C/007/0041
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Task #4460

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DIV. OF OIL, GAS & MINING

FEDERAL **C/007/0041** **April 1, 2014**

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 8080.58 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: Lot 4, S1/2SE1/4SW1/4, NE1/4SE1/4SW1/4, SE1/4NW1/4SE1/4SW1/4, W1/2SW1/4SE1/4, S1/2SE1/4SW1/4SE1/4, S1/2S1/2SE1/4SE1/4

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, SW1/4NW1/4, N1/2NW1/4SW1/4, E1/2SW1/4;
Section 15: NE1/4NE1/4; portion of NW1/4SE1/4NE1/4 (security gate): portion of SE1/4SW1/4 (catchment structure A)
W1/2NE1/4, E1/2SE1/4NE1/4
Section 16: Portions of E1/2NE1/4SE1/4 (substitute topsoil area);
Section 21: Portion of NE1/4SE1/4NE1/4 (pumping station)
Section 23: Lot 1, N1/2NE1/4, SW1/4NE1/4, NE1/4NW1/4
Section 24: N1/2SE1/4, N1/2, NE1/4SW1/4, NW1/4SW1/4
Section 28: NW1/4NW1/4 (catchment structure C)

Township 14 South, Range 14 East

Section 5: W1/2W1/2SW1/4NW1/4, W1/2NW1/4NW1/4SW1/4
Section 6: Lots 1,2, 3, 4, 5, 6 and 7, SE1/4NW1/4, E1/2SW1/4, W1/2SE1/4, S1/2NE1/4, N1/2NE1/4SE1/4, SW1/4NE1/4SE1/4, NW1/4SE1/4SE1/4
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 expires on April 1, 2019.

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. Baza

Date: 2/4/14

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

Dal W. Hebl

Authorized Representative of Permittee

Date: 02/07/14

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.