



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

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Governor
Ted Stewart
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June 16, 1997

To: File

From: Pamela Grubaugh-Littig, Permit Supervisor 

Re: Compliance Review for Section 510 (c) Findings, Horizon Coal Corporation, Horizon Mine, ACT/007/020, Folder #3, Carbon County, Utah

As of the writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected. There are also no finalized Civil Penalties which are outstanding and overdue in the name of Horizon Coal Corporation. Horizon Coal Corporation does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Two of the officers of K and K Holding Company (Scott Kiscaden and Todd Kiscaden) are also owners and controllers of White Oak Mining Company. White Oak Mining Company entered into a Settlement Agreement on March 26, 1997 for unpaid abandoned mine reclamation fees. All of these delinquent fees must be paid by September 30, 1997.

State : Permit No : Appl No :
 Applicant : 143782 (K & K HOLDING CO INC) Seqno :

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION : COND ISSUE 06/10/97
 PREVIOUS SYSTEM RECOMMENDATION : COND ISSUE 04/21/97

Records retrieved : 1

ST	PERMIT	RP ID	SEQ	VTYPE	VIOLNO	VIOLDATE
UT	ACT007001	132567	2	AML		12/31/96

REPORTS (F9)

PRV_SCR (F3) VIOL (F4) EVOFT (F5) VOFT (F6) CHOICES (F10)

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State : Permit No : Appl No :
 Applicant : 143782 (K & K HOLDING CO INC) Seqno :

01 02 03 04 05 06 07 08 09 10 (Level) Records Retrieved : 3

143782 (K & K HOLDING CO INC)
 |--098332 (KISCADEN, SCOTT M)
 |--105030 (KISCADEN, DONALD TODD)

PRV_SCR (F3) ENTITY (F6) FIND_ENT (F7)

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10:16

State : UT Permit No : ACT007020 Appl No : ACT007020
 Permittee : 137728(HORIZON COAL CORP) Segno : 0
 Applicant : 137728(HORIZON COAL CORP)

SYSTEM : C (COND ISSUE) Date : 10-Jun-1997 Mode : VIEW
 Reason: 1 AML, 0 AUD, 0 CMIS, 0 FORF, 0 STATE, 0 NRSP VIOLATION(S)

OSMRE : I (ISSUE) Date : 18-Sep-1996 Mode : VIEW
 Reason: aw

SRA : Date : 10-Jun-1997 Mode : UPDATE
 Reason:

SAVE(F5) DELETE(F8)
 PRV_SCR(F3) QUIT(F4) CHOICES(F10)

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Capture Offsing

08:34

State : UT Permit No : ACT007020 Appl No : ACT007020
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SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION : COND ISSUE 06/10/97
 PREVIOUS SYSTEM RECOMMENDATION : ISSUE 09/18/96

Records retrieved : 1

ST	PERMIT	RP ID	SEQ	VTTYPE	VIOLNO	VIOLDATE
UT	ACT007001	132567	2	AML		12/31/96

RCM_MNT(F7) PERMIT/APPL(F8) REPORTS(F9)
 PRV_SCR(F3) VIOL(F4) EVOFT(F5) VOFT(F6) CHOICES(F10)

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State : UT Permit No : ACT007020 Appl No : ACT007020
 Applicant : 137728(HORIZON COAL CORP) Seqno : 0

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT

SYSTEM RECOMMENDATION : COND ISSUE 06/10/97
 PREVIOUS SYSTEM RECOMMENDATION : ISSUE 09/18/96

Records retrieved : 1

ST	PERMIT	RP ID	SEQ	VTTYPE	VIOLNO	VIOLDATE
UT	ACT007001	132567	2	AML		12/31/96

RCM_MNT(F7) PERMIT/APPL(F8) REPORTS(F9)
 PRV_SCR(F3) VIOL(F4) EVOFT(F5) VOFT(F6) CHOICES(F10)

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Violtype: AML STCode: UT Permit No: ACT007001 Seq No: 2
 Viol No: Viol Date: 31-Dec-1996 Locked: N

State : UT Permit No. : ACT007001 Seq No. : 2
Permittee ID/Name : 132567 (WHITE OAK MINING & CONSTR CO INC)

Violid/Name : 132567 (WHITE OAK MINING & CONSTR CO INC)
MSHA ID : 4201280 MSHA Seq No. : 21 Mine Type : U
Delinquent Date : 12/31/96 Bill Status : 03 Year/Qtr : 1996/4
Amount Due : \$37,153.94

PRV_SCR(F3) QUIT(F4) ENTITY(F6) PERMIT(F7)

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INSTALLMENT AGREEMENT

White Oak Mining & Construction Co., Inc. (hereinafter referred to as "Company") and the Office of Surface Mining Reclamation and Enforcement, United States Department of the Interior (hereinafter referred to as "OSM"), hereby enter into the following stipulations and agreements:

1. Company has failed to pay reclamation fees (hereinafter referred to as "fees") totaling \$37,153.94 for coal produced at its mine (s) designated by Permit No. UT/ACT/007/001 for the State of Utah, reporting entity 132567, during the calendar quarter ending December 31, 1996. As of 3/24/97, administrative cost, penalties and interest due on these delinquent fees total \$62.90.

2. Company agrees to pay the total outstanding indebtedness of \$ \$37,216.84, plus interest and penalties accruing on the delinquent fees at the rate provided by law during the term of this agreement.

3. Company agrees to make six monthly payments commencing with the first payment of \$2,500.00 on or before April 30, 1997, the second payment of \$5,000.00 and 3 payments of \$7,500.00 each, on or the last day of each and every succeeding month, plus a final payment on or before September 30, 1997, equal to the unpaid balance and any interest thereon. Each payment shall be applied to the oldest calendar quarter for which fees are owed at the time of the payment. Within each quarter, payments shall be applied in the following order: administrative costs, accrued penalties, accrued interest, and principal.

4. Company agrees to report and pay promptly all reclamation fees owed OSM during the course of this agreement and to comply fully with the Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. Section 1201 et seq., and all regulations promulgated pursuant to it.

Post-It® Fax Note	7871	Date	4/23/97	# of pages	1
To	COLENE CARLSON	From	DAVID REEF		
Co./Dept.	AVS	Co.			
Phone #		Phone #	202-208-2678		
Fax #	606-238-2699	Fax #			

5. During the course of this agreement and as long as Company is in full compliance with the terms of this agreement, OSM will not take any enforcement action against Company for its failure to pay the past-due fees identified in paragraph 1 above.

6. If during the life of this agreement the company or company assets are sold all money received must be applied to the outstanding debt specified under this agreement.

7. Payments shall be made by certified check, cashier's check, or money order drawn to the order of "Office of Surface mining" and mailed to: Office of Surface Mining, P.O. box 360095M, Pittsburgh, PA 15251.

8. Time is of the essence in the payment of the sums due and owing to OSM. Upon failure to comply with any of the terms of this agreement, including failure to pay the sums owing by each due date for payment, OSM may declare the entire remaining balance outstanding under this agreement, plus administrative costs, penalties, and interest to be immediately due and payable. Thereupon, OSM may exercise any and all further legal remedies available to it, including the issuance of a Notice of Violation or Cessation Order or the denial, suspension, or revocation of the Company's mining permit(s) for failure to pay reclamation fees, or to the Company and all of its owners, as a Violator, or linked to a Violator on OSM's Applicant/Violator System.

9. The failure of OSM at any time to require performance of any provision herein shall not affect OSM's right to require full performance thereof at any time thereafter. The waiver by OSM of any default shall not constitute a waiver of any subsequent default and the exercise or non-exercise of any remedy by OSM shall not bar the exercise of any other remedy or remedies that may be available to OSM.

10. The signatures to this agreement represent that they are fully and properly authorized to execute same and that their respective principals have agreed to be bound by, and to comply with

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MAR-26-1997 14:27

WHITE OAK

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the terms, conditions and requirements as set forth herein.

DATE 3/26/97

MARK D. WAYMENT
(PRINT NAME) FOR THE COMPANY

Mark D. Wayment
(SIGNATURE) FOR THE COMPANY

GENERAL MANAGER
TITLE

David Reff
FOR OSM

Collection Specialist
TITLE

DATE 3/26/97

FINDINGS

Horizon Coal Corporation
Horizon Mine
ACT/007/020
Carbon County, Utah

July 11, 1997

The applicant for transfer of permit rights, Horizon Coal Corporation owned by K & K Holding Co., Inc. has committed to continue to conduct the operation involved in full compliance with the terms and conditions of the permit issued to Horizon Coal Corporation owned by Cumberland Resources Corporation by the Division on October 10, 1996 (R645-300-133.)

Currently Horizon Coal Corporation has submitted a bond sufficient to cover reclamation costs in the permit area. Horizon Coal Corporation, under the ownership of K and K Holding Co., Inc. will assume all liability for compliance with terms and conditions of the Horizon Mine permit and any orders, stipulations or conditions associated with the permit.

The following findings specifically apply to the application for transfer of permit rights:

1. Division records and the results of the 510 (c) clearance check, show that neither Horizon Coal Corporation, K & K Holding Co. Inc. or Horizon Coal Corporation, Cumberland Resources Corporation or any affiliates control or have controlled coal mining and reclamation operations with a demonstrated pattern of willful violation of the Act of such nature and duration and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the Act. A "Conditional Issue" recommendation was made because of a Settlement Agreement that had been entered into by White Oak Mining and Construction Co. Inc. (Scott Kiscaden and Todd Kiscaden [President and Vice President]) and OSM on March 26, 1997. See memo to file dated Jun 16, 1997.
2. The State of Utah, the Division has determined that the application for transfer of permit rights is accurate and complete, and complies with the requirements of R645-300-133.100.
3. The applicant has the legal right to enter and begin coal mining activities at the Horizon Mine. (R645-300-133.300)

4. Horizon Coal Corporation, K & K Holding Co. Inc. is owned by Scott Kiscaden and Todd Kiscaden. Scott Kiscaden and Todd Kiscaden also own White Oak Mining and Construction Co. Inc. This company has signed a Settlement Agreement with OSM (dated March 26, 1997) to pay all reclamation fees at the White Oak Mining and Construction Co. Inc., Scott Kiscaden agrees to pay all reclamation fees for Horizon Coal Corporation as required by 30 CFR Part 870. (R645-300-133.730)
5. Procedures for public participation have complied with the requirements of the Act and the Utah State Program. Notice was published in the Price Sun Advocate on April 10, 15, 17, 22, and 24, 1997 as required by R645-303-322. (The public comment period was extended to June 12, 1997.) One objection letter was received on June 12, 1997. This letter outlined the fact that a landowner is interested in leasing the land to Horizon Coal Corporation however, the contract for this land has not been signed. This objection was settled, see letter dated June 24, 1997.
6. The applicant has obtained a performance bond equivalent to the bonding requirements of the existing permit, in the amount of \$209,200. (R645-303-342).



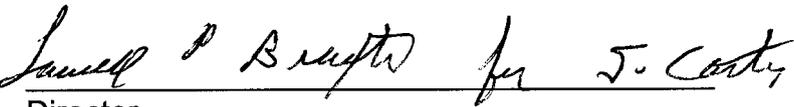
Permit Supervisor



Permit Supervisor



Associate Director of Mining



Director