



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

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September 28, 1994

TO: Daron Haddock, Permit Supervisor

FROM: Paul Baker, Reclamation Biologist *PAK*

RE: Draft Review, Permit Transfer Application, Castle Valley Spur, Mountain Coal Co., ACT/007/022, Working File, Carbon County, Utah *file # 2*

SYNOPSIS

Savage Industries has resubmitted its application to transfer the C. V. Spur loadout facility permit from Mountain Coal Company. Problems outlined in the review of the original submittal have been adequately addressed, but additional ownership and control information may be needed.

On September 21, 1994, the Division received a copy of the lease agreement with option to purchase between Savage and Mountain Coal. Some of the terms of this agreement concern reclamation liability and bonding and need to be examined closely before the Division transfers the permit. Among these are the following statements:

Page 9. The Baseline Environmental Conditions and the DOGM reclamation obligation shall remain, during the term of this Lease, the sole responsibility of MCC and MCC shall hold Savage harmless on account thereof.

Page 10. Savage will also upon closing of the purchase of the CV Spur assume full responsibility for the DOGM Reclamation Obligation and for bonding required in respect thereof.

Page 10. [Upon termination of the Lease without purchase of the CV Spur by Savage or a third party], Savage shall be responsible at its expense for. . .(ii) performing reclamation required under the DOGM Permit or any new or modified permit that is required because of new activities or disturbances occurring at the CV Spur that were not provided for under the DOGM Permit as of the Commencement Date, provided, however, that MCC may elect to retain portions of such disturbed areas and facilities thereon for continued use by MCC in which event MCC will assume responsibility for reclamation thereof.

Page 11. MCC shall retain the obligation to provide the reclamation bond required under the DOGM Permit (the "Bond"), subject to reimbursement by Savage for the premium charged for the Bond.



The permit transfer is discussed on page 11 of the agreement.

Only the portions of the submittal addressing R645-301-100 were reviewed. Any other items, such as bonding, that need to be approved before the transfer is allowed were not checked. The application includes a copy of the Mountain Coal Company bond as Appendix 2-4.

ANALYSIS

R645-301-112

Identification of Interests

The permit applicant is Savage Industries, Inc. Savage Industries' resident agent is C. T. Corporation Systems of Wilmington, Delaware. Savage would also be the operator. The application includes the applicant's employer identification number and other identifying information required by this regulation.

Mountain Coal Company will be responsible to pay for any abandoned mine reclamation fees.

Savage Industries' officers and directors are listed on page 2-3, including their titles and dates they assumed their positions. The Savage Companies own all of the stock of Savage Industries, Inc, and this company's officers and directors are also included in the application.

The only coal mining and reclamation operation affiliated with Savage Industries included in this application is the Catale Oklahoma Loadout. The application includes this operation's employer identification number and MSHA number with date of issuance. No other coal mining and reclamation operation are shown. The Applicant Violator System check showed three other operations, including the Banning Loadout and Sunnyside Cogeneration facility, where Savage has had ownership or control as the operator. The application needs to identify these operations in addition to those for which it is the permittee.

Names and addresses of the owners of record of all surface and subsurface areas contiguous to any part of the proposed permit area are in Tables 4-1 and 4-2.

R645-301-113

Violation Information

The application says that neither the applicant nor any subsidiary, affiliate, or person controlled by or under common control has had any federal or state mining permits suspended or revoked in the last five years nor forfeited a mining bond or similar security deposit.

Appendix 2-2 contains a list of all notices of violation received by the applicant in the past three years. Appendix 2-2 does not include the permit number for Catale, but this information is in Appendix 2-1. Catale's MSHA number is shown on page 2-4.

R645-301-114 **Right-of-Entry**

The application says on page 2-7 that Tables 4-1 and 4-2 contain all required leases, easements, and rights to access.

This section of the transfer application needs to reference or include the newly-received lease agreement with option to purchase.

R645-301-115 **Unsuitability Criteria**

The application says that the proposed permit area is not within an area designated unsuitable for the surface effects of underground coal mine activities under the R645 regulations. There are no occupied dwellings within one-fourth mile of the proposed permit area. It recognizes that operations are within 100 feet of a public road but does not include approvals from the authority with jurisdiction over the public road. This approval should have been in the original permit application. Since the permit was approved without this information, it is not necessary to include it now.

R645-301-116 **Permit Term**
R645-301-117 **Insurance, Proof of Publication, and Facilities Used in Common**
R645-301-118 **Filing Fee**
R645-301-123 **Notarized Signature**

The permit will be for the term of the existing permit, August 7, 1994, through August 7, 1999.

Appendix 2-3 includes a certificate of liability insurance that meets the Division's requirements. The insurance certificate does not include a general aggregate limit. Having no limit is to the Division's advantage and exceeds the regulatory requirements.

The legal description in the proposed newspaper advertisement is correct according to maps in the mining and reclamation plan.

Savage submitted a \$5.00 check for the permit transfer application fee.

The application contains the notarized signature of James T. Jensen, Executive Vice-President, accompanying the statement that the information included in the application is true and correct to the best of his information and belief.

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RECOMMENDATIONS

The transfer application needs to include reference to the lease agreement with option to purchase. Also, Savage needs to identify all operations it has owned or controlled under the definition in R645-100.