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**DIV. OF OIL, GAS & MINING**

C0070035  
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**NON-FEDERAL**

**PERMIT**  
**C/007/0035**

**September 21, 2011**

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION OF OIL, GAS AND MINING**  
**1594 West North Temple**  
**Suite 1210**  
**Box 145801**  
**Salt Lake City, Utah 84114-5801**

This permit, C/007/0035, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

**Sunnyside Cogeneration Association**  
**One Power Plant Road**  
**Sunnyside, Utah 84539**  
**(435) 888-4476**

for the Sunnyside Refuse/Slurry. Sunnyside Cogeneration Associates is the lessee of federal, state and fee-owned property. A performance bond is filed with the Division in the amount of \$1,775,000.00, payable to the State of Utah, Division of Oil, Gas and Mining. 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 241.25 acres of fee land on the following described lands within the permit area at the Sunnyside Refuse/Slurry situated in the State of Utah, Carbon County, Utah as follows:

Beginning at a point which is North 2810.58 feet and East 11.15 feet from the SouthEast corner of Section 6, Township 15 South, Range 14 East of the Salt Lake Base and Meridian and running thence South 00°03'14" West 174.18 feet along the East line of Section 6 to a metal fence post; thence South 00°13'39" West 514.28 feet; thence South 43°56'13" East 237.61 feet; thence South 37°48'02" West 271.53 feet to a metal fence post; thence South 00°13'39" West 918.48 feet along the East section line of said section 6; thence South 00°13'37" West 817.99 feet to the Southeast corner of said Section 6 which is a brass cap; thence South 00°15'54" West 627.74 feet along the East line of Section 7, Township 15 South, Range 14 East; thence South 77°05'31" West 773.77 feet;

thence South 31°40'53" East 292.34 feet;  
thence South 50°43'20" West 132.36 feet;  
thence North 58°17'12" West 169.55 feet;  
thence South 87°03'49" West 3503.37 feet;  
thence South 39°59'50" East 1011.47 feet to the South line of the N1/2 S1/2 NW1/4 of said Section 7;  
thence South 89°40'06" West 834.55 feet along said South line;  
thence North 06°20'45" West 1366.91 feet;  
thence North 41°56'39" West 347.82 feet;  
thence South 90°00'00" West 306.78 feet to the West line of said Section 7;  
thence North 00°17'17" East 363.48 feet along said West section line to the NorthWest corner of Section 7 which is a brass cap;  
thence North 89°27'59" East 1253.28 feet along the North line of said section 7 to the NorthEast corner of the NW1/4 NW1/4 of said Section 7 which is a brass cap;  
thence North 59°40'32" East 666.58 feet to a metal fence post;  
thence North 44°13'50" East 430.53 feet to a metal fence post;  
thence North 59°09'24" East 167.86 feet to a metal fence post;  
thence North 63°51'14" East 188.19 feet to a metal fence post;  
thence North 60°15'06" East 335.61 feet to a metal fence post;  
thence North 21°00'31" West 34.15 feet to a brass post in a barbed wire fence;  
thence North 14°02'19" East 166.70 feet;  
thence North 86°06'57" East 78.29 feet;  
thence North 39°40'10" East 186.10 feet;  
thence North 85°06'24" East 289.77 feet;  
thence running Easterly along a non-tangent curve to the right radius of 112.84 feet, through an angle of 189°39'41" for a distance of 373.53 feet having a chord that bears South 54°40'23" East 224.88 feet;  
thence South 39°50'38" West 144.16 feet;  
thence North 81°18'59" East 646.66 feet along an existing fence line to a roof bolt;  
thence North 36°41'30" East 152.85 feet along a fence line to a metal fence post;  
thence North 10°54'49" West 189.49 feet to a metal fence post;  
thence North 00°39'10" West 254.39 feet to a metal fence post;  
thence North 10°09'48" West 315.48 feet to a metal fence post;  
thence North 06°32'57" West 232.70 feet to a roof bolt in an existing fence line;  
thence North 06°32'59" West 65.24 feet to a metal fence post on the South Right of Way line of a Denver and Rio Grande Railroad as described in a certain deed dated July 29, 1912;  
thence North 71°27'00" East 1209.07 feet along the South line of a 50 foot wide Right of Way for said Denver and Rio Grande Railroad;  
thence NorthEasterly along a curve to the left with a radius of 980.07 feet, through an angle of 9°19'41" for a distance of 159.56 feet, having a chord that bears North 66°45'34" East 159.38 feet to the East line of Section 6 and the point of beginning. containing 256.05 acres more or less.

less 8.6 acres for carbon country railway right of way (located in the Western half of the permit area). less 6.2 acres for railroad right of way (located in the Northeast corner of the permit area). for a total area of 241.25 acres more or less.

This legal description is for the permit area of the Sunnyside Refuse/Slurry included in the mining and reclamation plan. The Permittee is authorized to conduct coal mining and reclamation operations 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 September 21, 2011 and expires on February 4, 2013.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written 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 a private person.
- Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct coal mining activities 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 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 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. 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 area 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 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 Division within the time frame specified by Division.

**Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.

**Sec. 18 SPECIAL CONDITIONS** - The permittee shall comply with the special conditions 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: John R. Byrnes  
Date: 11/3/2011

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

**PERMITTEE (Authorized Representative)**

By: [Signature]  
Date: 11/9/11

**Attachment A**  
**Conditions**

1. Sunnyside Cogeneration Associates will submit water quality data for the Sunnyside Refuse and Slurry in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>