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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
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Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

November 5, 1996

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

Re: Permit for Incidental Boundary Change #2 for Alkali Lease Tract, Soldier Canyon Mine, Soldier Creek Coal Company, ACT/007/018-96A, Folder #3, Carbon County, Utah

Dear Mr. Olsen:

I am enclosing the permit for the second incidental boundary change (IBC) associated with the Alkali Lease Tract. This incidental boundary change was submitted because burn was encountered and a change in mining sequence is required into portions of the Alkali Lease Tract not yet permitted.

Please sign both permits (that stipulate the Secretary's approval is required prior to mining in this area) and return one to the Division.

If you have any questions, please call me or Daron Haddock or Pamela Grubaugh-Littig.

Very truly yours,

A handwritten signature in black ink, appearing to read 'JWCarter', written over a large, loopy flourish.

James W. Carter
Director

Enclosure

cc: Ranvir Singh, OSM-WRCC
Mary Ann Wright (w/o enclosure)
Pamela Grubaugh-Littig
Daron Haddock
Joe Helfrich (w/o enclosure)



UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT AND
TECHNICAL ANALYSIS

Soldier Creek Coal Company
Soldier Canyon Mine
Incidental Boundary Change #2
Federal Lease UTU-69635
Alkali Lease Tract
ACT/007/018
Carbon County, Utah

November 5, 1996

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 - State Historic Preservation Office, October 29, 1996
 - Bureau of Land Management, R2P2, September 17, 1996
 - Coal Lease Assignment, UTU-69635, October 1, 1995
- * Environmental Assessment
- * AVS Recommendation, Memo dated November 4, 1996

ADMINISTRATIVE OVERVIEW

Soldier Creek Coal Company
Soldier Canyon Mine
Incidental Boundary Change #2
Federal Lease UTU-69635
Alkali Lease Tract
ACT/007/018
Carbon County, Utah

November 5, 1996

PROPOSAL

Soldier Creek Coal Company (SCCC) proposes an incidental boundary change of 186 acres (approximately 2.0 million tons of recoverable coal) to begin mining in the recently- acquired Alkali Lease UTU-69635. This increase in acreage is considered an incidental boundary change to the permit area and not a significant revision and therefore, does not require public notice as part of this permitting process. The recently-acquired federal lease, however, had public participation during the environmental assessment.

BACKGROUND

The Mining and Reclamation Plan (MRP) for the Soldier Canyon Mine was originally approved by the Division of Oil, Gas and Mining (DOGM) and the Office of Surface Mining Reclamation and Enforcement (OSMRE) on June 10, 1985. The approved permit area consisted of two federal coal leases, SL-051279-063188 and U-50722, encompassing 2,143.81 acres. The Bureau of Land Management (BLM) administers 590 of those acres and the remainder are privately owned.

In June of 1986 SCCC was sold to the Sun Company. A new MRP was submitted which incorporated two new state coal leases (ML-21994 and ML-22675) and portions of two other state leases (ML-42648 and ML-42649), held by affiliates of Sun Company, into the permit area. The new MRP was approved by DOGM on February 3, 1987, bringing the permitted area to a total of 4,347.99 acres. Due to the extensive additions to the permit area and submittal of a complete new MRP, a new five-year permanent program was issued with the approval.

Administrative Overview
Incidental Boundary Change #2
Alkali Lease Tract
Page 2

SCCC acquired state lease ML-44365 on April 3, 1989 and requested that it be added to the permit area on April 17, 1989. The lease encompassed 557.20 acres. A revised mining permit incorporating lease ML-44365 was issued on August 9, 1991. This brought the total permit acreage to 4905.19 acres.

A topsoil/substitute topsoil storage site, consisting of an additional 4.5 acres was added to the permit area on May 28, 1991, bringing the total permit acreage to 4909.69 acres. No additional coal leases were involved.

In order to accommodate an increase in production and additional expansion at the mine site SCCC required more space. Two incidental boundary changes (IBC's) had previously been granted and were equivalent to approximately 15% of the current disturbed area. A surface expansion was approved in June 1991. The applicant proposed to increase intake capacity for the ventilation network and upgrade the coal handling and transportation facilities at the mine. The total increased area of surface disturbance for the site was 5.6 acres and increased the bonded and disturbed area from 32.2 to 37.8 acres. The stretch of county road going through this area was also relocated.

On May 14, 1996 an incidental boundary change was approved to allow mining in the Alkali lease (UTU-69635). This consisted of only 276 acres of the lease and was done to allow SCCC to continue mining while the application for the entire lease was being processed. The application for the entire Alkali Lease was submitted on May 31, 1996 and is currently being processed.

SCCC encountered burn in the incidental boundary change and quickly needed to alter their mining sequence. This prompted a second incidental boundary change application. The attached decision document and Technical Analysis is for that application.

ANALYSIS

This incidental boundary change is an underground only and the area will be mined from existing workings with no surface disturbance. This change is also within the current Cumulative Impact Area (CIA) of the CHIA.

Administrative Overview
Incidental Boundary Change #2
Alkali Lease Tract
Page 3

A Cumulative Hydrologic Impact Assessment (CHIA), which included the area of the Incidental Boundary Change, was done in February 1987. A revised CHIA was written on October 7, 1996 for the entire Soldier Creek area including the entire Alkali lease tract. Effects to the hydrologic balance resulting from the incidental boundary change are not expected.

RECOMMENDATION

SCCC has demonstrated that increasing the current permit boundary with the incidental boundary change can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. The 510(c) report on the Applicant Violator System for this mine has a conditional issue recommendation, (see attached memo dated November 4, 1996.) A condition has been added to the permit to address this conditional issue.

It is recommended that approval be given for this incidental boundary change to mine 186 acres. This area can be mined when the Secretary signs the mining plan approval for this incidental boundary change.

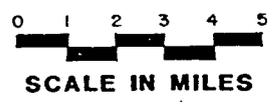
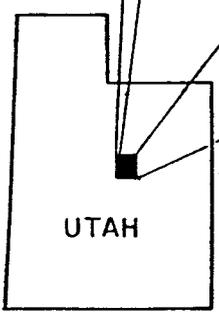
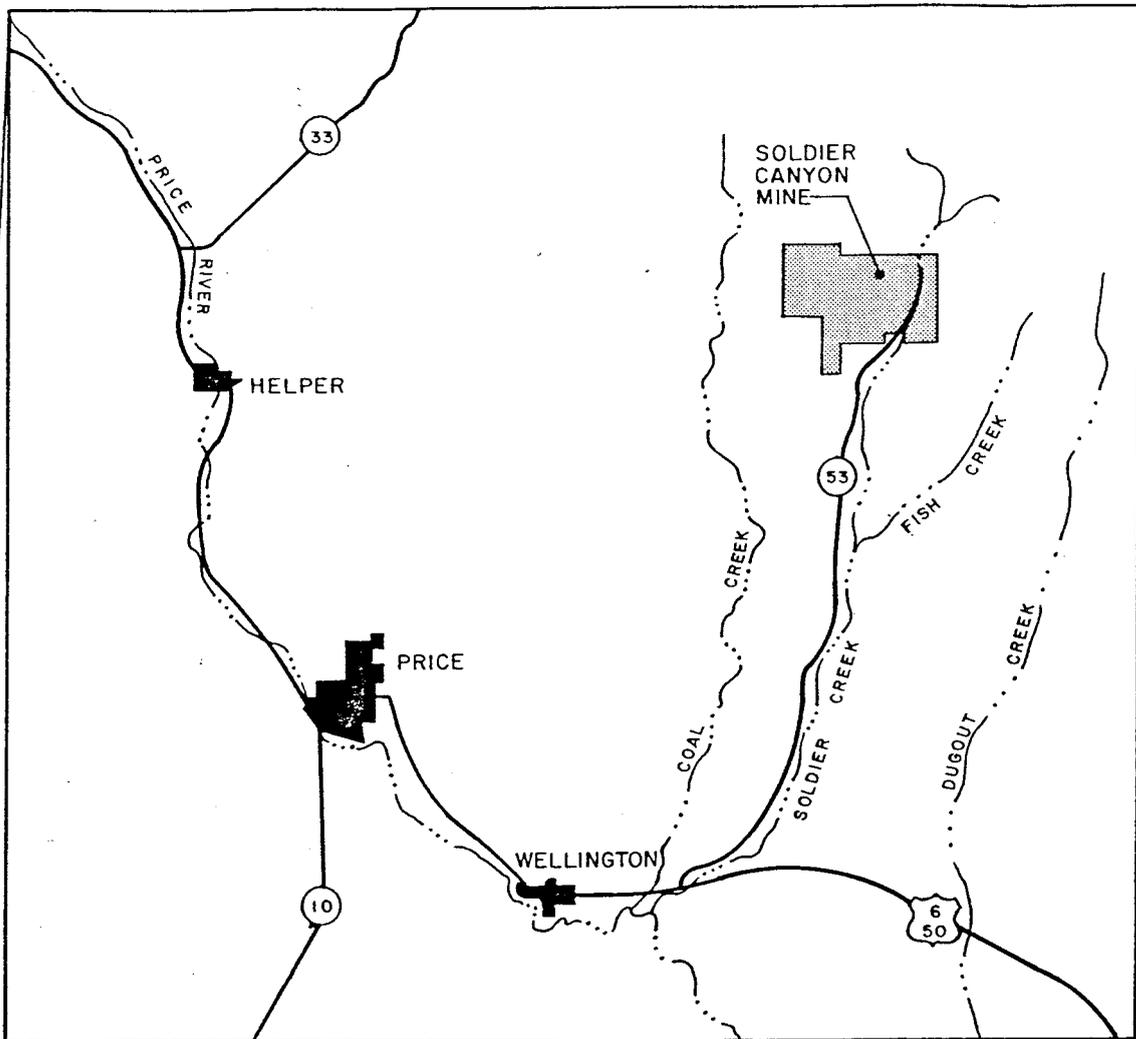
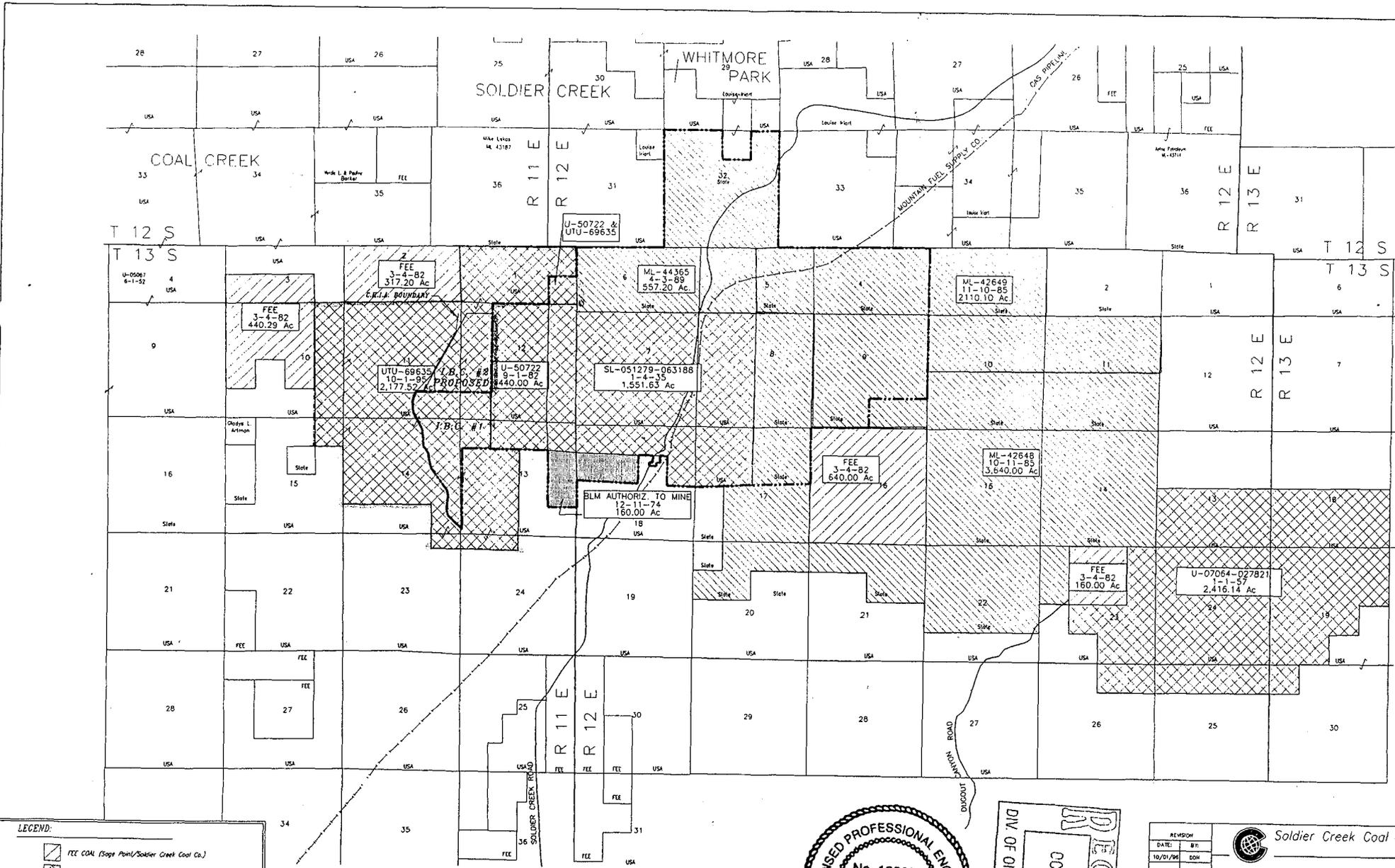


Figure 1
AREA MAP
SOLDIER CANYON MINE

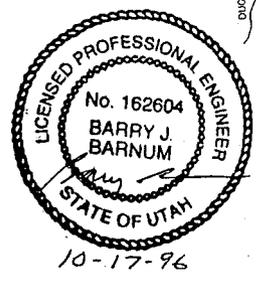


LEGEND:

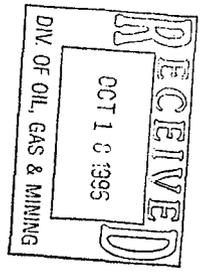
- FEE COAL (Soldier Canyon/Soldier Creek Coal Co.)
- FEDERAL LEASE TRACTS
- STATE LEASE TRACTS
- FEDERAL AUTHORIZATION TO MINE

UTU-69635 COAL LAND IDENTIFICATION
9-1-95 EFFECTIVE DATE
2,177.52 ACREAGE

PERMIT BOUNDARY
MINERAL BOUNDARY CHANGE



10-17-96



REVISION		Soldier Creek Coal Compa	
DATE:	BY:	COAL OWNERSHIP MAP	
10/01/96	DOM		
Soldier Canyon Mine			
DRAWN BY:	COH	DATE:	MAY 27, 1998
APPROVED BY:		FILE NAME:	F:\PERMIT\1022.DWG
		SCALE:	1" = 400'
		DRAWING OR MAP NUMBER:	EXHIBIT

PERMITTING CHRONOLOGY

Soldier Creek Coal Company
Soldier Canyon Mine
Incidental Boundary Change #2
Federal Lease UTU-69635
Alkali Lease Tract
ACT/007/018
Carbon County, Utah

November 5, 1996

- | | |
|------------------|---|
| October 3, 1996 | Soldier Creek Coal Company (SCCC) requests addition of 186 acres by an incidental boundary change for the Alkali Lease Tract (UTU-69635). |
| October 19, 1995 | Division transmits copies of proposal to state and federal agencies. |
| November 1, 1996 | State Historic Preservation Office concurs with this permitting action. |
| October 15, 1996 | Division notifies SCCC of deficiencies in application. |
| October 18, 1996 | SCCC responds to deficiencies. |
| November 5, 1996 | Division issues Decision Document and revised state permit. |

MINE PLAN INFORMATION

Mine Name: Soldier Canyon Mine State ID: ACT/007/018

Operator: Soldier Creek Coal Company County: Carbon

Controlled By: Coastal Corporation Contact Person(s): Rick Olsen

Telephone: (801) 637-6360 Position: President

New/Existing: Both Mining Method: Room and Pillar

Federal Lease No(s): SL-051279-063188; U-50722, UTU-69635

Legal Description(s): SL-051279-063188: T.13S., R.11E., Sec. 12: E1/2 E1/2; Sec. 13: NE1/4NE1/4, SE1/4NE1/4, NE1/4SE1/4; Sec. 18: Lot 2 (SW1/4NW1/4),SE1/4NW1/4T.13S., R.12E.; Sec. 7: All; Sec.8: W1/2; Sec. 17: NW1/4; Sec. 18: N1/2NE1/4, SE1/4NE1/4, NE1/4NW1/4, Lot 1 (NW1/4NW1/4); U-50722: T.13S.,R.11E., Sec. 12: E1/2W1/2, W1/2E1/2; Sec. 13: NW1/4NE1/4, NE1/4NW1/4 UTU-69635: T.13.S. R11. Sec. 1: Lots 1-7, Lot 8 for all coal except the Rock Canyon seam; Sec. 10: 1/2E1/2; Sec. 11: All; Sec.12: W1/2W1/2; Sec. 13: W1/2NW1/4,SE1/4NW1/4,SW1/4; Sec. 14: N1/2, N1/2S1/2, SE1/4 SE1/4; Sec. 15: NE1/4 NE1/4; Sec 23: N1/2 NE1/4 NE1/4; Sec. 24: N1/2N1/2 NW1/4 (This is the entire Alkali Lease Tract which contains 2177 acres, IBC #1 is for only 276 acres and IBC #2 is for 186 acres)

State Lease No(s): ML-21994; ML-22675; ML-42648(part); ML-42649(part); ML-44365

Legal Description(s): ML-21994: T.12S., R.12E., Sec. 32: S1/2; ML-22675: T.12S., R.12E., Sec. 32: NE1/4NE1/4, S1/2NE1/4, NW1/4; ML-42648: T.13S., R12E., SE1/2 Sec. 17: NE1/4; ML-42649: T.13S., R.12E., Sec. 4: S1/2, Lots 1,2,3,4, Sec. 5: SE1/4, Lots 1,2, Sec. 9: W1/2, NE1/4, N1/2SE1/4; ML-44635: T.13S., R.12E., Sec. 5: SW1/4, Lots 3,4, Sec. 6: All

Other Leases (identify): None
Description(s): _____

Ownership Data:

<u>Surface Resources (acres):</u>	<u>Existing Permit Area</u>	<u>Proposed Permit Area</u>	<u>Total Life Of Mine Area</u>
Federal	<u>594.69</u>	<u> </u>	<u>594.69</u>
State	<u>2755.00</u>	<u> </u>	<u>2755.00</u>
Private	<u>1560</u>	<u>276</u>	<u>1836</u>
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>4909.69</u>	<u>276</u>	<u>5185.69</u>

Coal Ownership (acres):

Federal	<u>2111.63</u>	<u>276</u>	<u>2387.63</u>
State	<u>2755.00</u>	<u> </u>	<u>2755.00</u>
Private	<u> </u>	<u> </u>	<u> </u>
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>4866.63</u>	<u>276</u>	<u>5142.63</u>

Mine Plan Information
 Soldier Creek Coal Company
 Incidental Boundary Change
 Alkali Lease Tract
 Page 2

<u>Coal Resource Data (Millions Tons)</u>	<u>Total Reserves(million tons)</u>	<u>Total Recoverable Reserves (million tons)</u>
Federal	<u>33.5558 (+4.0-IBC)</u>	<u>12.8377 (+2.0-IBC)</u>
State	<u>76.9173</u>	<u>29.4472</u>
Private	<u> </u>	<u> </u>
Other	<u> </u>	<u> </u>
TOTAL (Life of Mine)	<u>112.472</u>	<u>44.2849</u>
Total Percent Recoverable	<u>38.5%</u>	

<u>Recoverable Reserve Data</u>	<u>Name</u>	<u>Thickness</u>	<u>(Map)</u>	<u>Depth</u>
Seam	<u>Sunnyside</u>	<u>5' - 11'</u>	<u>(E031)</u>	<u>250' - 2700'</u>
Seam	<u>Gilson</u>	<u>1' - 18'</u>	<u>(E033)</u>	<u>250' - 2700'</u>
Seam	<u>Rock Canyon</u>	<u>6' - 12'</u>	<u>(E032)</u>	<u>250' - 2700'</u>

Mine Life: 1976-2016
 Average Annual Production: 600,000 Tons Percent Recovery: 34 - 40%
 Date Projected Annual Rate Reached: 1990-2005
 Date Production Begins: 1976 Date Production Ends: 2016
 Reserves Recoverable By: (1) Surface Mining: None
 (2) Underground Mining: 44.284 Million Tons

Reserves Lost Through Management Decisions: Unknown
 Coal Market: Unknown

Modifications that have been approved: Date:
Addition of Leases ML-21994, ML-22675,
ML-42648 (part), ML-42649 (part) February 3, 1987
Addition of Lease ML-44365 August 8, 1989
IBC #1 May 14, 1996

FINDINGS

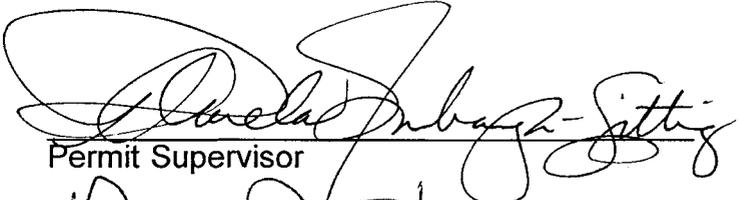
Soldier Creek Coal Company
Soldier Canyon Mine
Incidental Boundary Change (IBC#2)
ACT/007/018-96A
Carbon County, Utah

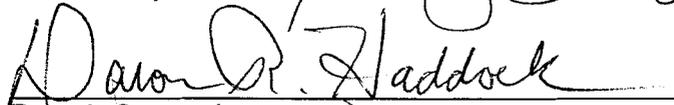
November 5, 1996

1. The revised plan and the permit application for the extraction of coal in the approved incidental boundary change is accurate and complete and all requirement of the Surface Mining Control and Reclamation Act, and the approved Utah State Program (the "Act") are in compliance. (R645-300-133.100)
2. No additional surface reclamation is required since the additional permit area will be mined as an underground extension of the existing mine. There will be no new surface facilities. (R645-300-133.710)
3. An assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities in the general area on the hydrologic balance has been conducted by the Division and no significant impacts were identified. See CHIA dated February 4, 1987 and updated October 7, 1996. The Mining and Reclamation Plan (MRP) proposed under the revised application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site area (R645-300-133.400 and UCA 40-10-11 (2)(c)).
4. The proposed lands to be included within the permit area are:
 - a. Not included within an area designated unsuitable for underground coal mining operation (R645-300-133.220);
 - b. not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);

- c. not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc), 761.11{f} (public buildings, etc.) and 761.11 {g} (cemeteries);
 - d. within 100 feet of a public road (R645-300-133.220); and
 - e. not within 300 feet of any occupied dwelling (R645-300-133.220).
5. The operation would not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats as determined under the Endangered Species Act of 1973 (16 USC 1531 et seq.) (R645-300-133.500)
6. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). See letter from State Historic Preservation Office, dated October 29, 1996. (R645-300-133.600)
7. The applicant has the legal right to enter and complete mining activities in the IBC through a federal coal lease issued by the Bureau of Land Management (See attached Lease UTU-69635, assignment effective October 1, 1995. (R645-300-133.300)
8. A 510 (c) report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; neither Soldier Creek Coal Co. or any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the damage to the environment as to indicate an intent not to comply with the provisions of the Act (A 510 (c) report was run on November 4, 1996 see memo to file dated November 4, 1996). (R645-300-133.730)
9. Underground mining operations to be performed under the permit will not be inconsistent with other operations anticipated to be performed in areas adjacent to the proposed permit area.

10. The applicant has posted a surety bond for the Soldier Canyon Mine in the amount of \$3,238,000. No additional surety will be required, since there is no additional surface disturbance proposed. (R645-300-134)
11. No lands designated as prime farmlands or alluvial valley floors occur on the permit area. (R645-302-313.100 and R645-302-321.100)
12. The proposed postmining land-use of the permit area is the same as the pre-mining land use and has been approved by the Division and the surface land management agency.
13. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program.
14. All procedures for public participation required by the Act, and the approved Utah State Program are in compliance. This incidental boundary change did not require public notice. (R645-300-120)
15. No existing structures will be used in conjunction with mining of the underground incidental boundary change. (R645-300-133.720)


Permit Supervisor


Permit Supervisor


Associate Director of Mining


Director

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

This permit, **ACT/007/018**, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Soldier Creek Coal Company
P. O. Box 1029
Wellington, Utah 84542
(801) 637-6360

for the Soldier Canyon Mine. Soldier Creek Coal Company is the lessee of federal coal leases SL-051279-063188, U-50722, and UTU-69635 and the lessee of state coal leases ML-22675, ML-21994, ML-42648, ML-42649, and ML-44365. A performance bond is filed with the DOGM in the amount of \$3,238,000 payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 PERMIT AREA** - The permittee is authorized to conduct underground coal mining activities on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Soldier Canyon Mine situated in the state of Utah, Carbon County, and located:

Township 13 South, Range 12 East, SLBM

- Section 4:** All;
Section 5: All;
Section 6: All;
Section 7: All;
Section 8: All;
Section 9: W1/2, NE1/4, N1/2SE1/4;
Section 17: N1/2;
Section 18: N1/2N1/2, SE1/4NE1/4, 1/2NW1/4, NE1/4SW1/4NE1/4, NW1/4SW1/4NE1/4; and
Section 19: Portion of SW1/4SW1/4.

Township 12 South, Range 12 East, SLBM

Section 32: NW1/4, SW1/4NE1/4, E1/2NE1/4, S1/2.

Township 13 South, Range 11 East, SLBM

Section 1: E1/2SE1/4;
Section 11: SE1/4SE1/4;
Section 12: E1/2, E1/2NW1/4, E1/2SW1/4;
Section 13: N1/2NE1/4, NE1/4NW1/4, SE1/4NE1/4, NE1/4SE1/4;
Section 24: Portions of SE1/4SE1/4;
Section 25: Portions of N1/2NW1/4SE1/4, Portions of S1/2SW1/4NE1/4;
IBC #1 Legal: Beginning at the north east corner of Section 12, Township 13 South, Range 11 East, go 2,508 feet south 00° 26'03" east, thence 1,324 feet north 89° 47'01" west, thence 3,772 feet south 00° 22'14" east, thence 921 feet north 45° 20'28" west, thence 209 feet north 12° 10'17" west, thence 252 feet north 00° 40'55" east, thence 377 feet north 07° 27'51" east, thence 151 feet north 06° 50'34" west, thence 139 feet north 15° 02' 16" west, thence 1,236 feet north 36° 36'37" west, thence 417 feet north 12° 54'07" west, thence 281 feet north 07° 34'52" west, thence 198 feet north 25° 47'14" west, thence 197 feet north 39° 01'24" west, thence 212 feet north 07° 19'35" west, thence 425 feet north 27'01" west, thence 178 feet north 11° 41'22" west, thence 864 feet north 27° 07'43" west, thence 240 feet north 06° 28'20" west, thence 238 feet north 01° 12'13" west, thence 194 feet north 11° 18'36" east, thence 315 feet north 16° 52'27" east, thence 3,436 feet south 89° 26'59" east, thence 2,508 feet south 00° 26'03" east to point of beginning
IBC #2 Legal: Beginning at the north east corner of IBC #1; thence north 0° 00'00" west for a distance of 3720.3 feet; thence north 90° 00' 00" west for a distance of 1,192.8 feet; thence south 28° 00' 00" west fore a distance of 4,181.6 feet; thence south 89° 0' 00" east for a distance of 3,163.7 feet to the point of beginning; containing approximately 186 acres. (See exhibit 1.12-2)

This legal description is for the permit area (as shown on Attachment B) of the Soldier Canyon Mine. The permittee is authorized to conduct underground coal mining activities on the foregoing described property subject to the

conditions of the leases, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.
- Sec. 4 PERMIT TERM** - This revised permit expires on February 3, 1997.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.
- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- (a) Have the rights of entry provided for in 30 CFR 840.12, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
 - (b) Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100, R645-400-200 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.
- Sec. 8 ENVIRONMENTAL IMPACTS** - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- (a) Any accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;

- (b) Immediate implementation of measures necessary to comply; and
- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 10 CONDUCT OF OPERATIONS - The permittee shall conduct its operations: .

- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and,
- (b) Utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-3023 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENT - The operator shall pay all reclamation fees required by 30 CFR part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 13 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

Sec. 14 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.

Sec. 15 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 16 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall

ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.

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

Sec. 18 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in the leases and this permit, the permittee shall comply with the special conditions appended hereto as Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: _____

Date: _____

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

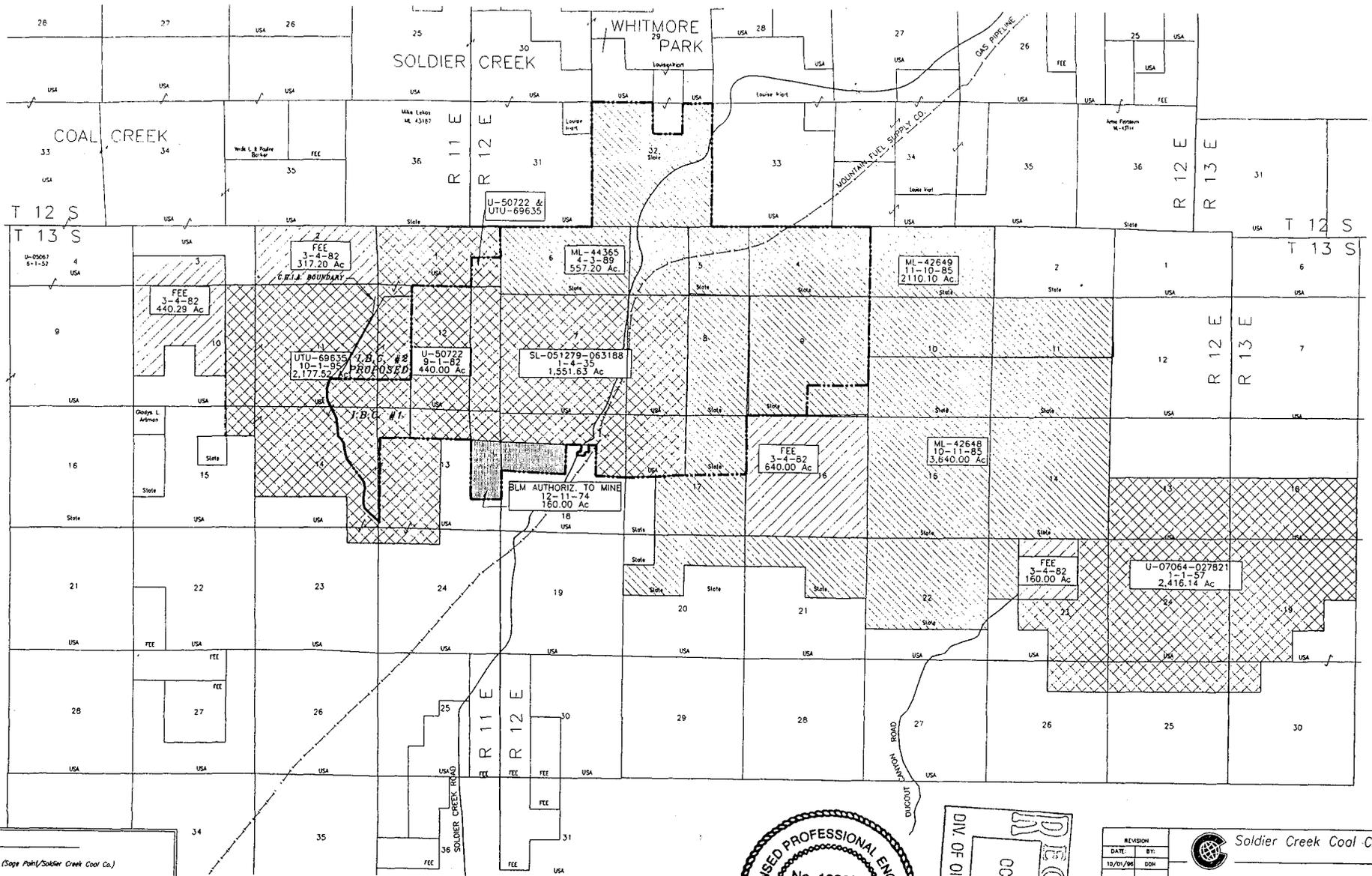
PERMITTEE

Authorized Representative of the Permittee

Date: _____

ATTACHMENT A

- Condition (1) Soldier Creek Coal Company can commence mining in the 186 acres of the incidental boundary change #2 of federal lease UTU-69635 (Attachment B) when the mining plan approval is signed by the Secretary.
- Condition (2) Soldier Creek Coal Company must provide written documentation of the resolution of the settlement agreement to the Division within 14 days of the resolution. See memo to file in regard to the 510 (c) recommendation dated November 4, 1996 by Pamela Grubaugh-Littig.

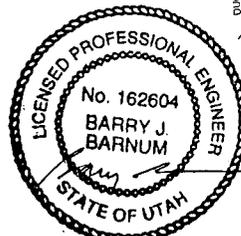


LEGEND:

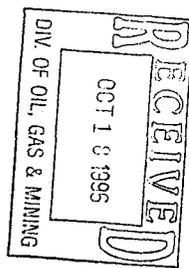
- FEE COAL (Sage Point/Soldier Creek Coal Co.)
- FEDERAL LEASE TRACTS
- STATE LEASE TRACTS
- FEDERAL AUTHORIZATION TO MINE

UTU-69635 COAL LAND IDENTIFICATION
 9-1-95 EFFECTIVE DATE
 2,177.52 AC ACREAGE

----- PERMIT BOUNDARY
 - - - - - INCIDENTA BOUNDARY CHANGE



10-17-96



REVISION		DATE		BY	
		10/01/96		DOH	
Soldier Creek Coal Company					
COAL OWNERSHIP MAP					
Soldier Canyon Mine					
DRAWN BY:	DOH	DATE:	MAY 27 1998	SCALE:	1" = 4000'
APPROVED BY:		FILE NAME:	E:\PERMITS\022.DWG	DRAWING OR MAP NUMBER:	EXHIBIT 1,12-2

"Attachment B"