LINDA SMETHERS, Notary Public, Middlesex, NJ  
My Commission Expires December 16, 1996

**CERTIFICATION**

I, the undersigned officer of St. Paul Fire and Marine Insurance Company, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.



IN TESTIMONY WHEREOF, I have hereunto set my hand this

6th day of September, 19 95

*Michael W. Anderson*

MICHAEL W. ANDERSON, Asst. Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

**ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.**

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. {R645-301-115.100}
- b. Not within an area under study for designating lands unsuitable for surface coal mining operations. {R645-301-115.100}
- c. Not on any lands subject to the prohibitions or limitations for R645-103-322.
- d. Within 100 ft. of the outside right-of-way of a public road {R645-103-234}. 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. {R645-103-235}
- f. Not unsuitable in accordance with 522 of SMCRA.

~~There are no public roads and no occupied dwellings within the area proposed to be added to the permit by Incidental Boundary Change.~~

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

of mine entries. These entries are associated with the existing mine ventilation shaft, and lie directly beneath the Soldier Creek channel. All such entries, which have less than 100 feet of overburden shall be backfilled with available underground development waste. Backfilling of additional entries with 100 to 250 feet of overburden may also be considered, but only if these entries show significant signs of deterioration upon abandonment. It should be noted that the available information on pillar strengths and overburden characteristics indicate that backfilling is not required for long-term stability. The backfilling proposed is considered a precautionary measure only.

#### 5.25.14 Monitoring

Subsidence monitoring will be carried out on an annual basis and will entail direct surveys and visual surveys of the mine permit area. The major concern of the subsidence monitoring will be the renewable resources, perennial streams, perennial springs and gas line within the permit area. The methods to be used for monitoring will be ground surveys of monuments and visual surveys during water monitoring or any other surface activities. Color infrared aerial photography will be used during each permit renewal to determine the effects, if any, of underground mining activities on the vegetative resources. Initial subsidence monitoring began in 1987 and will continue throughout the life of mine. Annual reports will be sent to the Regulatory Authority detailing all subsidence monitoring activities. The 1987 through 1991 subsidence monitoring summary sheets are presented as Tables 5.25-2 through 5.25-6 respectively. Also the monuments which have been monitored through 1990 are shown on Exhibit 5.22-1 & 5.25-1.

Monitoring will entail the establishment of surface control monuments within and adjacent to the permit area. This initial survey will provide the Applicant with a base network which will be expanded each progressive year to obtain subsidence information over the permit area. The expanded network will cover the expected development for each progressive year. Each monument will have horizontal and vertical control determined during the initial survey. This information will be used as a comparison tool for all future monitoring.

Annual resurveys of the mine permit area will produce vertical control at the same sites as the previous year (i.e. the base network and all expanded networks). Information on each site will continue to be produced annually while the area underlying the site is being actively mined or is still unstable and subsiding. The subsiding areas which show no change for two consecutive years will be considered stable and will be omitted from further annual surveys.

If mining within the dropped sites happens to occur, then the sites will, again, be added to the annual surveys. Also, during random years, some of the dropped sites will be monitored as a check on their stability and any showing a

## PERMIT CHANGE TRACKING FORM

UTU-69635  
*Increase of 2177.5 AC. (entire lease)*

- Significant Permit Revision
- Permit Amendment
- Incidental Boundary Change

DATE RECEIVED <i>5/31/96</i>	By: <i>page</i> (initials)	PERMIT NUMBER	ACT/007/018
Title of Proposal: <i>Salkali Inlet</i>		PERMIT CHANGE #	<i>961</i>
Description: <i>Incorporate</i>		PERMITTEE	SOLDIER CREEK COAL COMPANY
		MINE NAME	SOLDIER CANYON MINE

	DATE DUE	DATE DONE	RESULT
<input type="checkbox"/> 15 DAY INITIAL RESPONSE TO PERMIT CHANGE APPLICATION			<input type="checkbox"/> ACCEPTED <input type="checkbox"/> REJECTED
<input type="checkbox"/> Notice of Review Status of proposed permit change sent to the Permittee.			COMMENTS
<input type="checkbox"/> Responses Received.			
<input type="checkbox"/> Notice of Affidavit of Publication. (If change is a Significant Revision.)			

REVIEW TRACKING	INITIAL REVIEW		MODIFIED REVIEW		FINAL REVIEW AND FINDINGS	
DOGM REVIEWER	DUE	DONE	DUE	DONE	DUE	DONE
<input type="checkbox"/> Lead <i>Steve</i>	<i>7/19</i>					
<input type="checkbox"/> TA (See Attached)						
<input type="checkbox"/> Reviewers						
<input type="checkbox"/> Administrative (AVS)						
<input type="checkbox"/> Biology <i>Paul</i>	<i>7/19</i>					
<input type="checkbox"/> Engineering <i>Wayne</i>	<i>7/19</i>					
<input type="checkbox"/> Geology <i>Jim</i>	<i>7/19</i>					
<input type="checkbox"/> Soils <i>Bob</i>	<i>7/19</i>					
<input type="checkbox"/> Hydrology <i>Steve</i>	<i>7/19</i>					

COORDINATED REVIEWS	SENT	DUE	RECEIVED	SENT	DUE	DONE
<input checked="" type="checkbox"/> OSMRE	<i>6/3</i>	<i>7/19</i>				
<input type="checkbox"/> US Forest Service						
<input checked="" type="checkbox"/> Bureau of Land Management	<i>6/3</i>	<i>7/19</i>				
<input checked="" type="checkbox"/> US Fish and Wildlife Service <i>Send map</i>	<i>6/3</i>	<i>7/19</i>				
<input type="checkbox"/> US National Parks Service						
<input type="checkbox"/> UT Environmental Quality <i>Letter</i>	<i>6/3</i>					
<input type="checkbox"/> UT Water Rights <i>Letter</i>	<i>6/3</i>					
<input type="checkbox"/> UT Wildlife Resources <i>Letter</i>	<i>6/3</i>					
<input checked="" type="checkbox"/> UT State History (SHPO) <i>all underground call</i>	<i>6/3</i>	<i>7/19</i>				
<input type="checkbox"/> State Trust Lands	<i>6/3</i>					

<input type="checkbox"/> Public Notice / Comment / Hearing Complete. (If the permit change is a Significant Revision)	<input type="checkbox"/> Permit Change Approval Form signed and approved effective as of this date.
<input type="checkbox"/> Copies of permit change marked and ready for MRP.	<input type="checkbox"/> Permit Change Denied.
<input type="checkbox"/> Special Conditions/Stipulations written for approval.	<input type="checkbox"/> Notice of <input type="checkbox"/> Approval <input type="checkbox"/> Denial to Permittee.
<input type="checkbox"/> TA and CHIA modified as required.	<input type="checkbox"/> Copy of Approved Permit Change to File.
<input type="checkbox"/> Permit Change Approval Form ready for approval.	<input type="checkbox"/> Copy of Approved Permit Change to Permittee.
	<input type="checkbox"/> Copies to Other Agencies and Price Field Office.

2 Review Copies

mining and reclamation operations, sequence and timing of the mining of subareas for which additional permits will be sought, the coal mining and reclamation operations to be conducted, the lands to be affected throughout the operation and any change in a facility or feature to be caused by the Soldier Canyon Mine operations. Also, the underground workings and location and extent of areas where subsidence is planned and where measures will be taken to prevent, control or minimize subsidence-related damage. As part of the next 5-year permit renewal all relevant maps will be revised to show the mine workings in existence at that time as well as the mine workings planned for the 1995 Incidental Boundary Change, the Alkali Lease area, and all other mining areas within the permit area during the 5-year term of the renewal. Also during permit renewal all permit maps which show the permit boundary will be revised to show the 1995 Incidental Boundary Change.

#### 5.21.15 Land Surface Configuration Maps

Topographic maps used by the Applicant clearly indicate surface contours to adequately represent the existing land surface configuration within the permit area.

#### 5.21.16 Maps and Cross-sections of the Features and Proposed Features

Maps produced by the Applicant will show the facilities, disturbed area, disturbed area boundary, explosive storage and point source discharges for their specific requirement are included within this application.

#### 5.21.17 Transportation Facilities Maps

This application describes each road and conveyor system to be constructed and used by the Applicant as required by R614-301-527.

#### 5.21.20 Signs and Markers

Signs and markers will be posted, maintained, and removed by the operator; will be a uniform design that can be easily seen and read; be made of durable material; and conform to local laws and regulations; and be maintained during all activities to which they pertain.

These signs shall include a mine and permit identification sign, perimeter markers, buffer zone, and topsoil markers.

### 5.22 Coal Recovery

#### Conservation of Coal Resources

The Bureau of Land Management (BLM) and the Utah Division of State Lands &

Forestry govern the conservation and royalty payments of the coal located within Applicant's proposed permit boundary. Mining plans for all seams must be approved by the BLM (43 CFR 3480 et al) and the Utah Division of Oil, Gas & Mining (Regulatory Authority) before mining can occur within the new area. This prior approval ensures the diligent development and extraction of all minable coal.

of mine entries. These entries are associated with the existing mine ventilation shaft, and lie directly beneath the Soldier Creek channel. All such entries, which have less than 100 feet of overburden shall be backfilled with available underground development waste. Backfilling of additional entries with 100 to 250 feet of overburden may also be considered, but only if these entries show significant signs of deterioration upon abandonment. It should be noted that the available information on pillar strengths and overburden characteristics indicate that backfilling is not required for long-term stability. The backfilling proposed is considered a precautionary measure only.

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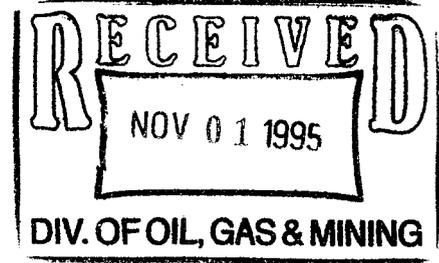
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**Coastal**  
The Energy People

October 30, 1995



Daron R. Haddock  
Permit Supervisor  
Division of Oil, Gas & Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Re: Incidental Boundary Change, Soldier Creek Coal Company, ACT/007/018

#2

Dear Mr. Haddock:

As a result of discussions between you and Keith ZoBell during a meeting on October 25, we submit the following revisions to the Soldier Creek Coal Company permit. It is our understanding that these revisions will facilitate approval of the Incidental Boundary Change with fewer conditions. The revisions are shown as shaded text.

In order to address the conditions found in paragraphs three and four of the October 17, 1995, Draft Technical Analysis of the above referenced Incidental Boundary Change, Page 5-4 of the permit has been revised to include statements that all relevant maps will be revised during 5-year permit renewal to show: existing and planned mine workings within the Incidental Boundary Change; and the permit boundary as modified by the Incidental Boundary Change. Please replace page 5-4 in the permit with the enclosed copy of page 5-4 and insert page 5-4a, also enclosed.

Pages 5-20 and 5-20a have been re-revised to address the condition found in paragraph five of the Draft Technical Analysis, to include a statement that, during permit renewal, a subsidence monitoring plan will be developed and implemented for the Incidental Boundary Change area. Please replace previously submitted copies of pages 5-20 and 5-20a with the enclosed pages.

We appreciate your help with this permit change and giving consideration to our tight time schedule on this project. We are impressed that the review has been handled quickly and effectively by you and your staff. If there are any questions, please contact us.

Very truly yours,

Barry Barnum

**Utah Fuel Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
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mining and reclamation operations, sequence and timing of the mining of subareas for which additional permits will be sought, the coal mining and reclamation operations to be conducted, the lands to be affected throughout the operation and any change in a facility or feature to be caused by the Soldier Canyon Mine operations. Also, the underground workings and location and extent of areas where subsidence is planned and where measures will be taken to prevent, control or minimize subsidence-related damage. As part of the next 5-year permit renewal all relevant maps will be revised to show the mine workings in existence at that time as well as the mine workings planned for the 1995 Incidental Boundary Change, the Alkali Lease area, and all other mining areas within the permit area during the 5-year term of the renewal. Also during permit renewal all permit maps which show the permit boundary will be revised to show the 1995 Incidental Boundary Change.

#### 5.21.15 Land Surface Configuration Maps

Topographic maps used by the Applicant clearly indicate surface contours to adequately represent the existing land surface configuration within the permit area.

#### 5.21.16 Maps and Cross-sections of the Features and Proposed Features

Maps produced by the Applicant will show the facilities, disturbed area, disturbed area boundary, explosive storage and point source discharges for their specific requirement are included within this application.

#### 5.21.17 Transportation Facilities Maps

This application describes each road and conveyor system to be constructed and used by the Applicant as required by R614-301-527.

#### 5.21.20 Signs and Markers

Signs and markers will be posted, maintained, and removed by the operator; will be a uniform design that can be easily seen and read; be made of durable material; and conform to local laws and regulations; and be maintained during all activities to which they pertain.

These signs shall include a mine and permit identification sign, perimeter markers, buffer zone, and topsoil markers.

### 5.22 Coal Recovery

#### Conservation of Coal Resources

The Bureau of Land Management (BLM) and the Utah Division of State Lands &

Forestry govern the conservation and royalty payments of the coal located within Applicant's proposed permit boundary. Mining plans for all seams must be approved by the BLM (43 CFR 3480 et al) and the Utah Division of Oil, Gas & Mining (Regulatory Authority) before mining can occur within the new area. This prior approval ensures the diligent development and extraction of all minable coal.

of mine entries. These entries are associated with the existing mine ventilation shaft, and lie directly beneath the Soldier Creek channel. All such entries, which have less than 100 feet of overburden shall be backfilled with available underground development waste. Backfilling of additional entries with 100 to 250 feet of overburden may also be considered, but only if these entries show significant signs of deterioration upon abandonment. It should be noted that the available information on pillar strengths and overburden characteristics indicate that backfilling is not required for long-term stability. The backfilling proposed is considered a precautionary measure only.

#### 5.25.14 Monitoring

Subsidence monitoring will be carried out on an annual basis and will entail direct surveys and visual surveys of the mine permit area. The major concern of the subsidence monitoring will be the renewable resources, perennial streams, perennial springs and gas line within the permit area. The methods to be used for monitoring will be ground surveys of monuments and visual surveys during water monitoring or any other surface activities. Color infrared aerial photography will be used during each permit renewal to determine the effects, if any, of underground mining activities on the vegetative resources. Initial subsidence monitoring began in 1987 and will continue throughout the life of mine. Annual reports will be sent to the Regulatory Authority detailing all subsidence monitoring activities. The 1987 through 1991 subsidence monitoring summary sheets are presented as Tables 5.25-2 through 5.25-6 respectively. Also the monuments which have been monitored through 1990 are shown on Exhibit 5.22-1 & 5.25-1. A subsidence monitoring plan will be developed for the 1995 Incidental Boundary Change as part of the next 5-year permit renewal and will be implemented according to that plan.

Monitoring will entail the establishment of surface control monuments within and adjacent to the permit area. This initial survey will provide the Applicant with a base network which will be expanded each progressive year to obtain subsidence information over the permit area. The expanded network will cover the expected development for each progressive year. Each monument will have horizontal and vertical control determined during the initial survey. This information will be used as a comparison tool for all future monitoring.

Annual resurveys of the mine permit area will produce vertical control at the same sites as the previous year (i.e. the base network and all expanded networks). Information on each site will continue to be produced annually while the area underlying the site is being actively mined or is still unstable and subsiding. The subsiding areas which show no change for two consecutive years

will be considered stable and will be omitted from further annual surveys.

If mining within the dropped sites happens to occur, then the sites will, again, be added to the annual surveys. Also, during random years, some of the dropped sites will be monitored as a check on their stability and any showing a