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Incoming
C/007/0042

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DIV. OF OIL, GAS & MINING

FEDERAL

PERMIT
C/007/0042

November 14, 2008

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

This permit, C/007/0042, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

Sunnyside Cogeneration Associates
P.O. Box 159
Sunnyside, Utah 84539
(435) 888-4476

for the Star Point Waste Fuel Mine. A Collateral Bond is filed with the Division in the amount of $1,254,000 in the form of treasury securities and is held in escrow at Wells Fargo Bank. A reclamation agreement is also filed which makes the bond payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSM) in the event of forfeiture. 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 the following described lands within the permit area at the Star Point Waste Fuel Mine, situated in the state of Utah, Carbon County, and located in:

Township 15 South, Range 8 East

BLM LEASE LANDS
Township 15 South, Range 8 East, Section 15, Salt Lake Base and Meridian
N NW NW NE-5 ACRES
NE NE NW-10 ACRES
SW NW NW NE-2.5 ACRES
NW NE NW-10 ACRES
N NW SW NE NW-1.25 ACRES
N NE NW NW-5 ACRES
N NE SW NE NW-1.25 ACRES
SE NE NW NW-2.5 ACRES

N NW SE NE NW-1.25 ACRES
N NE SE NE NW-1.25 ACRES

Total BLM Parcel Contains: 40 Acres

BOUNDARY DESCRIPTION PARCEL 1: (FEE SIMPLE PROPERTY)
A parcel of land lying South of County Road 290 and situate in the South Half of the South Half of Section 10, Township 15 South , Range 8 East, Salt Lake Base and Meridian, Carbon County, Utah. Comprising 107.59 acres more or less out of those certain parcels of land owned in fee simple by Cyprus Plateau Mining Corporation, a Delaware Corporation, evidenced by that certain Quit Claim Deed recorded as Entry Number 61467, in Book 393, at Pages 487 - 504 of the Carbon County Records. Basis of Bearing for subject parcel being North 89°30'09" East 5246.46 feet (measured) along the South line of the South Half of said Section 10. Subject parcel being more particularly described as follows:

Beginning at the 2 (two) inch iron pipe monumentalizing the Southwest corner of said Section 10; Thence North 89°30'09" East 5246.46 feet (North 89°51' East 79.48 chains, 5245.68 feet, per the Bureau of Land Management Dependent Resurvey of a portion of the Third Standard Parallel, executed by Daniel T. Mates under the supervision of Glen B. Hatch, July 12 through September 3, 1976, under Special Instructions dated May 28, 1976, for Group Number 566, Utah) coincident with the South line of said Section 10 to the 3 (three) inch Brass cap monument monumentalizing the Southeast Corner thereof; Thence North 01°39'09" East (North 02°01' East per said Dependent Resurvey) 1056.17 feet, coincident with the East line of the Southeast Quarter of said Section 10 to a point on the Southerly Right of Way line of County Road 290; Thence the following 29 (Twenty Nine) courses coincident with said Southerly Right of Way, (1) South 88°11'31" West 464.63 feet to a point of curvature; (2) Southwesterly 178.81 feet along the arc of a 817.00 foot radius curve to the left (center bears South 01°48'29" East) through a central angle of 12°32'22" to a point of tangency;
(3) South 75°39'09" West 501.71 feet to a point of curvature; (4) Westerly 679.31 feet along the arc of a 1533.00 foot radius curve to the right (center bears North 14°20'51" West) through a central angle of 25°23'21" to a point of tangency; (5) North 78°57'30" West 165.44 feet;
(6) North 78°17'39" West 270.53 feet; (7) North 76°06'11" West 123.06 feet to a point of curvature; (8) Westerly 355.47 feet along the arc of a 1292.00 foot radius curve to the left (center bears South 13°53'49" West) through a central angle of 15°45'49" to a point of tangency;
(9) South 88°08'00" West 304.15 feet to a point of curvature; (10) Southwesterly 192.13 feet along the arc of a 1392.00 foot radius curve to the left (center bears South 01°52'00" East) through a central angle of 07°54'30" to a point of tangency; (11) South 80°13'30" West 94.84 feet to a

point of curvature; (12) Southwesterly 193.22 feet along the arc of a 3033.00 foot radius curve to the right (center bears North 09°46'30" West) through a central angle of 03°39'00" to a point of tangency; (13) South 83°52'31" West 108.13 feet; (14) South 82°23'26" West 279.54 feet; (15) South 79°12'12" West 134.59 feet to a point of curvature; (16) Southwesterly 150.64 feet along the arc of a 292.00 foot radius curve to the left (center bears South 10°47'48" East) through a central angle of 29°33'28" to a point of tangency; (17) South 49°38'44" West 79.52 feet to a point of curvature; (18) Southwesterly 150.83 feet along the arc of a 283.00 foot radius curve to the right (center bears North 40°21'16" West) through a central angle of 30°32'13" to a point of tangency; (19) South 80°10'58" West 142.77 feet to a point of curvature; (20) Southwesterly 38.58 feet along the arc of a 217.00 foot radius curve to the left (center bears South 09°49'02" East) through a central angle of 10°11'14" to a point of tangency; (21) South 69°59'44" West 163.00 feet to a point of curvature; (22) Southwesterly 74.80 feet along the arc of a 167.00 foot radius curve to the left (center bears South 20°00'16" East) through a central angle of 25°39'50" to a point of tangency; (23) South 44°19'54" West 140.82 feet to a point of curvature; (24) Westerly 93.90 feet along the arc of a 183.00 foot radius curve to the right (center bears North 45°40'06" West) through a central angle of 29°23'57" to a point of tangency; (25) South 73°43'51" West 89.03 feet to a point of curvature; (26) Westerly 116.91 feet along the arc of a 308.00 foot radius curve to the right (center bears North 16°16'09" West) through a central angle of 21°44'56" to a point of curvature; (27) North 84°31'13" West 55.78 feet to a point of curvature; (28) Southwesterly 98.50 feet along the arc of a 242.00 foot radius curve to the left (center bears South 05°28'47" West) through a central angle of 23°19'19" to a point of tangency; (29) South 72°09'28" West 29.16 feet to a point on the West line of the Southwest Quarter of said Section 10; Thence South 00°22'24" East (South 00°02' East per said Dependent Resurvey) 417.33 feet coincident with said West line to the point of beginning.

Less and excepting therefrom the following described parcel:
Recorded September 10, 2002 as Entry Number 93650, Book 510, Page 446

A parcel of land situated in the South Half of the South Half of Section 10, Township 15 South, Range 8 East, Salt Lake Base and Meridian, Carbon County, Utah, lying South of County Road 290. Comprising 0.54 acres ± out of that certain parcel of land transferred to Sunnyside Cogeneration Associates by that certain Warranty Deed recorded as Entry Number 089890, in Book 495, at Pages 409 thru 430 of the Carbon County Records. Basis of Bearing for subject parcel being North 89°30'09" East 5246.46 feet (measured) along the South line of the South Half of said Section 10. Subject parcel being more particularly described as follows:

Beginning at a point on the South Right-of-way line of County Road 290 said point being located North 89°30'09" East 412.22 feet coincident with the South line of said Section 10 and North 00°29'51" West 475.03 feet from said 2 inch iron pipe monumentalizing the Southwest corner of said Section 10; Thence North 80°59'41" East, 282.69 feet; Thence North 11°43'28" West, 150.00 feet to a point on said Right-of-way line thence coincident with the said right-of-way the following 4 courses (1) South 69°59'44" West, 39.86 feet to a point of curvature; (2) Southwesterly 74.80 feet along the arc of a 167.00 foot radius curve to the left (center bears South 20°00'16" East) through a central angle of 25°39'50" to a point of tangency;
(3) South 44°19'54" West, 140.82 feet to a point of curvature; (4) Southwesterly 62.66 feet along the arc of a 183.00 foot radius curve to the right (center bears North 45°40'06" West) through a central angle of 19°37'10" to the point of beginning.
Parcel 1 (less the Carbon County parcel): 107.04 Acres

PIONEER ACCESS ROAD EASEMENT (AS SURVEYED)
Attached to and made a part of that certain Surface Use Agreement dated effective the 30th day of August, 2002, by and between Plateau Mining Corporation and Sunnyside Cogeneration Associates, a Utah Joint Venture (General Partnership), among Sunnyside Holdings I, Inc. and Sunnyside II, L.P., covering the following described centerline of an existing fifty foot (50') wide strip of land for the construction of a pioneer road, being twenty-five feet (25') on either side of the centerline thereof, located in Section 10, Township 15 South, Range 8 East, SLB&M, with a bearing of North 89°30'09" East between the Southwest section corner and the Southeast corner of Section 10 used as a Basis of Bearing:

Beginning at a point 1865.99 feet North and 2794.15 feet East from the Southwest corner of Section 10, Township 15 South, Range 8 East, SLB&M. Thence North 84°41'22" West 140.54 feet; Thence North 39°27'22" West 78.04 feet; Thence North 16°45'22" West 55.78 feet
Parcel contains: 0.31 Acres

PIONEER ACCESS ROAD EASEMENT
Recorded September 16, 2002 as Entry #093784 Book 511 Page 96
Attached to and made a part of that certain Surface Use Agreement dated effective the 30th day of August, 2002, by and between Plateau Mining Corporation and Sunnyside Cogeneration Associates, a Utah Joint Venture (General Partnership), among Sunnyside Holdings I, Inc. and Sunnyside II, L.P., covering the following described centerline of an existing fifty foot (50') wide strip of land for the construction of a pioneer road, being twenty-five feet (25') on either side of the centerline thereof, located in Section 10, Township 15 South, Range 8 East, SLB&M, with a bearing of North

89°31'31" East between the Southwest section corner and the Southeast corner of Section 10 used as a Basis of Bearing:

Beginning at a point 1865.99 feet North and 2794.15 feet East from the Southwest corner of Section 10, Township 15 South, Range 8 East, SLB&M. Thence North 84°40'00" West 140.54 feet; Thence North 39°26'00" West 78.04 feet; Thence North 16°44'00" West 55.78 feet
Parcel contains: 0.31 Acres more or less

This legal description is for the permit area of the Star Point Waste Fuel Mine. The permittee is authorized to conduct coal mining and reclamation operations on the foregoing described property subject to the conditions of the leases 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 on November 14, 2008 and expires on November 14, 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 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 **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. 10 **EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 11 **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. 12 **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. 13 **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. 14 **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. 15 **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. 16 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge filter backwash or pollutants in the course of treatment or control of waters or emission 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 of federal law.

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 actions 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: 11/20/08

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

M. Blakley

Authorized Representative of the Permittee

Date: 12/2/08

ATTACHMENT A
Special Conditions

1) Sunnyside Cogeneration Associates must submit water quality data for the Star Point Waste Fuel Mine in an electronic format through the Electronic Data Input web site, http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi.

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