NON-FEDERAL

PERMIT
ACT/007/020

OCTOBER 10, 1996

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple
Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

This permit, **ACT/007/020**, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

Horizon Coal Corporation
P. O. Box 2560
Wise, Virginia 24273
(540) 679-0804

for the Horizon No. 1 Mine. A Performance Bond is filed with the Division in the amount of $209,200.00, payable to the State of Utah, Division of Oil, Gas and Mining.

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 within the permit area at the Horizon No. 1 Mine situated in the State of Utah, Carbon County, and located in:

Township 13 South, Range 8 East, SLM

Section 8: **SE1/4SW1/4, SW1/4NW1/4SW1/4SE1/4, W1/2SW1/4SW1/4SE1/4**
Section 17: **NW1/4NE1/4, S1/2NW1/4, N1/2NW1/4SW1/4, NE1/4SW1/4, NW1/4SE1/4, N1/2SE1/4SW1/4, N1/2SW1/4SE1/4, W1/2W1/2SW1/4NE1/4**

This legal description is for the permit area of the Horizon No. 1 Mine and the federal coal right of way, for a total of 317.5 acres. The permittee is authorized to conduct underground coal mining activities and related surface activities on the foregoing described property

subject to the conditions of all 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 permit becomes effective on October 10, 1996 and expires on October 11, 2001.

Sec. 5 **ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. 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 R645-303-300.

Sec. 6 **RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), 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, R645-400-220, 30 CFR 842.13 and R645-400-110;

(b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by a 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 approved plan and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 **ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

(a) Any accelerated or additional monitoring necessary to determine the nature 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 the Division 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 R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 **RECLAMATION FEE PAYMENTS** - 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 with 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 the Division. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by Division within the time frame specified by Division.

Sec. 17 **APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.

Sec. 18 **SPECIAL CONDITIONS** - There are special conditions associated with this permitting action as described in 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 the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: _____

Date: October 10, 1996

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

PERMITTEE

_____
Authorized Representative of Permittee

_____
Date

Attachment A

SPECIAL CONDITIONS

ATTACHMENT A

Special Conditions to Permit Approval

HORIZON MINE
ACT/007/020
October 10, 1996

As determined in the findings of the Technical Analysis, approval of the plan is subject to the following Permit Conditions. Thus, the permittee is subject to compliance with these Permit Conditions, as specified, and in accordance with the requirements of:

R645-301-731

The Permittee must: 1) characterize the quality and quantity of water at springs CC-5 and MC-4 by conducting quarterly monitoring of standard parameters (adequate to produce stiff diagrams) for a period of at least 2 years; 2) provide a description of the seasonal variation in water level of the HZ wells; 3) document in the Mining and Reclamation Plan that the necessary legal right to the proposed water uses has been acquired before using the water.

R645-301-742

Prior to mine water discharge, the Permittee must either provide designs which demonstrate that the sedimentation pond will adequately pass and treat any mine discharge, or else obtain approval, in the UPDES permit, for an additional discharge point.

R645-301-731.121

Prior to any discharge from the sedimentation pond, the Permittee must design and construct an oil skimming device for the pond.

R645-301-742.400

Prior to construction of the operational drainages, the Permittee must: 1) provide designs which demonstrate that the drainage from the north side of the upper haul road will be adequately conveyed to Culvert DC-1; 2) provide designs which allow the road and the adjacent area (the area which drains to the north from the haulroad loop because of the crown of the road) to drain to the sedimentation pond; 3) provide designs which quantify the anticipated flow velocities over the outslope downstream from the ancillary roads and which adequately minimize erosion; and 4) determine the appropriate maximum discharge that should be passed through the water bars.

R645-301-742.300

Within 60 days of permit issuance, the Permittee must provide reclamation designs which show the surface topography graded to drain to the channels, particularly in Portal Canyon.

R645-301-742

Within 60 days of permit issuance, the Permittee must: 1) correct all statements in the plan which are not consistent with a commitment to remove the sediment pond at Phase II Bond Release; 2) provide appropriate designs for silt fences and straw bale dikes which are used for sediment control in ditches and drainages (designs should take into account anchoring, height relative to heights of ditch tops, and spillways); 3) provide a clear and accurate plan between Chapters 3 and 7 for soil roughening and for the application of erosion control matting (especially important on slopes greater than 2h:1v); 4) provide a commitment in the plan to implement adequate erosion control measures, and to have the Division inspect and approve those measures, prior to removal of the sediment pond; 5) provide a detailed plan of the construction activities which shows the measures taken to minimize sediment transport from the site during reclamation. This plan should include timing and sequencing for the removal of the culvert system and must discuss regrading, topsoil placement, mulching and erosion control matting, and must include a commitment to complete reclamation of the Portal Canyon area prior to removal of the Jewkes Creek bypass culvert; 6) provide a discussion in the plan of the specific measures to be used to protect the site during a storm event if, during reclamation, there are short periods when construction is suspended; 7) provide a demonstration in the plan that, upon the establishment of the required vegetative cover, erosion will be controlled (the analysis should include the erosion production evaluated from the current vegetation standard as well as from the 71% riparian area standard).

R645-301-353

Within 60 days of permit issuance, the Permittee must amend the reclamation plan to show a reclaimed drainage through the Jewkes Creek area which will allow a reasonable likelihood of reestablishing the riparian/wet meadow vegetation which currently exists on site. At minimum the vegetative community must be of the extent shown on the maps in Appendix 9-2.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 7th day of May, 1996 and that the last publication of such notice was in the issue of such newspaper dated the 28th day of May, 1996.

Kevin Ashby

Kevin Ashby - Publisher

Subscribed and sworn to before me this 28th day of May, 1996.

Linda Thayn

Notary Public My commission expires January 10, 1999 Residing at Price, Utah

Publication fee, $256.00

NOTARY PUBLIC
LINDA THAYN
811 NORTH 10TH EAST
PRICE, UT 84501
My Commission Expires JAN. 10, 1999
State of Utah

NOTICE OF A REVISION TO A PERMIT BOUNDARY

Notice is hereby given that Horizon Coal Corporation, P.O. Box 2560, Wise, Virginia 24273 filed with the State of Utah, Department of Natural Resources, Division of Oil, Gas & Mining (UDOGM) a complete Permit Application Package (PAP) for conducting underground mining. The permit boundary of the mining operation designated in the PAP (1995) has been changed. The revised permit boundary is as follows:

USGS Jump Creek, UJtah 7.5 minute quadrangle, T.13S, R.8E, SLM, Utah

Section 8 SE¼ SW¼

Section 17 NW¼ NE¼, S½ NW¼, NW¼ SE¼, N½ SW¼ SE¼ NE¼ SW¼, N½ NW¼ SW¼, N½ SE¼ SW¼

Containing 300 acres, more or less.

The permit area includes a Federal Coal Right-of-Way as follows:

Section 8 SW¼ NW¼ SW¼ SE¼, W½ SW¼ SW¼ SE¼

Section 17 W½ W½ SW¼ NE¼

Containing 17.5 acres, more or less.

The PAP document for the Horizon Coal Corporation can be reviewed at the Carbon County Court House, Price, Utah or at the address listed below.

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:

State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
III Triad Center, Suite 350
Salt Lake City, UT 84108

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