

0003

6/30/99



Savage Industries Inc.  
2025 E. 5000 S.  
Price, Utah 84501  
(801) 637-5664  
(801) 637-3418 FAX

**Pamela Grubaugh-Littig**  
**Permit Supervisor**  
**Utah Division of Oil, Gas & Mining**  
**1594 West North Temple, Suite 1210**  
**Box 145801**  
**Salt Lake City, Utah 84114-5801**

**Re: Permit Renewal**  
**Savage Coal Terminal**  
**ACT/007/022**  
**Carbon County, Utah**

**Dear Ms. Littig:**

**As a designated agent of Savage Industries, Inc., and in accordance with R645-301-230, I am herein applying for renewal for a period of 5 years.**

**Enclosed are 3 copies of a notarized C-1 Form, the liability insurance, reclamation bond, a proposed public notice and a summary of enforcement actions over the last 5 years.**

**I understand that a notice of intent to renew the permit was faxed to Daron Haddock by Dan Guy on 04/07/99. As Mr. Guy indicated in that letter, the permit is in the process of being re-formatted to the R645 Rules, but no changes are proposed at this time.**

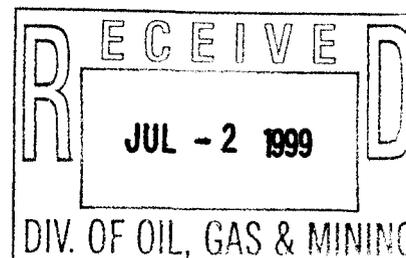
**The public notice will be published once per week for 4 consecutive weeks, as required. Proof of publication will be submitted to the Division upon receipt.**

**If you have any questions, or need any further information, please let me know.**

**Sincerely,**

**James T. Jensen**  
**Executive Vice President**

**cc: Boyd Rhodes**  
**Dan Guy**  
**File**



# APPLICATION FOR PERMIT PROCESSING

<input type="checkbox"/> Permit Change	<input type="checkbox"/> New Permit	<input checked="" type="checkbox"/> Renewal	<input type="checkbox"/> Transfer	<input type="checkbox"/> Exploration	<input type="checkbox"/> Bond Release	Permit Number: <i>ACT/007/022</i>
--	-------------------------------------	---	-----------------------------------	--------------------------------------	---------------------------------------	--------------------------------------

Title of Proposal: <i>PERMIT RENEWAL</i>	Mine: <i>SAVAGE COAL TERMINAL</i>
Permittee: <i>SAVAGE INDUSTRIES, Inc</i>	

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

**Instructions:** If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation specialist.

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO #
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV #
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: <i>RENEWAL</i>
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

Attach **3** complete copies of the application.

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.

*James T. Denton EX VP.*  
Signed - Name - Position - Date

Subscribed and sworn to before me this 30 day of June 1999

*Jo L. Sanders*  
Notary Public

My Commission Expires: 4-1 1901  
Attest: STATE OF UTAH  
COUNTY OF SALT LAKE

**NOTARY PUBLIC**  
**JO L. SANDERS**  
8250 So. Commerce Dr. #200  
Salt Lake City, Utah 84107  
My Commission Expires  
April 1, 2001  
**STATE OF UTAH**

Received by Oil, Gas & Mining

R E C E I V E D

JUL - 2 1999

DIV. OF OIL, GAS & MINING

***Liability Insurance***

# ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
4/01/99

**PRODUCER**

J&H Marsh & McLennan UT, Inc.  
60 East South Temple  
Suite 1600  
Salt Lake City, UT 84111

CHRIS BRIMHALL (801) 539-7413

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**COMPANIES AFFORDING COVERAGE**

- COMPANY  
**A** CONTINENTAL CASUALTY COMPANY
- COMPANY  
**B**
- COMPANY  
**C**
- COMPANY  
**D**

**INSURED**

SAVAGE INDUSTRIES  
ATTN: DEAN REES  
5250 SOUTH 300 WEST #200  
SALT LAKE CITY, UTAH 84107

**COVERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT	GL196004194	4/01/99	4/01/00	GENERAL AGGREGATE \$ 1,000.00 PRODUCTS - COMP/OP AGG \$ 2,000.00 PERSONAL & ADV INJURY \$ 1,000.00 EACH OCCURRENCE \$ 1,000.00 FIRE DAMAGE (Any one fire) \$ 1,000.00 MED EXP (Any one person) \$ 5,000.00
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	BUA196004227	4/01/99	4/01/00	COMBINED SINGLE LIMIT \$ 1,000.00 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	<b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY</b> THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL	WC196004177	4/01/99	4/01/00	<input checked="" type="checkbox"/> WC STATUTORY LIMITS EL EACH ACCIDENT \$ 1,000.00 EL DISEASE - POLICY LIMIT \$ 1,000.00 EL DISEASE - EA EMPLOYEE \$ 1,000.00
	<b>OTHER</b>				

**RECEIVED**  
 JUL - 2 1999  
 DIV. OF OIL, GAS & MINING

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

**CERTIFICATE HOLDER**

BLACK HAWK ENGINEERING  
DAN GUY  
214 EAST 100 NORTH  
PRICE, UT 84501

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 \* DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES AUTHORIZED REPRESENTATIVE.

*Dean Rees*

ACORD 25-S (1/95)

© ACORD CORPORATION 1999

(\* 10 DAYS FOR NON-PAYMENT)

HOLDER COPY

CERTIFICATE NO. 0001001-00764

***Reclamation Bond***

BOND NO. 158987108

Permit Number: ACT/007/022**EXHIBIT "B"****SURETY BOND  
(NON-FEDERAL COAL)**

THIS SURETY BOND entered into by and between the undersigned PERMITTEE, and SURETY company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION) in the penal sum of:

(\$)2,525,000.00 (Surety Bond Amount)

for the timely performance of reclamation responsibilities of the permit area as described in Exhibit "A" of the Reclamation Agreement.

This SURETY BOND will remain in effect until all of the PERMITTEE's reclamation obligation have been met and released by the DIVISION and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, the approved permit and the DIVISION.

The SURETY will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The SURETY and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the DIVISION from any and all expenses which the DIVISION may sustain as a result of the PERMITTEE's failure to comply with the condition(s) of the reclamation obligation.

The SURETY will give prompt notice to the PERMITTEE and to the DIVISION of any notice received or action alleging the insolvency or bankruptcy of the SURETY, or alleging any violations or regulatory requirements which could result in suspension or revocation of the SURETY'S license.

Terms for release or adjustment of this BOND are as written and agreed to by the DIVISION and the PERMITTEE in the RECLAMATION AGREEMENT incorporated by reference herein, to which this SURETY AGREEMENT has been attached as exhibit

B.

Exhibit "B"  
Non-Federal Surety Bond  
Page 2

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal  
this 9TH day of DECEMBER, 1997.

SAVAGE INDUSTRIES INC.

PERMITTEE

By: [Signature]  
Title: CEO V.P.

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal  
this 9TH day of DECEMBER, 1997.

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD

SURETY

By: [Signature]  
Title: ATTORNEY-IN-FACT

ACCEPTED BY THE STATE OF UTAH

this 11th day of December, 1997

[Signature]

Lowell P. Braxton, Acting Director  
Division of Oil, Gas and Mining

**NOTE:**

An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

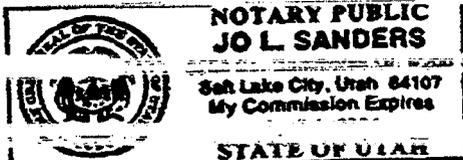
**AFFIDAVIT OF QUALIFICATION  
PERMITTEE**

-----

I, JAMES T. JEUSEN being first duly sworn under oath, deposes and says that he/she is the LX. V.P. of SAVAGE INDUSTRIES INC. the PERMITTEE; and that he is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

James T. Jensen  
\_\_\_\_\_

Subscribed and sworn to before me this 9TH day of DECEMBER, 1997.



Jo L. Sanders  
\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

Attest:

STATE OF UTAH

COUNTY OF SALT LAKE ss:

AFFIDAVIT OF QUALIFICATION  
SURETY COMPANY  
-000000-

I, TINA DAVIS, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) ATTORNEY-IN-FACT of NATIONAL FIRE INSURANCE COMPANY OF HARTFORD; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

  
\_\_\_\_\_  
~~ATTORNEY-IN-FACT~~

ATTORNEY-IN-FACT

(Position)

Subscribed and sworn to before me this 31<sup>st</sup> day of DECEMBER, 19 97.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 8-11-00

Attest:

STATE OF UTAH)

COUNTY OF SALT LAKE) ss:



**POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT**

Know All Men by These Presents, that CONTINENTAL CASUALTY COMPANY, an Illinois corporation, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, a Connecticut corporation, AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA, a Pennsylvania corporation (herein collectively called "the CNA Surety Companies"), are duly organized and existing corporations having their principal offices in the City of Chicago, and State of Illinois, and that they do by virtue of the signature and seals herein affixed hereby make, constitute and appoint Earl D. Brown, Karen Hone, Doris Martin, Jace Pearson, Tina Davis, Vicki Sorensen, Individually

of Salt Lake City, Utah

their true and lawful Attorney(s)-in-fact with full power and authority hereby conferred to sign, seal and execute for and on their behalf bonds, undertakings and other obligatory instruments of similar nature

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of their corporations and all the acts of said Attorney, pursuant to the authority hereby given are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Laws and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Boards of Directors of the corporations.

In witness whereof, the CNA Sureties Companies have caused these presents to be signed by their Group Vice President and their corporate seals to be hereto affixed on this 2nd day of July, 1997.



CONTINENTAL CASUALTY COMPANY  
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

M.C. Vonnahme Group Vice President

State of Illinois, County of Cook, ss:  
On this 2nd day of July, 1997, before me personally came M.C. Vonnahme to me known, who being by me duly sworn, did declare and say that he resides in the Village of Deerfield, State of Illinois, that he is a Group Vice President of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA described in and which executed the above instrument, that he knows the seals of said corporations; that the seals annexed to the said instrument are such corporate seals, that they were so annexed pursuant to authority given by the Boards of Directors of said corporations and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporations.



My Commission Expires June 5, 2000

Eileen T. Pachuta Notary Public

**CERTIFICATE**

I, Robert E. Ayo, Assistant Secretary of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of each corporation printed on the reverse hereof are still in force. In testimony whereof I have hereunto subscribed my name and affixed the seals of the said corporations this 9TH day of DECEMBER, 1997.



CONTINENTAL CASUALTY COMPANY  
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

Robert E. Ayo Assistant Secretary

***Public Notice***

**PUBLIC NOTICE FOR PERMIT RENEWAL  
SAVAGE COAL TERMINAL  
SAVAGE INDUSTRIES, INC.  
5250 SO. 300 W., SUITE 200  
SALT LAKE CITY, UTAH 84107**

**Savage Industries, Inc. has filed with the Utah Division of Oil, Gas & Mining, an application for renewal of its Mining and Reclamation Plan Permit for the Savage Coal Terminal.**

**The permit for which renewal is being sought is Utah #ACT/007/022. This is a Mining and Reclamation Permit for the Savage Coal Terminal, which is located in the Miller Creek area of Carbon County, Utah in Sections 2 and 11, Township 15 South, Range 10 East, Salt Lake Base & Meridian.**

**The permit area is further described as follows:**

**Township 15 South, Range 10 East, Salt Lake Base & Meridian**

**Sec. 11: W ½ SW ¼ except 0.24 ac. in NW corner, E ½ SW ¼ except East 100' and 5.42 ac. in SW corner.**

**Also included in the permit area is a 20' Right-of-Way for a pipeline across the SE ¼ NW ¼ and NW ¼ NW ¼ of Section 11 (1.21 acres), and across the SW ¼ SW ¼, NW ¼ SW ¼, SW ¼ NW ¼ and NE ¼ NW ¼ of Section 2 (3.97 acres). This area is located on the "Price Quadrangle", U.S. Geological Survey 7.5 minute map.**

**The permit is available for inspection at the Utah Division of Oil, Gas & Mining office in Price, College of Eastern Utah, 451 E. 400 N., Price, Utah, and the Utah Division of Oil, Gas & Mining office, 1594 West North Temple, Suite 1210, Salt Lake City, Utah.**

**The application for renewal is available for inspection at the Carbon County Courthouse, 120 East Main Street, Price, Utah and the Utah Division of Oil, Gas & Mining office, 1594 West North Temple, Suite 1210, Salt Lake City, Utah.**

**Written comments, objections or requests for informal conferences on the application may be submitted to: State of Utah Department of Natural Resources, Division of Oil, Gas & Mining, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.**

***Compliance History***  
***(1994 - 1999)***

*Savage Coal Terminal  
Compliance History*

<i><u>Notice of Violation</u></i>	<i><u>Date</u></i>	<i><u>Status</u></i>
<i>96-26-3-1</i>	<i>09/06/96</i>	<i>Vacated</i>
<i>97-26-2-1</i>	<i>06/06/97</i>	<i>Terminated</i>