



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 9, 2018

Robert Nead, Manager
Coal Energy Group 2, LLC
6602 Ilex Circle
Naples, Florida 34109

Subject: Approval of Permit Transfer, Wildcat Loadout, Coal Energy Group 2, LLC from Intermountain Power Agency, C/007/0033, Task ID #5738

Dear Mr. Nead:

The permit transfer for the Wildcat Loadout is approved. Enclosed are two (2) copies of the revised permanent program permit. Please note the special condition attached. Please have both permits signed by the designated authority and return one signed copy to the Division.

Also enclosed is a copy of the fully-signed and executed Reclamation Agreement.

At this time, you are required to submit an application to the Division to amend the Wildcat Loadout Mining and Reclamation Plan with the updated ownership information.

Good luck in your mining endeavors. If you have any questions, please call Daron Haddock at (801) 538-5325 or myself at (801) 538-5334.

Sincerely,

John R. Baza
Director

JRB/DRH/sqs
Enclosures
cc: Denise Drago, Snell & Wilmer
O:\007033.WCL\PERMIT\2018 Transfer\Baza.letter.doc



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

**Coal Energy Group 2, LLC
Wildcat Loadout
C/007/0033
Carbon County, Utah**

November 9, 2018

- * Administrative Overview
- * Permitting Chronology
- * Findings
- * Permit
- * Affidavit of Publication
- * AVS Recommendation

ADMINISTRATIVE OVERVIEW

Coal Energy Group 2, LLC
Wildcat Loadout
C/007/0033
Carbon County, Utah

November 9, 2018

PROPOSAL

The Wildcat Loadout Permit currently held by Intermountain Power Agency will be transferred to Coal Energy Group 2, LLC.

BACKGROUND

The Wildcat Loadout facility is located three miles west of U.S. Highway 6, on Consumers Road near the town of Helper in Carbon County, Utah. The permit area comprises approximately 111 acres. The permit acreage includes Bureau of Land Management Rights of Way and the Utah Railway Company.

The initial right-of-way was granted to Andalex Resources, Inc. (Andalex) in January 1982. The Wildcat Loadout Facility initiated operations in April 1985. Prior to the opening of the Wildcat Loadout Facility by Andalex, a portion of the present permit area was previously utilized as a coal loadout by other entities. Division of Oil, Gas, and Mining jurisdiction over the Wildcat Loadout Facility was established by programmatic changes finalized in January 1986. Prior to that time, the Division had no jurisdiction over this type of facility. The original SMCRA permit was issued to Andalex on May 5, 1989. The permit was subsequently renewed in 1994, 1999, 2004 and 2009.

In 2011 ownership of the loadout was transferred from Andalex to Intermountain Power Agency (IPA) with a permit being issued to IPA on June 27, 2011. This permit was renewed as of May 5, 2014.

The facility crushes, screens, and sorts coal hauled from various mines. The facility has received coal from various sources including the Centennial Mine, operated by Andalex, the Crandall Canyon Mine operated by Genwal Resources, Inc. and the West Ridge Mine operated by West Ridge Resources, Inc., and most recently from the Bear Canyon Mine operated by Castle Valley Mining, LLC. This facility is designed to handle up to 5.5 million tons of coal annually.

A letter providing notice of temporary cessation was submitted to the Division on September 10, 2010. This was in anticipation of the legal transfer of the ownership of the facility to IPA. Soon after the permit was acquired by IPA, they restarted the operations. The facility became idle and went into temporary cessation on September 27, 2016.

A transfer application that will assign the permit to Coal Energy Group 2, LLC was received on September 13, 2018 and approved November 9, 2018.

PUBLIC NOTICE

The applicant published notice for the permit transfer on October 9, 2018 in the Salt Lake Tribune. No comments, objections, or requests for informal conference were received by the Division during the 30-day comment period.

AVS CHECK

A review of the AVS system was conducted on November 2, 2018. The system showed that there were no unsettled violations for Coal Energy Group 2, LLC. Coal Energy Group 2, LLC is clear to receive a permit.

RECOMMENDATION

The Division made the decision on November 9, 2018 to approve the permit transfer on the fact that 1) The terms and conditions of the existing permit are being satisfactorily met; 2) The present coal mining and reclamation operations are in compliance with the environmental protection standards of the State Program; 3) The transfer does not substantially jeopardize the operator's continuing ability to comply with the State Program on existing permit areas; and 4) The operator has provided evidence of having liability insurance and a performance bond which will be in effect for the operation and will continue in full force and effect.

PERMITTING CHRONOLOGY

Coal Energy Group 2, LLC
Wildcat Loadout
C/007/0033
Carbon County, Utah

November 9, 2018

- September 13, 2018 Coal Energy Group 2, LLC submits the permit transfer application. Coal Energy Group 2, LLC posts reclamation bond with the Division in the amount of \$1,192,000.
- October 9, 2018 Coal Energy Group 2, LLC advertises public notice of permit transfer for the Wildcat Loadout in the Salt Lake Tribune.
- No comments received.
- November 2, 2018 A compliance check through the AVS system is completed showing no unsettled violations for Coal Energy Group 2, LLC.
- November 9, 2018 The Division approves the transfer of the Wildcat Loadout permit.

PERMIT TRANSFER FINDINGS

Wildcat Loadout Permit Transfer
Coal Energy Group 2, LLC
C/007/0033
Carbon County, Utah

November 9, 2018

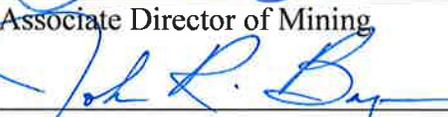
1. The permit transfer application was submitted and contained all of the information required under R645-303-321.
2. The application for transfer was advertised in a newspaper of general circulation. (Published October 9, 2018) (R645-303-322).
3. The applicant is eligible to receive a permit. (See AVS Evaluation dated November 2, 2018.)
4. The public was provided opportunity to provide comment on the transfer application through advertisement in the local newspaper. No comments were received. (R645-303-330).
5. The permittee has provided evidence of maintaining liability insurance (Arch Insurance Company #EPO103570200) (R645-303-233.140).
6. The operator has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect for the permit period. (RLI Insurance Company #ROG0001354 in the amount of \$1,192,000). (R645-303-342).
7. The operator has submitted all information as required to date, by the Division for this transfer. (R645-303-343).



Permit Supervisor



Associate Director of Mining



Director

FEDERAL

C/007/0033

November 9, 2018

**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) 538-5340**

This permit, C/007/0033, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

**Coal Energy Group 2, LLC
6602 Ilex Circle
Naples, Florida 34109
(329) 825-2332**

for the Wildcat Loadout Facility. Coal Energy Group 2, LLC is the leasee of Bureau of Land Management Rights of Way (ROW) No. U48027 and U52810. A surety bond is filed with the Division in the amount of \$1,192,000, payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining, Reclamation and Enforcement (OSMRE). The Division 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 mining and reclamation operations on the following described lands within the permit area at the Wildcat Loadout Facility situated in the State of Utah, Carbon County, and located in:
- Township 13 South, Range 9 East, Section 33, SLBM
NW1/4SE1/4, N1/2SW1/4SE1/4, E1/2E1/2NE1/4SW1/4, E1/2NE1/4SE1/4SW1/4, NE1/4SE1/4SE1/4SW1/4, NW1/4SW1/4SW1/4SE1/4, E1/2SE1/4SW1/4NE1/4 and portions of N1/2NW1/4NE1/4SE1/4, NE1/4SW1/4NE1/4, SW1/4SW1/4NE1/4, NW1/4SE1/4SW1/4NE1/4, W1/2NE1/4SW1/4, W1/2E1/2NE1/4SW1/4, W1/2E1/2SE1/4SW1/4.

Township 13 South, Range 9 East, Section 33, SLBM

Beginning at a point 2.476.01 feet North and 546.66 feet West of the Southeast corner of Section 33, Township 13 South, Range 9 East, SLBM, then South 767.24 feet to the intersection of the Western edge of Trestle Road, then Southwesterly along said edge of road 1,169.87 feet to the intersection of the Eastern edge of the existing permit boundary, then North 1,588.74 feet along existing permit boundary, then Southeasterly 315.74 feet along existing permit boundary, then Northeasterly 522.25 feet along existing permit boundary to point of beginning. Contains 23.00 acres M/L

This legal description is for the permit area of the Wildcat Loadout Facility. The permittee is authorized to conduct coal mining and reclamation operations and related surface activities on the foregoing described property subject to the conditions of the Bureau of Land Management rights-of-way 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 expires on May 5, 2019.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the 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 the private person.
- Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct coal mining and reclamation operations 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 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. 10 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.

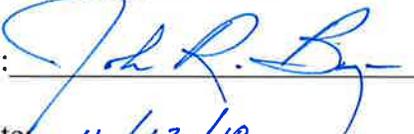
Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

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 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 coal mining and reclamation 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 the Division within the time frame specified by the 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 these permitting actions 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: 11/13/18

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. Coal Energy Group 2, LLC must submit water quality data for the Wildcat Loadout Facility in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>

4770 S. 5600 W.
WEST VALLEY CITY, UTAH 84118
FED. TAX I.D.# 87-0217663
801-204-6910

Deseret News



The Salt Lake Tribune

PROOF OF PUBLICATION CUSTOMER'S COPY

CUSTOMER NAME AND ADDRESS

SNELL & WILMER,
DEANNA GAUDREAU
15 W SOUTH TEMPLE STE 1200
SALT LAKE CITY UT 84101

ACCOUNT NUMBER

9001342484

DATE

10/9/2018

PUBLIC NOTICE FOR PERMIT TRANSFER WILDCAT LOADOUT

Coal Energy Group 2, LLC ("CEG2"), a Nevada limited liability company, having offices located at 6602 Ilex Circle, Naples, Florida 34109, has filed with the Utah Division of Oil, Gas and Mining an application for transfer of the existing Mining and Reclamation Permit C/007/033 for the Wildcat Loadout, located at 3 miles west of Highway 6 on Consumers Road, Helper, Utah. The Application transfers to CEG2 the 100% undivided interest in the mine permit held by Intermountain Power Agency. The permit area is located in Carbon County, Utah, depicted on the Standardville USGS topographic quadrangle map.

The existing permit area is described as follows:

Township 13 South, Range 9 East, SLBM Section 33: NW1/4SE1/4, N1/2SW1/4SE1/4, E1/2E1/2NE1/4SW1/4, E1/2NE1/4SE1/4SW1/4, NE1/4SE1/4SE1/4SW1/4, NW1/4SW1/4SW1/4SE1/4, E1/2SE1/4SW1/4NE1/4 and Portions of N1/2NW1/4NE1/4SE1/4, NE1/4SW1/4NE1/4, SW1/4SW1/4NE1/4, NW1/4SE1/4SW1/4, W1/2NE1/4SW1/4, W1/2E1/2SE1/4SW1/4, containing 100.19 acres.

Township 13 South, Range 9 East, Section 33, SLBM Beginning at a point 2,476.01 feet North and 546.66 feet West of the Southeast corner of Section 33, Township 13 South, Range 9 East, SLBM, then South 767.24 feet to the intersection of the Western edge of Trestle Road, then Southwesterly along said edge of road 1, 69.87 feet to the intersection of the Eastern edge of the existing permit boundary, then North 1,588.74 feet along existing permit boundary, then Southeasterly 315.74 feet along existing permit boundary, then North-easterly 522.25 feet along existing permit boundary to point of beginning. Contains 23.00 acres M/L.

A copy of this application is available for inspection at the Division of Oil, Gas and Mining at 1594 West North Temple, Suite 1210, Salt Lake City, Utah. Comments, objections or requests for informal conference on the application should be submitted within 30 days to: Utah Coal Program, Division of Oil, Gas and Mining at 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

Published In The Salt Lake Tribune October 9, 2018. 1227700 UPAXLP

ACCOUNT NAME

SNELL & WILMER,

TELEPHONE

8012571900

ORDER # / INVOICE NUMBER

0001227700 /

PUBLICATION SCHEDULE

START 10/09/2018 END 10/09/2018

CUSTOMER REFERENCE NUMBER

Coal Energy Group 2, LLC

CAPTION

PUBLIC NOTICE FOR PERMIT TRANSFER WILDCAT LOADOUT Coal Energy Group 2

SIZE

52 LINES 2 COLUMN(S)

TIMES

2

TOTAL COST

135.00

AFFIDAVIT OF PUBLICATION

AS NEWSPAPER AGENCY COMPANY, LLC dba UTAH MEDIA GROUP LEGAL BOOKER, I CERTIFY THAT THE ATTACHED ADVERTISEMENT OF **PUBLIC NOTICE FOR PERMIT TRANSFER WILDCAT LOADOUT Coal Energy Group 2, LLC (CEG2), a Nevada limited liability company, having offices located at 6602 Ilex Circ** FOR **SNELL & WILMER**, WAS PUBLISHED BY THE NEWSPAPER AGENCY COMPANY, LLC dba UTAH MEDIA GROUP, AGENT FOR DESERET NEWS AND THE SALT LAKE TRIBUNE, DAILY NEWSPAPERS PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE CITY, SALT LAKE COUNTY IN THE STATE OF UTAH. NOTICE IS ALSO POSTED ON UTAHLEGALS.COM ON THE SAME DAY AS THE FIRST NEWSPAPER PUBLICATION DATE AND REMAINS ON UTAHLEGALS.COM INDEFINITELY. COMPLIES WITH UTAH DIGITAL SIGNATURE ACT UTAH CODE 46-2-101; 46-3-104.

PUBLISHED ON Start 10/09/2018 End 10/09/2018

DATE 10/9/2018

SIGNATURE *Judmundson*

STATE OF UTAH)

COUNTY OF SALT LAKE)

SUBSCRIBED AND SWORN TO BEFORE ME ON THIS 9TH DAY OF OCTOBER IN THE YEAR 2018

BY LORAIN GUDMUNDSON.



Jae Levi
NOTARY PUBLIC SIGNATURE



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 2, 2018

TO: Internal File

FROM: Daron R. Haddock, Coal Program Manager 

RE: Compliance Review for Section 510 (c) Findings, Coal Energy Group 2, LLC

As of the writing of this memo, there are no NOVS or COs 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 Coal Energy Group 2, LLC. Coal Energy Group 2, LLC does not demonstrate a pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

The recommendation from the Applicant Violator System (AVS) denotes that all connected entities either do not have any civil penalties or are under a settlement agreement (attached).

O:\007033.WCL\PERMIT\2018 TRANSFER\510C.DOC



Application Evaluation

There were no violations retrieved by the system

Application Number: C0070033 SEQ:8
 Applicant Name: 261449 Coal Enery Group 2, LLC
 Date of Request: 11/2/2018 9:15:38 AM
 Requestor:

CAUTION: The Applicant/Violator System (AVS) is an informational database. Permit eligibility determinations are made by the regulatory authority with jurisdiction over the permit application not by the AVS. Results which display outstanding violations may not include critical information about settlements or other conditions that affect permit eligibility. Consult the AVS Office at 800-643-9748 for verification of information prior to making decisions on these results.

Violation Type	Violation Number	Violation Entities	Permit Number	Permitted State	Violation Status	Violation Date
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Evaluation OFT

Entities: 12

119705 Intermountain Power Agency - ()
 ---112517 Edward D Collins - (Director)
 ---112517 Edward D Collins - (Secretary)
 ---119711 Ted L Olson - (Chairman of the Board)
 ---119711 Ted L Olson - (Director)
 ---124915 Dan R Eldredge - (Manager)
 ---251398 Fred Moss - (Director)
 ---254350 Blaine J Haacke - (Chairman of the Board)
 ---254350 Blaine J Haacke - (Director)
 ---254351 Eric D Larsen - (Director)
 ---254351 Eric D Larsen - (Treasurer)
 ---254352 LaVon S Mellor - (Director)
 ---257858 Nick Tatton - (Director)
 261449 Coal Enery Group 2, LLC - ()
 ---036531 Robert C Nead Jr - (Manager)
 ---247290 James J Wayland - (Manager)

Narrative