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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070045
#4249
OK

February 12, 2013

Thomas C. Schmaltz, PhD.
Covol Engineered Fuels, LC
10653 S. River Front Parkway
Suite 300
South Jordan, UT 84095

Subject: Operator Change, Headwaters Energy Services Corporation, Covol Engineered Fuels, C/007/0045 Task ID #4249

Dear Mr. Schmaltz:

The Division has reviewed your application to change operators at the Covol-Wellington Dry-coal Cleaning Facility. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The initials of the deficiencies authors are provided so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application no later than March 5, 2013.

If you have any questions, please call me (801) 538-5325 or Steve Christensen (801) 538-5350.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/SKC/ss
cc: Price Field Office
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Deficiency List

Task No. 4249

Operator Change

Members of the review team with outstanding deficiencies:

Steve Christensen (SC)

R645-301-112: Based upon the definition of "*owned and controlled*" in the State of Utah R645-Coal Mining Rules (See paragraph 3 of definition), additional information is required for the proposed operators of the Covol facility. The Permittee must provide the directors' and officers' information for BRC Wellington, LLC and Bowie Refined Coal, LLC. The information shall include the names of the board of directors and company officers as well as their titles and the date their positions were assumed.

R645-301-112.220: The Permittee must revise page 1-4 the MRP to identify the current resident agent as Gina Rau is no longer employed with the company.