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Refer to Record No. 0105
in 00070039, 2006, INCOMING
for additional information

CHAPTER 1

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

M&RP

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CHAPTER 1
LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

110 MINIMUM REQUIREMENTS FOR LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

111 Introduction

For information pertaining to this section(s) refer to General Chapter 1 binder for Canyon Fuel Company, LLC prepared for the Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

112 Identification of Interests

112.100 Business Entity

The Dugout underground coal mining operation is located in Carbon County, Utah. The surface facilities for the Dugout Canyon Mine are within Section 23, Township 13 South, Range 12 East, SLBM approximately 11 miles northeast of Wellington, Utah.

For addition information refer to General Chapter 1 binder for Canyon Fuel Company, LLC Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

112.200 Applicant and Operator

For information pertaining to this section refer to General Chapter 1 binder for Canyon Fuel Company, LLC prepared for Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

112.300 Officers of the Applicant

For information pertaining to this section refer to General Chapter 1 binder for Canyon Fuel Company, LLC prepared for Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

112.400 Coal Mining and Reclamation Operation Owned or Controlled

The following list describes all permits held by Canyon Fuel Company, LLC, all pending applications for permits, and any permit recognized as necessary in the future for which no application has been filed. Identification numbers of applications or permits are contained in the following list. Many of the agencies listed, however, have review responsibility only and may not have submitted a numbered permit.

<u>Permit</u>	<u>Issuing Authority</u>	<u>Approval Status/ Identification No.</u>
Mining and Reclamation Permit C/007/039	State of Utah Department of Natural Resources Division of Oil, Gas and Mining Department of Interior U.S. Geological Survey and Office of Surface Mining Department of Agriculture U.S. Forest Service Manti La Sal National Forest	Approved
U.P.D.E.S. Permit UTG-040020/UT0025593	Environmental Protection Agency and Utah D.E.Q.	Approved
Business License	Carbon County	Approved
Mine Health and Safety Permits 42-01890 and 42-01888, 1211-UT-09-01890-01	Mine Safety and Health Administration - Utah	Approved

Radio Permits	Federal Communications Commission	Approved
Certificate of Insurance and Authorization to do Business in State	State Industrial Development Commission	Approved
Road Agreement	Carbon County	Approved
Air Quality Approval Order	State of Utah Utah Air Conservation Committee Department of Health Division of Environmental Health	Approved
Stream Channel Alteration Permit	State Engineer	Approved

The Canyon Coal Company, LLC mining permits and operations are:

SUFCO Mine	C/041/002
Skyline Mine	C/007/005
Soldier Canyon Mine	C/007/018
Banning Loadout	C/007/034
Dugout Canyon Mine	C/007/039

The issuing authority for the Canyon Fuel Company permits is the UDOGM.

Operations held by subsidiary companies of Arch Coal, Inc. and corporate structure are presented on Figure 1-1 in the General Chapter 1 for Canyon Fuel Company, LLC. Facility names, mailing addresses and permit numbers for these operations are provided in either Table 1-1 and/or Table 1-2. For additional information refer to the General Chapter 1 binder for Canyon Fuel Company, LLC prepared for the Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

112.500 Legal or Equitable Owner of the Surface and Mineral Properties

The legal and equitable owners of the surface and mineral properties to be affected by this mining operation during the duration of the permit period are the State of Utah, Bureau of Land Management and Canyon Fuel Company, LLC. Refer to Refuse Pile Amendment for additional ownership information.

Canyon Fuel Company, LLC
6955 South Union Park Center
Suite 540
Salt Lake City, UT 84047
Telephone: (801)569-4700

Milton & Ardith Thayne Trust
Sunnyside Star Route
Price, Utah 84501

State of Utah
School and Institutional
Trust Lands Administration
675 East 500 South
Salt Lake City, Utah 84102-2818

George & Alice Conover Etal
2701 Georgia Way
Sandy, Utah 84092

United States of America
Department of Interior
Bureau of Land Management
Price Coal Office
125 South 600 West
Price, Utah 84501

No area within the lands to be affected by surface operations and facilities or within the area of coal to be mined is under a real estate contract.

Coal mining and reclamation operations are listed on Table 1-1 and the corporate structures is presented on Figure 1-1 in the General Chapter 1 binder.

112.600 Owners of Record of Property Contiguous to Proposed Permit Area

Owners of record for surface and mineral properties contiguous to the proposed permit area are shown on Plate 1-1 and 1-2, with the names and addresses listed below.

United States of America
Department of Interior
Bureau of Land Management
Price Coal Office
125 South 600 West
Price, Utah 84501

State of Utah
School and Institutional Trust Lands Admin.
675 East 500 South
Salt Lake City, Utah 84102-2818

KFJ Ranch Partnership
C/O Kerwin Jensen
Cleveland, Utah 84518

George & Alice Conover Etal
2701 Georgia Way
Sandy, Utah 84092

Milton & Ardith Thayne Trust
Sunnyside Star Route
Price, Utah 84501

Surface ownership along the county road is shown on Plate 1-3. In addition refer to the Refuse Pile Amendment for additional information.

112.700 MSHA Numbers

The Dugout Canyon Mine MSHA numbers are:

MSHA No. 42-01890 Rock Canyon seam (west side of canyon)

MSHA No. 42-01888 Gilson seam (west side of canyon)

MSHA No. 1211-UT-09-01890-01 Dugout Canyon Mine Refuse Pile

112.800 Interest in Contiguous Lands

A State Institutional Trust Lands coal tract is contiguous to the east of the Dugout Canyon Mine permit boundary. Upon approval by UDOGM, Canyon Fuel Company, LLC intends to begin mining the coal reserves in this lease during the current term of this permit application.

112.900 Certification of Submitted Information

Canyon Fuel Company, LLC hereby attests that the information contained in this permit document is true and correct to the best of their knowledge.

113 Violation Information

For violation information refer to Table 1-2 in the General Chapter 1 binder for Canyon Fuel Company, LLC prepared for the Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

114 Right-of-Entry Information

The right to enter the leaseholds conveyed by the State coal leases is conferred to the lessee by the Mineral Leasing Act of 1920 and the leases themselves. Copies of State coal leases ML-42648 and ML-42649, and Federal Lease U07064-027821 which grant CFC the right to enter and conduct underground mining operations, are presented in Appendix 1-1.

The legal description of the CFC leases is:

State Lease ML-42648 - (3640 acres) - Approved

T. 13 S., R. 12 E., SLBM, Utah

Section 8: E1/2

Section 10: S1/2

Section 11: S1/2

- Sections 14 and 15: All
- Section 17: NE1/4; E1/2SW1/4; SE1/4
- Section 20: E1/2NW1/4; SW1/4NW1/4; N1/2NE1/4
- Section 21: N1/2NW1/4; NE1/4
- Section 22: N1/2; N1/2S1/2
- Section 23: W1/2NW1/4

State Lease ML-42649 - (2212 acres) - Approved

- T. 13 S., R. 12 E., SLBM, Utah
- Section 3: Lots 1, 2, 3, 4, S1/2 (all)
- Section 4: Lots 1, 2, 3, 4, S1/2 (all)
- Section 5: Lots 1, 2, SE1/4
- Section 9: All
- Section 10: N1/2
- Section 11: N1/2

Federal Coal Lease U-07064-027821 - (~~2,416.14~~ 2,896.14 acres) - Approved 1 January 1957

T. 13 S., R. 12 E., SLBM, Utah

- Section 13: S1/2
- Section 23: E1/2E1/2, W1/2SE1/4, NE1/4SW1/4
- Section 24: All
- Section 25: N1/2N1/2
- Section 26: N1/2NE1/4

T. 13 S., R. 13 E., SLBM, Utah

- Section 17: E1/2SE1/4, NW1/4SE1/4, S1/2NE1/4, S1/2NW1/4
- Section 18: Lots 3, 4, E1/2SW1/4; SE1/4, S1/2NE1/4, S1/2NW1/4
- Section 19: Lots 1-4, E1/2W1/2, NE1/4, NW1/4SE1/4
- Section 21: NW1/4NW1/4
- Section 30: Lot 1

Federal BLM Right-of-Way UTU-76601 - (10 acres) - Sept. 1998

T. 13S., R. 12 E., SLBM, Utah

Section 23: NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$,
SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$

Fee land owned by CFC as described below: (800 acres)

T. 13 S., R. 12 E., SLBM, Utah

Section 16: All

Section 23: E $\frac{1}{2}$ NW $\frac{1}{4}$; W $\frac{1}{2}$ NE $\frac{1}{4}$

BLM Rt-of-Way UTU-77985 - (57.5 acres)

T13 S., R12E., SLBM, Utah

Section: 22: NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$,
N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$,
S $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$,
N $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 23: NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$,
NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$

Section 27: NE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$,
SE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$

BLM Parcel (2.5 acres)

T13 S., R12E., SLBM, Utah

Section: 23: NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$

State Lease ML-48435-OBA - (~~2,560~~ 2,680 acres)

T13 S., R13 E., SLBM, Utah (~~Currently within Permit Area, approximately 200 acres~~)

Section 16: SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 17: W $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$ W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 19: NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 20: W $\frac{1}{2}$ W $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$ W $\frac{1}{2}$ W $\frac{1}{2}$

T13 S., R13 E., SLBM, Utah (Added to Permit Area in 2005, approximately 2,360 acres)

Section 17:	E1/2SW1/4, SW1/4SE1/4, E1/2E1/2W1/2SW1/4
Section 20:	E1/2W1/2, E1/2, E1/2E1/2W1/2W1/2
Section 21:	SW1/4NW1/4, SW1/4
Section 28:	NW1/4, N1/2SW1/4, SW1/4SW1/4
Section 29:	All
Section 30:	E1/2, E1/2W1/2

Waste Rock Storage Facility

T. 14 S., R. 12 E., SLBM, Utah (Approximately 26.8 acres)

Section 18: Portions of NE1/4, SW1/4 and SE1/4 of the NE1/4

All of Lease ML-42648, except the E1/2 of Section 8 and the NE1/4 of Section 17, is included within the Dugout Canyon Mine permit boundary. However, only the S1/2 SE1/4 of Section 9 from Lease ML-42649 is within the permit boundary. The ten acres described in UTU-76601 are also described in UTU-77985. The U.S. Department of Interior, Bureau of Land Management (BLM) right-of-way application UTU-76601 is included in Appendix 1-3.

The disturbed area encompasses 20.80 acres (Mine Facility area, including Gilson well pad and small substation), ~~24.85 acres (G-2, G-3, G-4, G-5, G-6, G-7, G-9, G-10, G-11, G-12, G-13, G-14, G-15, G-16 and G-17 Degas Well), 2.7 acres (G-4, G-5 and G-6 Degas Well),~~ 1.8 acres (Leach field/pipeline area), ~~2.7 acres (Pace Canyon Fan Facility)~~ and 26.8 acres (Refuse Pile area) **totaling approximately 77 acres**. That acreage includes a pre- and post mining road with an area of 1.6 acres and 2.03 acres of undisturbed land within the mine facilities disturbed area and 11.2 acres within the refuse pile disturbed area.

The permit boundary encompasses approximately ~~9,471~~ **9,871** acres which includes the following surface ownership and acreage: 10 acres in the BLM right-of-way, approximately 567 acres of other federal lands, 920 acres of state lands, and fee acreage of approximately ~~7,974~~ **8,374** acres (Plate 1-1 and RA Plate 1-1).

Coal ownership acreage within the permit area includes approximately ~~2,804~~ **3,284** acres of federal coal, approximately ~~5,840~~ **5,960** acres of state coal, and 827 acres of fee coal (Plate 1-2 and RA1-1B). Approximately 745 acres which include the surface subsidence area, refuse pile and leach

field areas will not be mined although their acreage is included in the surface and coal ownership acreage totals.

A legal description of the permit boundary includes:

T. 13 S., R. 12 E., SLBM, Utah

- Section 9: S1/2SE1/4
- Section 10: S1/2
- Section 11: S1/2
- Section 13: All except N1/2N1/2
- Section 14: All
- Section 15: All
- Section 16: All
- Section 17: E1/2SW1/4; SE1/4
- Section 20: E1/2NW1/4; SW1/4NW1/4; N1/2NE1/4
- Section 21: N1/2NW1/4; NE1/4
- Section 22: N1/2; N1/2S1/2; Portion of N1/2NE1/4SE1/4SE1/4;
Portion of SW1/4NE1/4SE1/4SE1/4;
Portion of the S1/2NW1/4SE1/4SE1/4;
Portion of SW1/4NE1/4SW1/4SE1/4;
Portion of N1/2SE1/4SW1/4SE1/4;
Portion of NE1/4SW1/4SW1/4SE1/4;
Portion of S1/2SW1/4SW1/4SE1/4
- Section 23: NW1/4; NE1/4; SE1/4; NE1/4SW1/4; NW1/4NW1/4SW1/4;
S1/2NE1/4NW1/4SW1/4; NW1/4SW1/4NW1/4SW1/4
- Section 24: All
- Section 25: N1/2N1/2
- Section 26: N1/2NE1/4
- Section 27: Portion of W1/2NW1/4NW1/4NE1/4
Portion of SW1/4NE1/4NE1/4NW1/4
Portion of E1/2SW1/4NE1/4NW1/4
Portion of SW1/4SW1/4NE1/4NW1/4

T. 13 S., R. 13 E., SLBM, Utah

- Section 16: SW1/4NW1/4, W1/2SW1/4
- Section 17: All except N1/2N1/2 ~~SW1/4; SW1/4NW1/4; SW1/4SE1/4~~

Section 18	All except N1/2N1/2
Section 19	All
Section 20	All
Section 21	SW1/4; SW1/4NW1/4; NW1/4NW1/4
Section 28	NW1/4; N1/2SW1/4; SW1/4SW1/4
Section 29	All
Section 30	NW1/4NW1/4; E1/2; E1/2W1/2

T. 14 S., R. 12 E., SLBM, Utah

Section 18 Portion N1/2NE1/4

Topsoil is being stored in T14S, R12E, Section 8, a storage area permitted to Soldier Canyon Mine. See Chapter 2 for additional details concerning the topsoil storage.

As clarification, in 2007 acreage was added to Federal Coal Lease U-07064-027821 (480 acres) and State Lease ML-48435-OBA (120 acres). Future surface disturbance on these leases for degas and exploration well pads will be permitted as needed. Two hundred acres leased under lease number U-07064, were already included as part of Dugout's permitted area. Acreage was ~~has been~~ added to the permit area which is in excess of the Federal lease acreage to act as a subsidence buffer zone. This acreage ~~has been~~ **was added in T13S, R12E Section 13 and T13S, R13E Sections 17 and 18.**

The refuse pile is located on property owned by Canyon Fuel Company, LLC. The property is located approximately 6.5 miles southwest of the Dugout Canyon Mine in portions of the NE1/4, SW 1/4 and SE 1/4 of the NE 1/4, in a portion of the NW 1/4 of the SE1/4, and in the NW1/4 of the NE 1/4 of Section 18, Township 14 South, Range 12 East, Salt Lake Base Meridian.

BLM Right-of-Way UTU-77985 grants the right-of-entry for the leach field and associated pipeline. Refer to the right-of-way description above.

115 Status of Unsuitability Claims

To the best knowledge of Canyon Fuel Company, LLC, no portion of the area to be permitted is designated, or under study for being designated, unsuitable for mining.

CFC does not propose to conduct coal mining or reclamation operations within 300 feet of any occupied dwelling. A description of operations to be conducted within 100 feet of a public road is provided in Chapter 5 of this M&RP, together with a discussion of plans to protect the interests of the public.

116 Permit Term

The anticipated mining progression during operation of the Dugout Canyon Mine is outlined on Plate 5-7. Rates of production for the permit term are presented in Section 523. Reclamation operations are discussed in Chapters 2, 3, 5, 7, and 8.

117 Insurance, Proof of Publication, and Facilities and Structures Used in Common

Certificates of Insurance issued to Canyon Fuel Company, LLC are located in General Chapter 1 binder for Canyon Fuel Company, LLC Dugout Canyon Mine, Soldier Canyon Mine and Banning Loadout operations.

The newspaper advertisement and the verification of the advertisement appearing in the appropriate newspapers are included in Appendix 1-2.

118 Filing Fee

The permit application was accompanied by a \$5.00 filing fee. UDOGM retains a record of filing fee payments in their office in Salt Lake City, Utah.

120 PERMIT APPLICATION FORMAT AND CONTENTS

This permit application will comply with R645-301-120.

130 REPORTING OF TECHNICAL DATA

All technical data submitted in the permit application will be accompanied by the name or organization responsible for the collection and analysis of data, dates of collection and descriptions of methodology used. Technical analyses will be planned by or under the direction of a qualified professional in the subject to be analyzed.

140 MAPS AND PLANS

The maps and plans in the Mining and Reclamation Plan will correspond with the requirements in R645-301-140.

150 COMPLETENESS

CFC believes the information in this permit application to be complete and correct.

Canyon Fuel Company, LLC
SCM/Dugout Canyon Mine

Mining and Reclamation Plan
~~June 2006~~
January 1, 2007

APPENDIX 1-4

Disturbed Area Legal Description

LEGAL DESCRIPTION OF BONDED AREA:

Waste Rock Storage Facility

T. 14 S., R. 12 E., SLBM, Utah (Approximately 26.8 acres)

Section 18: Portions of NW1/4NE1/4NE1/4
Portions of NE1/4NE1/4NE1/4
Portions of SW1/4NE1/4NE1/4
Portions of SE1/4NE1/4NE1/4
Portions of NW1/4SE1/4NE1/4

Leachfield and Pipeline

T. 13 S., R. 12 E., SLBM, Utah (Approximately 1.8 acres)

Section 22: Portion of SE1/4SE1/4NE1/4SE1/4
Portion of NE1/4SE1/4NE1/4SE1/4
Portion of N1/2NE1/4SE1/4SE1/4;
Portion of SW1/4NE1/4SE1/4SE1/4;
Portion of S1/2NW1/4SE1/4SE1/4;
Portion of SE1/4NE1/4SW1/4SE1/4;
Portion of N1/2SE1/4SW1/4SE1/4;
Portion of NE1/4SW1/4SW1/4SE1/4;
Portion of S1/2SW1/4SW1/4SE1/4

Section 23: Portion of SW 1/4NW1/4NW1/4SW1/4;
Portion of SE1/4NW1/4NW1/4SW1/4;
Portion of NW1/4SW1/4NW1/4SW1/4;

Section 27: Portion of W1/2NW1/4NW1/4NE1/4
Portion of SE1/4NE1/4NE1/4NW1/4
Portion of E1/2SE1/4NE1/4NW1/4
Portion of SW1/4SE1/4NE1/4NW1/4

Main Facilities Area T. 13 S., R. 12 E., SLBM, Utah (Approximately 20.80 acres)

Section 23: A Portion of the following:
NE1/4NE1/4NW1/4SW1/4; NE1/4NW1/4NW1/4SW1/4;
NW1/4NE1/4NW1/4SW1/4;SW1/4SE1/4SW1/4NW1/4;
SE1/4SE1/4SW1/4NW1/4;NW1/4SE1/4SW1/4NW1/4;
NE1/4SE1/4SW1/4NW1/4;SW1/4SW1/4SE1/4NW1/4;
SE1/4SW1/4SE1/4NW1/4;NW1/4SW1/4SE1/4NW1/4;
NE1/4SW1/4SE1/4NW1/4;SW1/4NW1/4SE1/4NW1/4;
SE1/4NW1/4SE1/4NW1/4;NE1/4NW1/4SE1/4NW1/4;
SW1/4NE1/4SE1/4NW1/4;NW1/4NE1/4SE1/4NW1/4;
NE1/4NE1/4SE1/4NW1/4;W1/2SE1/4NE1/4NW1/4;
SW1/4NE1/4NE1/4NW1/4;NW1/4NE1/4NE1/4NW1/4;
NE1/4NE1/4NE1/4NW1/4

Section 14: A Portion of the following:

SE1/4SE1/4SE1/4SW1/4;
NE1/4SE1/4SE1/4SW1/4;
NW1/4SW1/4SW1/4SE1/4

G-2 Thru G-12 Degas Well, (Approximately 24.85 acres)

G-2	Portion of N1/2SW1/4NE1/4 Section 24	Township 13 South, Range 12 East, SLBM
G-3	Portion of N1/2SW1/4NW1/4 Section 19	Township 13 South, Range 13 East, SLBM
G-4	Portion of N1/2NE1/4NW1/4 Section 24	Township 13 South, Range 12 East, SLBM
G-5	Portion of N1/2NW1/4NE1/4 Section 24	Township 13 South, Range 12 East, SLBM
G-6	Portion of S1/2SW1/4NW1/4 Section 18	Township 13 South, Range 13 East, SLBM
G-7	Portion of SW1/4NE1/4SE1/4 Section 24	Township 13 South, Range 12 East, SLBM
G-9	Portion of NW1/4NW1/4SW1/4 Section 21	Township 13 South, Range 13 East, SLBM
G-10	Portion of NE1/4NE1/4SE1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-11	Portion of NE1/4SE1/4SW1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-12	Portion of SE1/4NW1/4SW1/4 Section 20	Township 13 South, Range 13 East, SLBM
G-13	Portion of NW1/4NE1/4SE1/4 Section 19	Township 13 South, Range 13 East, SLBM
G-14A	Portion of SW1/4SW1/4SE1/4 Section 17	Township 13 South, Range 13 East, SLBM
G-15	Portion of NW1/4SE1/4NE1/4 Section 19	Township 13 South, Range 13 East, SLBM
G-16	Portion of SW1/4SE1/4SE1/4 Section 18	Township 13 South, Range 13 East, SLBM
G-17	Portion of SE1/4NW1/4SE1/4 Section 18	Township 13 South, Range 13 East, SLBM

Pace Canyon Fan Facility Township 13 South, Range 13 East, SLBM (Approximately 2.7 acres)
Section 30: Portion of E1/2NW1/4NW1/4

Total Approximately 77 Acres

CHAPTER 2

SOILS

This chapter provides a description of the pre-mining resources as specified under R645-301-221. Topsoil and subsoil to be saved under R645-301-232 will be removed and segregated from other material. After removal, topsoil will be immediately redistributed in accordance with R645-301-242, stockpiled pending redistribution under R645-301-234, or if demonstrated that an alternative procedure will provide equal or more protection for the topsoil, the Applicant will seek approval from the Division.

As clarification, in 2007 acreage was added to Federal Coal Lease U-07064-027821 (480 acres) and State Lease ML-48435-OBA (120 acres) to accommodate a revised mine plan. Refer to Plate 1-2 for the location of the acreage incorporated into the permit boundary. Future surface disturbance on these leases for degas and exploration well pads will be permitted as needed. Two hundred acres leased under lease number U-07064, were already included as part of Dugout's permitted area to act as a subsidence buffer zone. This acreage was added in T13S, R12E Section 13 and T13S, R13E Sections 17 and 18.

220 ENVIRONMENTAL DESCRIPTION

The Dugout Canyon Mine facilities are located in the northern Book Cliffs - Roan Plateau region. More specifically, the mine is located within Dugout Canyon and Pace Canyon. The majority of the disturbed area is located in Dugout Canyon, with fan portal facilities located in Pace Canyon (Plate 2-1 and PC5-2). The elevation of the disturbed area ranges between approximately 7000 and 7150 feet above MSL. Soils in the mine area are not cultivated due to their thin nature and relatively steep slopes on which they lie. These soils have formed in colluvium derived from sandstone and shale. Soils in the area are usually shallow and consist predominantly of stony to gravelly sandy loams with moderate permeability. The soils are highly susceptible to water erosion. Rock outcrops consist of alternating layers of sandstone and shale. Subordinate amounts of coal are also present.

The survey for prime farmland investigation for the fan portal site was completed by Leland Sasser of the NRCS. The area planned for disturbance is not considered prime farmland. Refer to Appendix 2-1 for a copy of Mr. Sasser's letter.

222 Soil Survey

Soil survey information for those portions of the permit area to be affected by surface operations at the Dugout Canyon Mine is presented in Sections 222.100 through 222.300.

222.100 Soils Map

A map delineating the areal extent of the endemic soils resources within the permit area at an Order III survey level is presented on Plate 2-1. A description of these soils has been reproduced from the SCS "Soil Survey of the Carbon County Area" (Jensen, 1988), and has been included as Appendix 2-2. An Order I soil survey was conducted of the Dugout Canyon Mine disturbed area in October and November 1995. Plate 2-2 illustrates the areal extent of the soils studied as part of the Order I soil survey, the location of the soil test pits excavated during the survey, and the extent of the identified soils.

Dan Larsen , Soil Scientist performed a survey of the Fan Portal area in 2003 and 2004. The 2003 survey was done in conjunction with a BLM environmental assessment for coal exploration holes. The 2004 survey was done on November 5, in conjunction with the proposed installation of the fan. A copy of the 2004 survey, test pit logs and a map showing the location of 2003 -2004 test pit locations is in Appendix 2-3.

The expansion of the permit area in 2007 to add acreage to Federal Coal Lease U-07064-027821 (480 acres) and State Lease ML-48435-OBA (120 acres) will include soils mapped as Units 62, 97, 100 and 101 (see Plate 2-1).

CHAPTER 3

BIOLOGY

CHAPTER 3 BIOLOGY

310 INTRODUCTION

This chapter presents a description of the biological resources found on the Dugout Canyon permit and adjacent areas. Additional information can be found in the following amendments: Methane Degassification Amendment (August 2003), Refuse Pile Amendment (February 2003), and the Leachfield Addendum A-1 (March 2001). The remainder of the State Lease ML-48435-OBA (SITLA Lease) was incorporated into the Dugout Canyon Mine permit area in 2005. ~~In 2007, 40 acres was added to Federal Coal Lease U-07064-027821 to accommodate a revised mine plan. Refer to Plate 1-2 for the location of the acreage incorporated into the permit boundary.~~

As clarification, in 2007 acreage was added to Federal Coal Lease U-07064-027821 (480 acres) and State Lease ML-48435-OBA (120 acres) to accommodate a revised mine plan. Refer to Plate 1-2 for the location of the acreage incorporated into the permit boundary. Future surface disturbance on these leases for degas and exploration well pads will be permitted as needed. Two hundred acres leased under lease number U-07064, were already included as part of Dugout's permitted area to act as a subsidence buffer zone. This acreage was added in T13S, R12E Section 13 and T13S, R13E Sections 17 and 18.

The data used in preparation of this chapter have been gathered from the Sage Point-Dugout Canyon Mining and Reclamation Plan, Soldier Creek Coal Company Mining and Reclamation Plan, Environmental Research and Technology, Inc., Utah Division of Wildlife Resource (UDWR), Utah State Fish and Game, Eureka Energy Company (Nicolas Temnikov and Christopher A. Slaboszewicz), Soil Survey of Carbon Area, Utah, aerial photography, and Natural Gas Corporation of California.

CHAPTER 4

LAND USE AND AIR QUALITY

CHAPTER 4 LAND USE AND AIR QUALITY

410 LAND USE

This section of the permit application includes descriptions of the premining and proposed postmining land use(s). Additional information can be found in the following amendments: Methane Degassification Amendment (August 2003), Refuse Pile Amendment (February 2003), and the Leachfield Addendum A-1 (March 2001). The remainder of the State Lease ML-48435-OBA (SITLA Lease) was incorporated into the Dugout Canyon Mine permit area in 2004. ~~In 2007, 40 acres was added to Federal Coal Lease U-07064-027821 to accommodate a revised mine plan. Refer to Plate 1-2 for the location of the acreage incorporated into the permit boundary.~~

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411 Environmental Description

A statement of the conditions and capabilities of the land to be affected by coal mining and reclamation operations follows in this section.

411.100 Premining Land Use

The permit area has been primarily utilized as rangeland for livestock and wildlife habitat. Some crops related to the livestock industry have been developed along the creek bottoms adjacent to

CHAPTER 5
ENGINEERING

CHAPTER 5 ENGINEERING

510 INTRODUCTION

This chapter provides a discussion of general engineering aspects, an operation plan, a reclamation plan, design criteria, and performance standards related to the Dugout Canyon Mine. The proposed coal mining and reclamation activities associated with the mine have been or will be designed, located, constructed, maintained, and reclaimed in accordance with the operation and reclamation plans.

Additional information can be found in the following amendments: Methane Degassification Amendment (August 2003), Refuse Pile Amendment (February 2003), and the Leachfield Addendum A-1 (March 2001). The remainder of the State Lease ML-48435-OBA (SITLA Lease) was incorporated into the Dugout Canyon Mine permit area in 2005. ~~In 2007, 40 acres was added to Federal Coal Lease U-07064-027821 to accommodate a revised mine plan. Refer to Plate 1-2 for the location of the acreage incorporated into the permit boundary.~~

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CHAPTER 7
HYDROLOGY

CHAPTER 7 HYDROLOGY

710 INTRODUCTION

711 General Requirements

This chapter presents a description of:

- Existing hydrologic resources within the permit and adjacent areas;
- Proposed operations and the potential impacts to the hydrologic balance;
- Methods of compliance with design criteria and the calculations utilized to show compliance;
- Applicable hydrologic performance standards; and
- Hydrologic reclamation plans for the Dugout Canyon Mine.

Additional information can be found in the following amendments: Methane Degassification Amendment (August 2003), Refuse Pile Amendment (February 2003), and the Leachfield Addendum A-1 (March 2001). The remainder of the State Lease ML-48435-OBA (SITLA Lease) was incorporated into the Dugout Canyon Mine permit area in 2005. ~~In 2007, 40 acres was added to Federal Coal Lease U-07064-027821 to accommodate a revised mine plan. Refer to Plate 1-2 for the location of the acreage incorporated into the permit boundary.~~

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