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

Michael O. Leavitt
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September 2, 1993

Mr. R. W. Olsen, Vice President and General Manager
Soldier Creek Coal Company
P. O. Box I
Price, Utah 84501

Dear Mr. Olsen:

Re: Permit Transfers, Soldier Creek Coal Company and Coastal States Energy Company, Soldier Canyon Mine, Banning Siding, ACT/007/018, ACT/007/034, Folder #3, Carbon County, Utah

The Division has completed a review of the applications for permit transfer for changing ownership of the Soldier Canyon Mine and Banning Siding Loadout. The result of the review are contained in the two technical memos written by Paul Baker and are enclosed for your use and information. As you will note there are a few deficiencies with regard to ownership and control information that must be satisfied prior to transfer approval. Also there must be evidence that appropriate liability insurance will remain in effect throughout the ownership transfer. Once these issues have been addressed the permit can be transferred.

Another item that can be stipulated as part of the transfer approval include submitting revised Chapter 1 information for both the Banning and Soldier Canyon plans. This information will probably need to be submitted within 60 days of transfer approval.

Please call myself or Paul Baker if you have any questions regarding this transfer.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Permit Supervisor

cc: K. Frame (SUFCO)
P. Baker
S. Demczak (PFO)
W. Western

SOLDTRAN.LET

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TO: File

THROUGH: Daron Haddock, Permit Supervisor

FROM: Paul Baker, Reclamation Biologist

DATE: September 1, 1993

RE: Permit Transfer Application, Soldier Creek Coal Company, Banning Siding Loadout, Folder #2, ACT/007/034, Carbon County, Utah

SUMMARY

On July 3, 1993, Coastal States Energy Company signed an acquisition agreement with Elk River Resources, Inc., to purchase 100% of Sage Point Coal Company's stock. Sage Point Coal Company owns 100% of the stock of Soldier Creek Coal Company which operates the Banning Loadout. Although ownership and control of Soldier Creek Coal Company is proposed to be changed, the permit would still be held by Soldier Creek Coal Company.

This submittal is not formatted to be included in the current mining and reclamation plan. Also, the submittal refers in several locations to information in the current MRP, but a way to include this information has not been provided. The easiest way to handle this problem may be to submit a new Chapter 1.

This review covers regulation R645-301-100. Comparisons have been made with the existing Banning plan and with the plans for the Skyline and Convulsion Canyon Mines.

ANALYSIS

R645-301-112 **Identification of Interests**

Proposal:

The permit transfer application states that Soldier Creek Coal Company is authorized, as applicant and operator, to operate the Banning Loadout. Soldier Creek is owned by Sage Point Coal Company which is a wholly owned subsidiary of Coastal States Energy Company which is a wholly owned subsidiary of the Coastal

Corporation. The resident agent is C. T. Corporation Systems of Houston, Texas.

The plan includes names of officers and members of the boards of directors of Soldier Creek Coal Company, Coastal States Energy Company, and the Coastal Corporation. The officers and members of the board of directors for Sage Point Coal Company are the same as for Soldier Creek Coal Company.

The Coastal Corporation conducts coal mining operations under both Coastal States Energy Company and ANR Coal Company. The plan lists permit numbers, regulatory authorities, and mine names or operators for ANR Coal Company and Kingwood Coal Company.

The application shows the surface owners of the area to be used for the loadout. No coal is to be mined on the permit area. It also shows land ownership for contiguous areas.

Analysis:

Although Coastal Corporation is obviously a corporation, the plan does not state whether or not the applicant is a corporation. The cover letter for this application states that the Soldier Creek stock is held by Sage Point which indicates that Soldier Creek is a corporation, but this should be stated in the plan.

The transfer application is incorrect in stating that Soldier Creek is authorized as both the applicant and operator to operate the Banning Loadout. Page 1-14 of the current plan states that Savage Coal Service Corp. is the operator. This does not relate to future operations, however, so this statement does not need to be changed unless it is carried into a rewritten Chapter 1.

The holders of record of leasehold interests listed in the transfer application differ from those listed in the draft Chapter 1 received by the Division June 21, 1993. This discrepancy should be checked and corrected if necessary.

The plan is required to give each additional name and identifying numbers under which people who own or control the applicant own or control, or previously owned or controlled, other coal mining and reclamation operations in the United States within the last five years. If there are no other operations which are owned or controlled by any of the officers or directors, the plan should contain this statement.

The officers of the companies which would own Soldier Creek Coal as listed in this transfer application are essentially the same as those listed in the plans for the Convulsion Canyon and Skyline Mines. James R. Paul, an officer of the Coastal

Corporation and Coastal States Energy, is listed in the Skyline and Convulsion Canyon plans but is not listed in the transfer application for Banning. The information in the Banning plan is regarded as more current than that contained in the other plans, but Soldier Creek should check to be sure that the information provided is accurate for this one person.

R645-301-112.400 requires that the application include the name; address; identifying numbers including employer identification number, Federal or State permit number, MSHA number, the date of issuance of the MSHA number; and the regulatory authority for coal mining and reclamation operations owned and controlled by either the applicant or by anyone who owns or controls the applicant. The plan does not include the MSHA numbers with dates of issuance, employer identification numbers, and addresses of the mines that are shown in the plan.

There are some permitted coal mining and reclamation operations listed in the Convulsion Canyon and Skyline Mine plans which are not included in this transfer application. These are:

State	Company	Operation	Permit Number
West Virginia	Brooks Run Coal Co.	Preparation Plant	H-612
Kentucky	Enterprise Coal Company	Ned Branch Ned Branch Ned Branch Loggy Hollow Whitaker Branch	067-0005 067-0052 067-0057 6571-71 867-5104
	Apache Mining Co.	Democrat Dock Prep. Plant Refuse Valley	867-6018 898-8011
Unknown	Birmingham Coal Co.	Unknown	Unknown

As discussed above for the persons who own or control the applicant, the information in the transfer application is considered to be more current, but the possible discrepancy noted here should be checked.

Deficiencies:

1. The plan needs to show what type of entity the applicant is.

2. The plan needs to state whether or not there are other coal mining and reclamation operations which are owned or controlled by the people who own or control the applicant.

3. The plan needs to include MSHA numbers and dates of issuance, employer identification numbers, and addresses of the coal mining and reclamation operations shown in the plan as being owned or controlled by either the applicant or by any person who owns or controls the applicant.

4. The holders of record of leasehold interests listed in the transfer application differ from those listed in the draft Chapter 1 received by the Division June 21, 1993. This discrepancy should be checked and corrected if necessary.

5. Comparing this transfer application to the Skyline and Convulsion Canyon Mine plans, there are a few discrepancies in ownership and control and other operations information. These discrepancies, as discussed in this review, should be corrected if necessary.

R645-301-113 **Violation Information**

Proposal:

Neither the applicant nor any of its subsidiaries, affiliates, or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years, nor forfeited a mining bond or similar security deposit issued in lieu of a bond. The application includes violation information for Soldier Creek Coal Co. and for the Skyline and Convulsion Canyon Mines.

Analysis:

The application is required to contain a list of all unabated cessation orders and air and water quality violation notices received prior to the date of application by any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant. The application does not mention this requirement. If there are no violations of this nature, this should be stated.

Deficiencies:

1. The application must contain a list of all unabated cessation orders and air and water quality violation notices received prior to the date of application by any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant. If there are none, this should be stated.

R645-301-114 Right-of-Entry

Proposal:

This submittal states that right-of-entry documents are located in Section 1.7 of the approved mining and reclamation plan.

Analysis:

The right-of-entry information in the existing Banning plan needs to be included in the new Chapter 1. The transfer application does not show how this information should be incorporated. However, the right-of-entry information in the approved plan is not current since Kaiser Coal has been replaced by Sage Point Coal Co. as a surface land owner.

Deficiency:

1. The existing Banning plan contains required right-of-entry information, but the transfer application does not have a place to insert this information. Also, the unsigned consent agreement between Kaiser Coal and Soldier Creek is no longer valid since Kaiser is no longer a land owner. It is suggested that Chapter 1 be rewritten and that the right-of-entry information be incorporated in it.

R645-301-115 Unsuitability Claims
R645-301-116 Permit Term
R645-301-117 Insurance, Proof of Publication, Facilities Used in Common
R645-301-120 Format and Contents

Proposal:

To the best of the applicant's knowledge, no portion of the area to be permitted is designated or is under study for designation as unsuitable for mining.

Coal mining and reclamation operations are not proposed to be conducted within 300 feet of an occupied dwelling.

The application states that certificates of insurance issued to Soldier Creek Coal Company are located in the approved mining and reclamation plan and in the reclamation agreement.

The application includes a copy of a proposed newspaper advertisement.

The application states that the applicant believes that the information in the permit application is complete and correct.

Analysis:

The current Banning plan states that operations will be conducted within 100 feet of a public road. However, neither the approved plan, the draft plan, nor the transfer application contains the documentation needed to approve conducting operations within 100 feet of a public road. This documentation needs to be included in the plan.

The certificates of liability insurance contained in the existing Banning plan were issued to Sun Company, Inc., Its Affiliates and Subsidiaries including Soldier Creek Coal Company, and to Savage Coal Service Corporation. Coastal States Energy Company needs to submit a new certificate of insurance reflecting the change in ownership and the change in operators.

The legal description given in a revised proposed newspaper advertisement received by the Division by facsimile transmission August 11, 1993, is correct. This proposed advertisement states that Soldier Creek Coal Company is both the applicant and operator of the Banning Rail Loadout. As discussed above, Soldier Creek is the current permittee and Savage Coal Services is the operator. This inaccuracy should have no bearing on the transfer application.

On August 12, 1993, the Division received a letter from Donald Appleman, Vice President of Coastal States Energy Company, stating that, as an officer of Coastal States Energy, he had reviewed the application and found it to be true and correct to the best of his information and belief with the exception of one correction that needed to be made in the proposed newspaper advertisement. This letter is notarized. The letter needs to be included in the application.

Deficiencies:

1. The plan needs to contain information showing approval for conducting mining and reclamation operations within 100 feet of a public road. It is suggested that this information be included in a rewritten Chapter 1.

2. A copy of the certificate of liability insurance or evidence of self-insurance must be included in the plan.

3. Although the Division has received a copy of a notarized statement from an officer of Coastal States Energy that the information in the transfer application is true and correct to the best of his information and belief, this statement needs to be included in the plan.

RECOMMENDATIONS

The reviewer recommends that the applicant be required to submit a new Chapter 1 for the Banning operation and reclamation plan. Most of the deficiencies listed above could be addressed in this new Chapter 1 and it could be submitted after transfer approval. However, prior to approval of the transfer, the Division needs to receive ownership and control information covered under deficiencies 2 and 3 of R645-301-112, the violation information discussed under R645-301-113, and a new certificate of liability insurance.

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TO: File

THROUGH: Daron Haddock, Permit Supervisor

FROM: Paul Baker, Reclamation Biologist

DATE: September 1, 1993

RE: Permit Transfer Application, Soldier Creek Coal Company, Soldier Canyon Mine, Folder #2, ACT/007/018, Carbon County, Utah

SUMMARY

On July 3, 1993, Coastal States Energy Company signed an acquisition agreement with Elk River Resources, Inc., to purchase 100% of Sage Point Coal Company's stock. Sage Point Coal Company owns 100% of the stock of Soldier Creek Coal Company which operates the Soldier Canyon Mine. Although ownership and control of Soldier Creek Coal Company is proposed to be changed, the permit would still be held by Soldier Creek Coal Company.

This submittal is not formatted to be included in the current mining and reclamation plan. Also, the submittal refers in several locations to information in the current MRP, but a way to include this information has not been provided. The easiest way to handle this problem may be to submit a new Chapter 1.

This review covers regulation R645-301-100. Comparisons have been made with the existing Soldier Creek plan and with the plans for the Skyline and Convulsion Canyon Mines.

ANALYSIS

R645-301-112 Identification of Interests

Proposal:

The Applicant and Operator are Soldier Creek Coal Company. Soldier Creek is owned by Sage Point Coal Company which is a wholly owned subsidiary of Coastal

States Energy Company which is a wholly owned subsidiary of the Coastal Corporation. The resident agent is C. T. Corporation Systems of Houston, Texas.

The plan includes names of officers and members of the boards of directors of Soldier Creek Coal Company, Coastal States Energy Company, and the Coastal Corporation. The officers and members of the board of directors for Sage Point Coal Company are the same as for Soldier Creek Coal Company.

The Coastal Corporation conducts coal mining operations under both Coastal States Energy Company and ANR Coal Company. The plan lists permit numbers, regulatory authorities, and mine names or operators for ANR Coal Company and Kingwood Coal Company.

The plan shows the owners of the surface of the area to be mined, of the coal, and of contiguous areas.

Analysis:

Although Coastal Corporation is obviously a corporation, the plan does not state whether or not the applicant is a corporation. The cover letter for this application states that the Soldier Creek stock is held by Sage Point which indicates that Soldier Creek is a corporation, but this should be stated in the plan.

The plan does not state who will pay the abandoned mine reclamation fee as required by R645-301-112.230.

The plan is required to give each additional name and identifying numbers under which people who own or control the applicant own or control, or previously owned or controlled, other coal mining and reclamation operations in the United States within the last five years. If there are no other operations which are owned or controlled by any of the officers or directors, the plan should contain this statement.

The officers of the companies which would own Soldier Creek Coal as listed in this transfer application are essentially the same as those listed in the plans for the Convulsion Canyon and Skyline Mines. James R. Paul, an officer of the Coastal Corporation and Coastal States Energy, is listed in the Skyline and Convulsion Canyon plans but is not listed in the transfer application for Soldier Creek. The information in the Soldier Creek plan is regarded as more current than that contained in the other plans, but Soldier Creek should check to be sure that the information provided is accurate for this one person.

R645-301-112.400 requires that the application include the name; address;

identifying numbers including employer identification number, Federal or State permit number, MSHA number, the date of issuance of the MSHA number; and the regulatory authority for coal mining and reclamation operations owned and controlled by either the applicant or by anyone who owns or controls the applicant. The plan does not include the MSHA numbers with dates of issuance, employer identification numbers, and addresses of the mines that are shown in the plan.

There are some permitted coal mining and reclamation operations listed in the Convulsion Canyon and Skyline Mine plans which are not included in this transfer application. These are:

State	Company	Operation	Permit Number
West Virginia	Brooks Run Coal Co.	Preparation Plant	H-612
Kentucky	Enterprise Coal Company	Ned Branch Ned Branch Ned Branch Loggy Hollow Whitaker Branch	067-0005 067-0052 067-0057 6571-71 867-5104
	Apache Mining Co.	Democrat Dock Prep. Plant Refuse Valley	867-6018 898-8011
Unknown	Birmingham Coal Co.	Unknown	Unknown

As discussed above for the persons who own or control the applicant, the information in the transfer application is considered to be more current, but the possible discrepancy noted here should be checked.

Page 18 of the application shows owners of the areas to be affected by the surface operations and facilities over the "life of the mine" and the owners of the coal to be mined during the "life of the mine". These lists do not correspond with the information shown on Exhibits 1.12-1 and 1.12-2 of the current plan. Newel and Madge Nelson would also need to be included as surface owners in the "life of mine" area. However, it would also be possible to eliminate the references to the "life of mine" area and, instead, list the property owners for the permit area as required in the regulations.

Deficiencies:

1. The plan needs to show what type of entity the applicant is.

2. The plan needs to state who will pay the abandoned mine reclamation fee.

3. The plan needs to state whether or not there are other coal mining and reclamation operations which are owned or controlled by the people who own or control the applicant.

4. The plan needs to include MSHA numbers and dates of issuance, employer identification numbers, and addresses of the coal mining and reclamation operations shown in the plan as being owned or controlled by either the applicant or by any person who owns or controls the applicant.

5. The plan needs to either include Newel and Madge Nelson as surface owners for the life of mine area or the language on page 18 of the transfer application should be changed to indicate that the owners listed are for the permit area. If only permit area owners are to be shown, Louise Iriart should be eliminated from the list of coal owners.

6. Comparing this transfer application to the Skyline and Convulsion Canyon Mine plans, there are a few discrepancies in ownership and control and other operations information. These discrepancies, as discussed in this review, should be corrected if necessary.

R645-301-113 Violation Information

Proposal:

Neither the applicant nor any of its subsidiaries, affiliates, or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years, nor forfeited a mining bond or similar security deposit issued in lieu of a bond. The plan includes violation information for the Soldier Canyon, Skyline, and Convulsion Canyon Mines.

Analysis:

The application is required to contain a list of all unabated cessation orders and air and water quality violation notices received prior to the date of application by any coal mining and reclamation operation owned or controlled by either the applicant or

by any person who owns or controls the applicant. The application does not mention this requirement. If there are no violations of this nature, this should be stated.

Deficiencies:

1. The application must contain a list of all unabated cessation orders and air and water quality violation notices received prior to the date of application by any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant. If there are none, this should be stated.

R645-301-114 Right-of-Entry

Proposal:

This submittal states that right-of-entry documents are located in Section 1.14 of the approved mining and reclamation plan.

Analysis:

The right-of-entry information in the existing Soldier Creek plan needs to be included in the new Chapter 1. The transfer application does not show how this information should be incorporated.

Deficiency:

1. The existing Soldier Creek plan contains required right-of-entry information, but the transfer application does not have a place to insert this information. It is suggested that Chapter 1 be rewritten and that the right-of-entry information be incorporated in it.

R645-301-115 Unsuitability Claims
R645-301-116 Permit Term
R645-301-117 Insurance, Proof of Publication, Facilities Used in Common
R645-301-120 Format and Contents

Proposal:

To the best of the applicant's knowledge, no portion of the area to be permitted is designated or is under study for designation as unsuitable for mining.

Coal mining and reclamation operations are not proposed to be conducted within 300 feet of an occupied dwelling, but they have been or will be conducted within 100 feet of a public road.

The application states that certificates of insurance issued to Soldier Creek Coal Company are located in the approved mining and reclamation plan and in the reclamation agreement.

The application includes a copy of a proposed newspaper advertisement.

The application states that the applicant believes that the information in the permit application is complete and correct.

Analysis:

The current Soldier Creek plan states that Soldier Creek has received formal permission from the Carbon County Commissioners to mine within 100 feet of the outside right of way of a public road. It includes references on pages 1-32 and 1-33 to an letter dated July 11, 1990, from Nick Sampinos, an attorney for Carbon County, to Mark Mackiewicz, Bureau of Land Management, stating the County's supportive position for the road realignment; a letter dated March 25, 1991, from William Krompel of the Carbon County Commission to Soldier Creek giving Soldier Creek approval to proceed with the road relocation; and a letter dated April 4, 1991, from Carbon County to Soldier Creek granting permission to encroach upon the Carbon County road right of way for the access to the topsoil piles. The plan does not actually include these documents but references them. As with the right-of-entry information, the transfer application does not show how this portion of the current Soldier Creek plan should be inserted into the new application, and it is suggested that these materials be included or referenced in a new Chapter 1.

The certificate of liability insurance contained in the existing Soldier Creek plan was issued to Sun Company, Inc., Its Affiliates and Subsidiaries including Soldier Creek Coal Company. The policy is in effect until cancelled. Coastal States Energy Company needs to submit a new certificate of insurance reflecting the change in ownership.

The proposed newspaper advertisement includes two areas that are not shown on Exhibit 1.12-1 as being within Soldier Creek's permit area. These areas are: T. 13 S., R. 11 E., Sec. 24 : S1/2 S1/2 SW1/4 SE1/4, and Sec 25: N1/2 NW1/4 NE1/4. Also, the proposed advertisement states that one area is being used for refuse disposal. Instead, the reviewer believes that this is part of the topsoil storage area. Since areas in addition to the permit area were included in the advertisement rather

than some areas being excluded, there should be no need to readvertise. However, the descriptions should be checked before being included in the plan or the permit.

On August 12, 1993, the Division received a letter from Donald Appleman, Vice President of Coastal States Energy Company, stating that, as an officer of Coastal States Energy, he had reviewed the application and found it to be true ad correct to the best of his information and belief. This letter is notarized. However, the letter needs to be included in the application.

Deficiencies:

1. The plan needs to contain information showing approval for conducting mining and reclamation operations within 100 feet of a public road. It is suggested that this information be included in a rewritten Chapter 1.

2. A copy of the certificate of liability insurance or evidence of self-insurance must be included in the plan.

3. Although the Division has received a copy of a notarized statement from an officer of Coastal States Energy that the information in the transfer application is true and correct to the best of his information and belief, this statement needs to be included in the plan.

RECOMMENDATIONS

The reviewer recommends that the applicant be required to submit a new Chapter 1 for Soldier Creek's mining and reclamation plan. Most of the deficiencies listed above could be addressed in this new Chapter 1 and it could be submitted after transfer approval. However, prior to approval of the transfer, the Division needs to receive ownership and control information covered under deficiencies 3 and 4 under R645-301-112, the violation information discussed under R645-301-113, and a new certificate of liability insurance.