

#3660
OK

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

October 19, 2010

TO: Internal File

THRU: Steve Christensen, Team Lead *SCC*

FROM: Angela Nance, Business Analyst *AN*

RE: Midterm Permit Review, Canyon Fuel Company, LLC, Dugout Canyon Mine, C/007/0039, Task ID # 3660

SUMMARY:

In accordance with R645-303-211, the Division is required to review each active permit during its term. The Division commenced the Midterm Review for the Dugout Canyon Mine on July 15, 2010. As part of the review, an AVS check is performed to insure that the ownership and control information is current and correct.

A couple of minor discrepancies in the Ownership and Control information were identified during the initial review of the Dugout Canyon Mine. The Permittee was asked to update the General Chapter 1 Binder to include Peter I Wold and J Thomas Jones as Directors for Arch Coal, Inc.

A response to these discrepancies was received on October 14, 2010. This Technical Memorandum will address the Ownership and Control portion of the review.

The findings in this memo are based on a review of the current Mining and Reclamation Plan (MRP).

TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

Legal and financial information can be found in the General Chapter 1 of the Dugout Canyon Mining and Reclamation Plan. Canyon Fuel Company, LLC, currently holds the Dugout Canyon Mine permit. Canyon Fuel Company, LLC is owned by Arch Western Bituminous Group, LLC (65%) and by Arch Coal, Inc. (35%). Arch Western Resources, LLC is owned by Arch Western Acquisition Corporation (99%), which is wholly owned by Arch Coal, Inc., and by Delta Housing, Inc. (1%).

Findings:

The following deficiencies were previously identified:

R645-301-112-303:

• **Arch Coal, Inc.**

1. The AVS database shows **Peter I Wold, Director with a Begin Date of 7/21/2010**. This information is not in the MRP. *Please address this discrepancy.*
2. The AVS database shows **J Thomas Jones, Director with a Begin Date of 7/21/2010**. This information is not in the MRP. *Please address this discrepancy.*

The Permittee provided updated Ownership and Control information for Arch Coal, Inc. to include Peter I. Wold and J. Thomas Jones as directors with begin dates of 7/21/10. This information is now consistent with the AVS database.

RECOMMENDATION:

The ownership and control provided in the application meets the requirements of the State of Utah R645-Coal Mining Rules and should be approved at this time.