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State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

August 6, 2004

James T. Jensen, Executive Vice President
Savage Services Corporation
6340 South 3000 East, Suite 600
Salt Lake City, Utah 84121

Re: Five-Year Permit Renewal, Savage Coal Terminal, Savage Services Corporation, C/007/0022, Task ID #1902, Outgoing File

Dear Mr. Jensen:

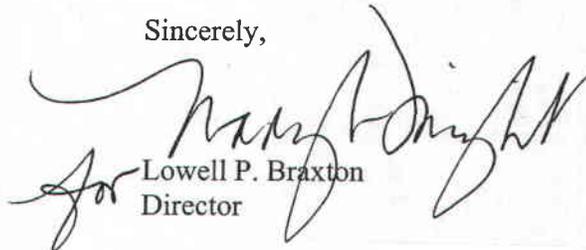
The permit renewal for the Savage Coal Terminal is approved with one condition that:

“Savage Services Corporation will submit water quality data for the Savage Terminal in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>.

Enclosed are two (2) copies of the renewed permanent program mining and reclamation permit with the above-noted condition. Please read the permit to be sure you understand the requirements of the permit, then have both copies signed by the appropriate Savage Services Corporation representative and return one to the Division.

If you have any questions, please call me.

Sincerely,


for Lowell P. Braxton
Director

Enclosures

cc: James Fulton, OSM, WRCC
PFO

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File in:

Confidential

Shelf

Expandable

Refer to Record No. 0019 Date 08062004

In C:\007022\2004\Outgoing
For additional information

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT**

**For
PERMIT RENEWAL**

**Savage Services Corporation
Savage Coal Terminal
C/007/0022
Carbon County, Utah**

August 6, 2004

CONTENTS

- * Administrative Overview
- * Permitting Chronology
- * Findings
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- * AVS Recommendation, memo dated August 6, 2004

ADMINISTRATIVE OVERVIEW

Savage Services Corporation
Savage Coal Terminal
C/007/0022
Carbon County, Utah

August 6, 2004

BACKGROUND

The Castle Valley Spur Coal Processing and Loadout Facility (aka "C.V. Spur") was purchased in 1977 by Beaver Creek Coal Company from Utah Power and Light Company, which used the site for coal loading. This permit was transferred from Beaver Creek Coal Company to Mountain Coal Company on September 12, 1991.

Mountain Coal Company transferred this permit to Savage Industries, Inc. on July 6, 1995 and changed the name to the Savage Coal Terminal. The name changed from Savage Industries, Inc. to Savage Services, Inc. on January 20, 2003.

The permit area, comprising 154 acres, is located approximately four miles south-southeast of Price, Utah, and approximately one mile from the Price River floodplain. The site is characterized by gently-sloping terrain. Soils are fine textured and saline, supporting a salt desert vegetation community.

PERMIT RENEWAL

The application for permit renewal was submitted on March 29, 2004. This renewal application was determined administratively complete on April 19, 2004. Public notice for this permit renewal was published in the Sun Advocate on May 4, 11, 18, and 25, 2004.

This renewal encompasses the same permit area and disturbance as currently approved in the permit.

ANALYSIS

The permit renewal application was received at least 120 days prior to permit renewal. All notices were published as required. No comments were received.

RECOMMENDATION

Approval for this permit renewal is recommended.

PERMITTING CHRONOLOGY

Savage Services Corporation
Savage Coal Terminal
C/007/0022
Carbon County, Utah

August 6, 2004

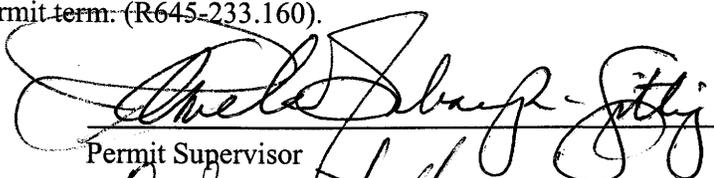
March 29, 2004	Savage Services Corporation submitted the permit renewal application for the Savage Terminal.
April 19, 2004	Determination of Administrative Completeness of permit renewal application.
April 20, 2004	Permit renewal completeness determination sent to applicable state, federal, and county agencies.
May 4, 11, 18, and 25, 2004	Public notice for permit renewal for the Savage Coal Terminal published in the <u>Sun Advocate</u> .
June 25, 2004	End of public comment period. No comments received.
August 6, 2004	Permit renewed.

PERMIT RENEWAL FINDINGS

Savage Services Corporation
Savage Coal Terminal
C/007/0022
Carbon County, Utah

August 6, 2004

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being met. See original TA (R645-303-233.110).
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program. See list of violations for the past 3 years. (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program. See original TA. (R645-303-233.130).
5. The operator has provided evidence of maintaining liability insurance in full effect (ACE American Insurance Company, Policy HDOG18072518)(R645-303-233.140).
6. The operator has a reclamation surety on file with the Division and has provided evidence that the surety will remain in full effect. (Liberty Mutual Insurance Company- #965-003-641 in the amount of \$2,525,000) (R645-303-233.150).
7. To date, the operator has submitted updated information as required by the Division through this permit term. (R645-233.160).



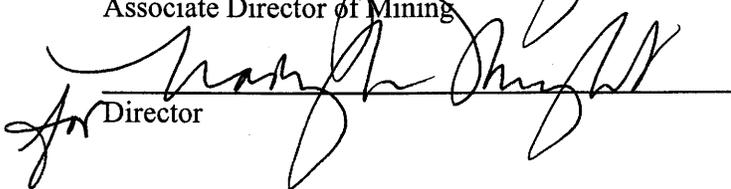
Permit Supervisor



Permit Supervisor



Associate Director of Mining



for Director

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Ken Larson, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State 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 4th day of May, 2004, and that the last publication of such notice was in the issue of such newspaper dated the 25th day of May, 2004.

Ken G. Larson

Ken G Larson - Publisher

Subscribed and sworn to before me this 25th day of May, 2004.

Linda Thayne

Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, \$ 432.64

**PUBLIC NOTICE FOR PERMIT RENEWAL
SAVAGE COAL TERMINAL
SAVAGE SERVICES CORPORATION
6340 SO. 3000 E. #600
SALT LAKE CITY, UTAH 84121**

Savage Services Corporation 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 #C/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 1/2 SW 1/4 except 0.24 ac. in NW corner, E 1/2 SW 1/4 except East 100' and 5.42 ac. in SW corner.

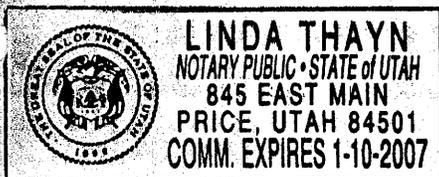
Also included in the permit area is a 20' Right-of-Way for a pipeline across the SE 1/4NW 1/4 and NW 1/4 NW1/4 of Section 11 (1.21 acres), and across the SW 1/4 SW 1/4, NW 1/4 SW 1/4, SW 1/4 NW1/4 and NE 1/4 NW 1/4 of Section 2 (3.97 acres). This area is located on the "Price Quadrangle", U.S. Geological 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 Utah Division of Oil, Gas and 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.

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.

Published in the Sun Advocate May 4, 11, 18 and 25, 2004.





State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

August 6, 2004

To: Internal File

From: Pamela Grubaugh-Littig, Permit Supervisor *pgl mon*

Re: Compliance Review for Section 510 (c) Findings, Savage Coal Terminal, Savage Services Corporation, C/007/0022

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 no finalized Civil Penalties, which are outstanding and overdue in the name of Savage Services Corporation. Savage Services 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.

The OSM Applicant Violator System (AVS) found no violations (see attached).

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Application Evaluation Report Applicant Violator System 06-Aug-2004 09:47:16

State : UT Permit No : ACT007022 Appl No : ACT007022
Permittee : 153846(SAVAGE SERVICES CORP) Seqno : 4
Applicant : 153846(SAVAGE SERVICES CORP)

OSMRE: Comments/Analysis: Date : 06-Aug-2004 Mode : VIEW

SRA: Comments/Analysis: Date : 06-Aug-2004 Mode : UPDATE

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

NON-FEDERAL

**PERMIT
C/007/0022**

August 6, 2004

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5289**

This permit, C/007/0022, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOG M) to:

**Savage Services Corporation
6340 South 3000 East, Suite 600
Salt Lake City, Utah 84121
(801) 944-6600**

for the Savage Coal Terminal. Savage Services Corporation is the owner of fee-owned property. A performance bond is filed with the DOGM in the amount of \$2,525,000.00, payable to the state of Utah, Division of Oil, Gas and Mining. 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 coal processing and loading on the following described lands within the permit area at the Savage Terminal situated in the state of Utah, Carbon County, and located:

Township 15 South, Range 10, East, SLBM

Section 11: W1/2SW1/4 except 0.24 ac. in NW corner,
E1/2SW1/4 except East 100 feet and 5.42 ac. in SW corner.

Also included in the permit area is a 20-foot Right-of-Way for a pipeline across the SE1/4NW1/4 and NW1/4NW1/4 of Section 11 (1.21 acres), and across the SW1/4SW1/4, NW1/4/SW1/4, SW1/4NW1/4 and NE1/4NW1/4 of Section 2 (3.97 acres).

This legal description is for the permit area (160 acres) of the Savage Coal Terminal and included in the operation and reclamation plan on file at the Division. The permittee is authorized to conduct coal mining and reclamation activities connected with a preparation plant 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 permit becomes effective on August 7, 2004 and expires on August 7, 2009.
- 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 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. 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 - 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 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.

Authorized Representative of the Permittee

Date: _____

ATTACHMENT A
SPECIAL CONDITION

1. Savage Services Corporation will submit water quality data for the Savage Terminal in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>.