



GARY R. HERBERT
Governor

GREGORY S. BELL
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

Outgoing
C0070041
#3864
OK

July 5, 2011

Dave Shaver, Manager
West Ridge Resources, Inc.
P. O. Box 910
East Carbon, Utah 84520-0910

Subject: Approval of the Incidental Boundary Change and Revised Permit Document, West Ridge Mine, C/007/0041, Task ID #3864

Dear Mr. Shaver:

The Division has reviewed your application for the Incidental Boundary Change of 10.33 acres, which included a change in the permit boundary for the West Ridge mine. We received the clean copies on June 28, 2011. Enclosed is a stamped incorporated copy for insertion into your copy of the Mining and Reclamation Plan.

Also enclosed are two (2) copies of the revised permanent program permit for the West Ridge Mine.

Please have both permits signed by the designated signatory authority and return one signed original to the Division. You should note that the expiration date of the permit did not change but remains April 1, 2014.

If you have any questions, please call me at (801) 538-5334 or Daron Haddock at (801) 538-5325.

Sincerely,

John R. Baza
Director

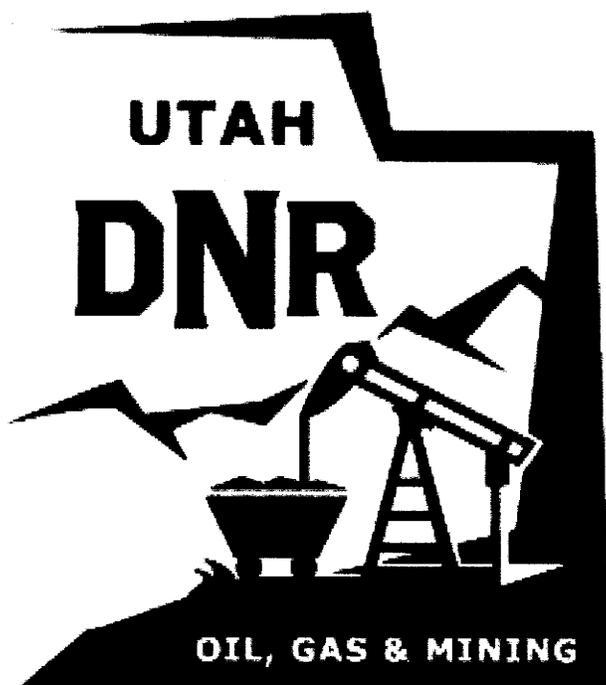
JRB/DRH/sqs
Enclosure

cc: Kenneth Walker, OSM
Jeff McKenzie, BLM
Larry Crist, USFWS w/o
Marc Stilson, Water Rights w/o
Dave Ariotti, DEQ w/o
Chris Wood, DWR w/o
Price Field Office

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State of Utah



Coal Regulatory Program

West Ridge Mine
West Ridge Resources
Technical Analysis
June 28, 2011

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TECHNICAL ANALYSIS DESCRIPTION

On June 27, 2011, the Division received an application from West Ridge Resources for an incidental boundary change (IBC) for the West Ridge Mine. The IBC would allow for a 10.33 acre expansion of the permit area. The IBC is necessary to allow the mine to continue longwall development in the newly acquired federal lease modification and the adjacent SITLA lease. Only a very small portion of the 10.33 acre IBC will be undermined, and no surface impacts are anticipated.

The IBC is located in section 31, SW Lot 4 of T13S, R14E. The BLM provided approval of the associated longwall panel (#23) in the R2P2 which is located in 5-3D of the application. This analysis includes limited technical analysis due to the small size of the proposed undermined portion of the IBC and the location of the undermined area in relation to approved panel #23. Longwall panel #23 was previously approved by the Division in the Penta Creek Fee Lease Modification. This IBC will add a very minute portion of that longwall panel to the permit area.

SUMMARY OF FINDINGS

The Division made the following findings during the review of the Incidental Boundary Change application.

1. The Permit change is not considered a significant permit revision in accordance with R645-303-226.
2. The permit change application identified the proposed change (an addition of 10.33 acres to the permit area) and included information required under R645-301 and R645-302 to the extent applicable to the proposed change.
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested amendment will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The operator has provided evidence of having liability insurance (Federal Insurance Company #3710-95-30 (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. (A surety issued by National Union Fire Insurance Company of Pittsburg, PA in the amount of \$2,117,000 (Bond Number 91-B-54926) (R645-303-233.150).
7. The operator has submitted all applicable, revised or updated information as required by the Division at this time. (R645-303-233.160).

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

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

Analysis:

Emily P. Marston and Leonard J. Pagano were added to Contiguous subsurface owners on page 1-4. All interest information is located in Chapter 1 and was approved in previous applications. This section includes (as required by R645-301-112):

- A statement that West Ridge Resources (WRR) is a corporation
- The name, address, telephone number, and EIN of the Applicant and resident agent
- A statement that WRR will pay the abandoned mine land fee
- Each person who 'owns or controls' WRR.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

RIGHT OF ENTRY

Regulatory Reference: 30 CFR 778.15; R645-301-114

Analysis:

Right of Entry information is located on page 1-5 and appendix 104 of Chapter 1 of the M&RP. West Ridge Resources Inc. currently holds 5256.16 acres of federal coal. WRR currently holds 2162.34 acres of state coal and 1189.84 acres leased on contiguous private fee coal lands. The total permit area is 7326.95 acres. The use permits for right of entry are listed on page 1-6 of Chapter 1 of the MRP and proof of lease assignments is found in appendix 1-4. None of the lease assignments are subject to litigation.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

PERMIT TERM

Regulatory References: 30 CFR 778.17; R645-301-116.

Analysis:

The permit is effective on June 28, 2011 and expires on April 1, 2014. The permit area description on page 1-15 of the MRP was amended to include section 31, SW Lot 4 of T13S, R14E.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

ENVIRONMENTAL RESOURCE INFORMATION

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

GENERAL

Regulatory Reference: 30 CFR 783.12; R645-301-411, -301-521, -301-721.

Analysis:

The application is necessary for mining to continue in longwall panel #23. The BLM approved mining of this panel in the R2P2 located in Appendix 5-3D of the MRP. The Division has reviewed the information required and located in the M&RP in previous IBC applications. This review included administrative, hydrology, biology, engineering, land use, and archaeology. Please see tasks 3608, 3583, 3368 for reviews of the impacts from these IBC's as well as the current 10.33 acre IBC.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

HISTORIC AND ARCHEOLOGICAL RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.12; R645-301-411.

Analysis:

A cultural resource report was included in the confidential section of the application. The report was prepared by John Senulis of SENCO-PHENIX Archeological Consultants on April 25, 2011. The report (SPUT 612) included a file search of the proposed IBC area conducted online at the Utah Division of State History and at the Price River Field Office Bureau of Land Management. No sites were located in the IBC area.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

OPERATION PLAN

SUBSIDENCE CONTROL PLAN

Regulatory Reference: 30 CFR 784.20, 817.121, 817.122; R645-301-521, -301-525, -301-724.

Analysis:

The following review was taken from James Owen's memo for the Penta Creek Fee Lease Modification dated March 1, 2011. The Penta Creek Lease modification includes Panel 23 except for the very small portion that this IBC covers. This subsidence review will suffice for this IBC due to its proximity to the previous lease modification and its small size.

“In its subsidence control plan (pg 5-26), the applicant commits to adopt measures which are technologically and economically feasible to prevent subsidence under areas to be protected and to provide for planned controlled subsidence in all other areas. All material damage will be corrected to the extent technologically and economically feasible.

The Grassy Trail Reservoir, which impounds more than 20 acre-feet of water, is located within and adjacent to the permit area. Plans are in place to the reservoir to be moved and reconstructed so as to allow for mining to take place within the Penta Creek Extension. A previously mined panel, 7, is the closest longwall panel to Grassy Trail Reservoir, located approximately 995' from the reservoir measured horizontally. The panel is also 1664' below the reservoir.

West Ridge Resources contracted with RB&G Engineering to prepare a study of the risk to Grassy Trail reservoir from seismicity and subsidence associated with longwall mining in the West Ridge Mine. The study involved the collection of additional data from newly-installed accelerometers, subsidence monitoring stations, and piezometers in the area around the dam. Another phase of the study was done for compliance with the regulatory requirements of the Utah Division of Dam Safety. Appendix 5-11 of the application is the Grassy Trail Dam & Reservoir Mining – Induced Seismicity Report. Appendix 5-12 is the Grassy Trail Dam & Reservoir, Phase II Dam Safety Study.

The seismicity report addressed the issues of dam stability analysis, subsidence, internal erosion potential, reservoir seepage and landslide potential. The report concluded that it is unlikely that the anticipated mining induced seismicity will impact the performance of the dam and reservoir.

Based on the approval of the mine plan concerning the full extraction of panel #7, the panel was extracted in December of 2005. Extraction closest to the Grassy Trail Reservoir occurred in March of 2006. Based on recommendation from the RB&G Study, a monitoring program was put in place and flowed throughout the process of mining panel #7. The monitoring system included:

- Bi-weekly site inspection to observe embankment crest and slope stability. Cracking, ground deformation, and seepage were also monitored.
- Monthly measurements of ground and water motion devices.
- Annual surveys of control points on the embankment and landslide areas
- Daily monitoring of the UUSS list of recent seismic events. Daily records were to be maintained. Events of interest would be properly reported within 24 hours of the event.
- Site inspection reports must be submitted to RB&G Engineering and the Utah Division of Dam Safety within 24 hours. Daily monitoring reports submitted monthly.

Monitoring, as described above, was conducted during the mining of panel #7. As expected, there was no mining related damage to the dam, although some “slumpage” of an adjacent hillside was observed, which resulted in minor movement of the west abutment of the dam. The applicant states that there was no loss of integrity of the earthen structure of the dam.

The applicant commits to a similar but more complete and more frequent monitoring will be conducted for Block 18-20.

In January of 2008, RB&G prepared a post mining Summary Report of the mining induced seismicity. This report is included within the Appendix 5-16 of the application. Monitoring of the dam continued after mining of panel #7 was complete. In September 2010, RB&G Engineering prepared a summary report of the subsequent mining induced seismicity. The report in included with the application in Appendix 5-17.

As part of the mining process, the applicant has implemented a panel-barrier mining design that leaves a 400' wide barrier between each longwall panel. This design was not in place during the mining of panel #7. This system will be used during the mining of panels 18, 19, and 20 (the extension panels). The closest mining from Block 18-20 will be more than 3000' feet away from the dam horizontally and will be 2200' feet below the dam.

The Subsidence Control Map (5-7) shows a future subsidence monitoring station between Block 18-10 and the Grassy Trail Reservoir.

Findings:

The information provided is considered adequate to meet the minimum regulatory requirements for this section.

RECOMMENDATIONS:

This Incidental Boundary Change is recommended for approval.

FEDERAL

C/007/0041

June 28, 2011

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340

This permit, C/007/0041, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

West Ridge Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910
(435)888-4000

for the West Ridge Mine. A Surety Bond is filed with the Division in the amount of \$2,184,000 payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSM). Coal mining and reclamation operations will be conducted on Federal Leases SL-068754-U-01215 and UTU-78562, State Leases ML 47711, ML 49287, ML 51744, BLM ROW UTU-77120 and UTU-87110, on State Special Use Lease #1163 and on Penta Creek fee lease. DOGM 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 West Ridge Mine, situated in the state of Utah, Carbon and Emery Counties. The area under permit is 7326.95 acres and is delineated on U.S.G.S. 7 1/2 minute topographic maps as follows:

Township 13 South, Range 13 East

Section 34: NE1/4SE1/4, S1/2SE1/4;

Section 35: All;

Section 36: SW1/4, SW1/4NW1/4SW1/4NW1/4, S1/2S1/2NW1/4,
S1/2SW1/4NE1/4, W1/2SE1/4, SE1/4SE1/4, S1/2NE1/4SE1/4,
NW1/4NE1/4SE1/4

Township 13 South, Range 14 East

Section 31 SWLot 4

Township 14 South, Range 12 East

Section 25: SE1/4SE1/4 (part thereof containing catchment structure E)

Township 14 South, Range 13 East

Section 1: All;
Section 2: All;
Section 3: Lots 1-3, S1/2N1/2, S1/2;
Section 10: All;
Section 11: All;
Section 12: All;
Section 13: All;
Section 14: E1/2, N1/2NW1/4, SE1/4NW1/4;
Section 15: NE1/4NE1/4; portion of NW1/4SE1/4NE1/4 (security gate); portion of SE1/4SW1/4 (catchment structure A)
Section 16: Portions of E1/2NE1/4SE1/4 (substitute topsoil area);
Section 21: Portion of NE1/4SE1/4NE1/4 (pumping station)
Section 24: N1/2SE1/4, N1/2, NE1/4SW1/4
Section 28: NW1/4NW1/4 (catchment structure C)

Township 14 South, Range 14 East

Section 6: Lots 3, 4, 5, 6 and 7, SE1/4NW1/4, E1/2SW1/4, W1/2SE1/4;
Section 7: Lots 1, 3 and 4 SE1/4SW1/4, SW1/4NE1/4SW1/4; (Less and excepting from the portion of section 7, lot 1, those lands under and around Grassy Trail Dam and Reservoir owned by East Carbon City and Sunnyside City.
Section 18: Lots 1, 2, 3, E1/2NW1/4.

This legal description is for the permit area of the West Ridge Mine and is shown on Map 5-2 (Surface Ownership Map) of the West Ridge Mine 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 all 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 is effective on June 28, 2011 and expires on April 1, 2014.
- 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 and extent 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 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** - There are special conditions associated with this permitting action 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: John R. Bay

Date: 7/6/11

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

Authorized Representative of Permittee

Date: _____

Attachment A

SPECIAL CONDITIONS

1. This permit specifically authorizes West Ridge Resources, Inc. to conduct an experimental practice in conjunction with their approved Coal Mining and Reclamation Operations at the West Ridge Mine, which allows for the protection of topsoil "IN-PLACE" rather than salvaging soil and stockpiling it for future reclamation. West Ridge Resources, Inc. will follow the plans as outlined in the approved Mining and Reclamation Plan, Chapter 2 and Appendix 2-6 and will be required to evaluate the effectiveness of the experimental practice on an annual basis. The Division will conduct annual reviews of the practice to ensure that it fully protects the environment and the public health and safety. In the event that the experimental practice is determined to be not as environmentally protective and would otherwise be required by standards promulgated under R645-301 and R645-302, revised reclamation plans which utilize standard reclamation technology will be required.
2. West Ridge Resources, Inc. will submit the required water quality data for the West Ridge Mine in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>.
3. Prior to undermining, the permittee must acquire and submit an addendum to SPUT-606 from the archeology consultant that clarifies the existence and location of cultural resource site 42CB-317.