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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

JK

June 24, 2008

Greg Hunt, Agent
Carbon Resources, LLC
16577 Columbine Lane
Cedaredge, Colorado 81413

Subject: Administrative Completeness Review – Determined Complete, Carbon Resources LLC, Kinney #2 Mine, C/007/0047, Task ID #2989, Outgoing File

Dear Mr. Hunt:

On June 13, 2008 Carbon Resources, LLC provided the Division with supplemental information to be incorporated into the February 29, 2008 Kinney #2 Mine application package for a surface coal mining operation near Scofield, Utah. The full application has been determined to be complete. A copy of the Administrative Completeness Review (ACR) is enclosed.

Carbon Resources, LLC must now provide public notification of the proposal as required by R645-300-121.100. The notice must be in a local newspaper at least once a week for four consecutive weeks and must contain all the information described in R645-300-121.100 *et seq.* Please note our comments on the attached ACR form before proceeding with public notice. Carbon Resources, LLC must provide a copy of the complete application for public review at the Carbon County Courthouse by the time of the first public notice (R645-300-121.200). A copy of the publication should be sent to the Division as soon as it is available. An affidavit of publication will also be required to be in the final application.

We will proceed with our obligation to notify local, state and federal government agencies of your intent to conduct surface coal mining on the approximately 450-acre tract of land located in Carbon County, T.12 S., R.7 E., Sections 32 and 33, T.13 S., R.7 E., Section 4, northeast of the town of Scofield on the east side of State highway # 96 (R645-300-121.300 *et seq.*).

A technical review of your plan will be initiated. Review of new surface mine permit applications may not exceed one year (R645-300-131.114). Prior to approval, the Division must find that your application is technically complete. We expect to convey our progress to you in ninety days (September 19, 2008), which will allow time to incorporate any public comment into our review. The Division will also coordinate with other agencies and incorporate their comments into our review process.



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Administrative Completeness
June 24, 2008

We look forward to working with you throughout the permitting process. Please contact Joe Helfrich at (801) 538-5290 or myself at (801) 538-5325 with your questions.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is written in a cursive style with a large initial "D" and "H".

Daron R. Haddock
Permit Supervisor

JCH/an
Enclosure
cc: Dana Dean
Price Field Office
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**ADMINISTRATIVE COMPLETENESS REVIEW WORKSHEET
(R645-100)**

DATE: June 23, 2008

REVIEWER(S): Priscilla Burton (Adm., Air Soil), Steve Christensen (Hydrology), David Darby (Geology), Joe Helfrich (Biology, Lead) Wayne Western (Engineering)

APPLICANT: Carbon Resources, LLC

MINE NAME: Kinney #2 **FILE NO.:** C/007/0047

"Administratively Complete Application" means an application for permit approval or approval for coal exploration, where required, which the Division determines to contain information addressing each application requirement of the State Program and to contain all information necessary to initiate processing and public review.

Directions: The categories listed below correspond to the minimum requirements for information necessary to initiate processing and public review. If a category is checked the Applicant has met the Completeness requirement for that category. If a category is not checked, the Completeness requirements have not been met. The comments column will identify the deficiency and what is necessary to correct it.

			Comments
301-112	Identification of Interests	<u>X</u>	Employee ID numbers and officers and controllers of all parent companies (Western Reserve Coal Corporation) are included in the application.
100	Applicant's Business Structure	<u>X</u>	Nevada limited liability company.
210	Applicant's Name/Address/Phone	<u>X</u>	Carbon Resources, LLC
220	Resident Agent's Name/Address/Phone	<u>X</u>	phone number required.
230	Name/Address/Phone of AML Fees Payer	<u>X</u>	phone number required.
300	Corporate Structure & Ownership	<u>X</u>	The organizational tree showing ownership of Carbon Resources, LLC by Western Reserve Coal Corp. and showing the parent company(s) of Western Reserve Coal Corp, is included in the application.
400	Identify Other Mining Operations in US	<u>X</u>	Itemize all Western Reserve Coal Company has no affiliated coal mines.

500	Surface & Mineral Ownership	<u>X</u>	Surface = Carbon Resources and Telonis Trust as shown on Map 4.5.1.2-1 and listed in Section 2.1.2.4 Subsurface = Carbon County, Peabody Natural Resources, Carbon Resources, LLC as shown on Map 4.5.1.2-2 and listed in Section 2.1.2.4.
600	Ownership Contiguous to Permit	<u>X</u>	Map 4.5.1.2-1 and listed in Section 2.1.2.4 and Map 4.5.1.2-2.
700	MSHA Numbers	<u>X</u>	Require MSHA identification numbers in Section 2.1.3 when available.
800	Interest in Contiguous Lands	<u>X</u>	Section 1.0 states 3 year mine plan with plans for acquisition of reserves to the south and east. However, Map 4.5.1.2-2 indicates all coal to south and east already under Carbon Resources, LLC control, please explain.
301-113	Violation Information	<u>X</u>	none reported, but Western Reserve Coal Corp. affiliated mines need to be listed.
100	Suspension or Revocation Information	<u>X</u>	
300	List of Violations - 3 Previous Years	<u>X</u>	
301-114	Right of Entry	<u>X</u>	Surface and coal lease information provided in Sec. 2.1.5.1
301-115	Status of Unsuitability Claims	<u>X</u>	
301-116	Permit Term	<u>X</u>	5 years
301-117	Insurance	<u>X</u>	A certificate of Liability insurance is included in the application.
	Proof of Publication	<u>X</u>	Not Applicable
	Facilities and Structures Used in Common	<u>X</u>	
301-118	Filing Fee	<u>X</u>	Section 2.1.9

301-120	Permit Application Format and Contents	<u>X</u>	The applicant has comitted to format the application in accordance with the rules of the Utah Coal Regulatory Program within 90 days from the time the application is determined to be complete.
301-123	Notarized Signature of Responsible Official	<u>X</u>	Clay Wisdom, Chief Financial Officer of Carbon Resources, L.L.C.
301-130	Information Collection: Technical Data Accompanied by Names of Persons or Organizations that Collected and Analyzed the Data - Dates of Collections - and Analysis of the Data and Description of the Methodology Used to Collect and Analyze Data	<u>X</u>	Reporting of technical data is included in section 2.1.11 of the application.
301-200	Soils	<u>X</u>	
211	Description of Pre-mining Soil Resources	<u>X</u>	Section 3.1
221	Prime Farmland Investigation	<u>X</u>	Ex. 1.5-1
222	Soil Survey	<u>X</u>	Ex. 3.1.1.3-1 2006-2007 survey includes Figure 1, soil map on scale of 1 in. = 300 ft. Technical review will request soil survey map on scale of 1 in = 200 ft., similar to the Mine Surface Facilities Pre-Mining Topography Map, for ease in use during soil salvage and construction.
224	Substitute Topsoil Info (When Proposed)	<u>X</u>	Previously disturbed abandoned mine site will utilize cover that was placed over coal mine waste during the 1986 AML project.
230	Operation Plan Topsoil Handling/Removal/Storage	<u>X</u>	Section 4.2.2.1 describes salvage of 54,760 yd3 of soil for the 27.3 ac. mine facilities area, 54,760 yd3 would provide 14.9 inches of cover. Soils handling of best available and the disposition of the additional 13,000 yd3 of suitable soil material will be discussed during technical review. Stockpile construction is described in Section 4.2.2.3. Cross-section on Map 4.5.2.3-1A. Seeded with temporary seed mix in Table 5.3.2.3-1. Erosion control discussed on pg. 4.5-35 and 4.5-36.

240	Reclamation Plan Soil Redistribution/Stabilization	<u>X</u>	Section 5.2.2.2 describes deep ripping of regraded surface followed by application of native hay. Volume/acre hay not specified. See Section 5.2.2.3 for nutrient sampling of regraded topsoil. Section 5.2.2.4 describes discing and 2 Tons/ac straw or hay mulch applied over seed.
301-300	Biology	<u>X</u>	Volume 2 Exhibit 3.2 includes the Biology section of the application. The table of contents needs to include the volume where the information is located.
320	Vegetation Information	<u>X</u>	Vegetation information is included in volume 2, Exhibit 3.2 of the application. The table of contents needs to include the volume where the information is located.
322	Fish and Wildlife Information	<u>X</u>	Fish and Wildlife information is included in Volume 2, Exhibit 3.3. The table of contents needs to include the volume where the information is located. The table of contents needs to include the volume where the information is located.
323	Maps/Photos Vegetation-Fish-Wildlife Areas	<u>X</u>	Vegetation and wild life maps are located in Volume 2 at the beginning of the volume. The table of contents needs to include the volume where the information is located.
330	Operation Plan Vegetation-Fish-Wildlife Protection	<u>X</u>	A protection plan for Biological resources is located in Volume 1, Section 4.3.1. Operational fish and wildlife monitoring is located in Section 4.3.5 The table of contents needs to include the volume where the information is located.
341	Reclamation Plan for Revegetation	<u>X</u>	Reclamation plans for revegetation are included in Section 5.3 of the application. The table of contents needs to include the volume where the information is located.
342	Fish & Wildlife Plan for Reclamation Phase	<u>X</u>	Reclamation plans for Fish and Wildlife are located in Sections 5.3 and 5.3.3. The table of contents needs to include the volume where the information is located.
301-400	Land Use and Air Quality	<u>X</u>	Air Quality Notice of Intent provided in Ex. 2.1.3-1. Background discussion in Sec. 3.5.1.3.

411	Pre-Mining Land Use Information (Includes Cultural Resources)	<u>X</u>	Cultural resources are located in Section 3.4.3 of the application. The table of contents needs to include the volume where the information is located. Landuse information is included in section 3.4.
412	Post-Mining Land Use Information	<u>X</u>	Post mining Landuse is described in section 5.4-2 of the application.
301-500	Engineering	<u>X</u>	The Applicant provided a general operational plan.
510 520	General Description of Operation Plan (Maps, Locations, Cross-Sections, Narrative, Descriptions & Calculations)	<u>X</u>	The Permittee gave a general description of the operation plan in Section 4.5 of the application.
522	Coal Recovery Description	<u>X</u>	In Section 4.5 the Permittee describes the use of first mining only for the first five years.
523	Mining Methods	<u>X</u>	In Section 4.5 the Permittee states that only room and pillar methods would be used in conjunction with first mining only.
524	Blasting and Explosives Plan	<u>X</u>	Very little blasting is expected to be done. A detailed blasting plan will be provided as needed.
525	Subsidence Control Plan	<u>X</u>	The Permittee claims that no subsidence will occur because of first mining only.
526	Mine Facilities Description (Narrative, Plans, Maps) Including Existing Structures & Support Facilities	<u>X</u>	Mine Facilities are described in Section 4.5.2.3
527	Transportation Facilities (Including Plans & Maps)	<u>X</u>	Transportation Facilities are described in Section 4.5.2.3
528	Coal Mine Waste Plans (Description & Designs)	<u>X</u>	The application includes a narrative and map showing the storage area for mine development waste.
529	Management of Mine Openings (Design)	<u>X</u>	The Applicant provided a general plan for managing mine openings.
531	General Plans for Structures	<u>X</u>	The Applicant provided plans for structures that will be used for the operational phase.

532	Sediment Control	<u>X</u>	
533	Impoundments	<u>X</u>	
301-534	Roads (Plans, Drawings, Designs, & Specifications)	<u>X</u>	The Applicant provided general information on roads.
535	Spoil	<u>X</u>	The Applicant mentions how they will handle spoil. Since spoil is overburden material and very little if any overburden material will be generated at the site the term spoil in the application is misleading.
536	Coal Mine Waste	<u>X</u>	The application includes a narrative and map showing the storage area for mine development waste.
537	Regraded Slopes	<u>X</u>	NA
540 541-542	Reclamation Narrative, Maps and Plans	<u>X</u>	The Applicant provided a general reclamation plan.
551	Casing and Sealing Underground Openings	X	The Applicant provided a general plan for sealing underground openings.
553	Backfilling and Grading Description	<u>X</u>	The Applicant provided a general plan for backfilling and grading. The Applicant requested variances because of previous mining activities. The Division does not give variances but does have rules to deal with such situations.
301-600	Geology	<u>X</u>	
621	Description of Geology (Permit & Adjacent Area)	<u>X</u>	
622	Geologic Cross-Sections, Maps, and Plans	<u>X</u>	Map 3.6-1 shows the regional surface geology.
630	Plans for Casing and Sealing Holes	<u>X</u>	
301-700	Hydrology	<u>X</u>	Beginning in Section 3.7.1.2, the Permittee provides the methodology and basis for the hydrologic information presented in the application.

721	Description of Hydrologic Resources (Permit and Adjacent Area) <u>X</u>	A discussion of surface and ground water occurrence, quality, use and relationships for the permit and adjacent area is presented in Section 3.7 of the application.
722	Cross-Sections and Maps Subsurface Water - Surface Water - Monitoring Stations - Wells <u>X</u>	Map 3.7.1.3-1, <i>Regional Hydrology</i> , depicts the locations of the ground and surface water resources within and adjacent to the permit area. Map 3.7.2-1, <i>Works-Wells-Springs-Faults</i> , depicts the locations of ground water wells. The map does not provide a legend. Map 4.7.2.3-1, <i>Surface and Ground Water Monitoring Sites</i> , depicts the water monitoring locations.
723	Sampling and Analysis <u>X</u>	Table 4.7.2.3-1 provides the ground and surface water-monitoring schedule. The table provides the frequency, reporting commitments and parameters to be analyzed for ground and surface water for baseline conditions as well as during the operational and reclamation phases of the mining operation. The Permittee will need to provide the methodology to be implemented according to R645-301-723.
724	Baseline Information Ground Water - Surface Water - Geology - Climatological & Supplemental; If Needed <u>X</u>	Baseline information for ground and surface water is provided in Section 3.7 of the application. Climatological information is provided in Section 3.7.4 on page 3.7-23.
728	PHC Determination <u>X</u>	The PHC Determination is provided in Section 4.7.4 beginning on Page 4.7-28. The PHC Determination was developed based on ground and surface water baseline conditions. The PHC Determination provides a thorough discussion of potential impacts to ground and surface water. In addition, mitigation efforts to be implemented in the event of impacts are also discussed.
730	General Operation Plan Minimize Disturbance to Hydrologic Balance & Compliance with Clean Water Act <u>X</u>	The efforts to be taken to minimize disturbance to the hydrologic balance and comply with the Clean Water Act are provided in Section 4.7.
731	Ground and Surface Water Protection <u>X</u>	Section 4.7-1 of the application describes the plans for protecting ground and surface water resources. The hydrologic protection plan was developed based on the localized hydrologic conditions outlined in the baseline information portion of the application (Section 3.7).

72	Ground and Surface Water Monitoring	<u>X</u> The proposed ground and surface water-monitoring plan is presented in Section 4.7.2.3. Table 4.7.2.3-1 provides the monitoring schedule and analytical parameters for both ground and surface water.
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Plans and Designs
Operation and Reclamation Plan
Sediment Control Measures

Siltation Structures

X

Beginning on page 4.7-22, the application presents information on the design standards and considerations for the hydrologic designs (both disturbed and undisturbed drainage) to be utilized during construction, operation, maintenance and reclamation of the site.

X

Siltation structure design considerations are discussed on page 4.7-23 of the application. The primary siltation structure will be the sediment pond (See Below)

Sediment Ponds

X

Sediment pond design is discussed on page 4.7-23. The sediment pond will serve as the primary siltation structure and sediment control structure for the disturbed drainage areas of the mine site. Design calculations and methodology for the sedimentation pond are further discussed in Exhibit 4.7.2.2-1. Figure 4.7.2.2-1 provides the stage-volume curve for the sediment pond.

Other Treatment Facilities

X

Other treatment facilities are discussed beginning on page 4.7-22. Other treatment facilities to be utilized include silt fences, vegetative matting and silt traps as needed.

Diversion

X

Diversion ditches will be utilized at the site and are discussed beginning on page 4.7-26. Design considerations and locations are discussed. Exhibit 4.7.2.2-1 provides the hydrologic calculations utilized for the design of the diversion structures. The locations of all diversion structures are shown on Map 4.7.2.1-1 for the undisturbed drainage and Map 4.7.2.1-2 for the disturbed drainage.

Road Drainage

X

Road drainage design considerations are presented beginning on page 4.7-26.

Impoundments

X

Impoundments are discussed on page 4.7-25. The sedimentation pond to be constructed at the site will be the only impoundment which will be utilized for drainage and sediment control.

Discharge Structures

X

Discharge structures are discussed on page 4.7-25. Flow rates and velocities for temporary diversion ditches and discharge calculations for the sedimentation pond outlet are presented in Exhibit 4.7.2.2-1.

Disposal of Excess Spoil

X

On page 4.7-27, the application states, "mining and related operations will not result in the generation of any excess spoil."

Coal Mine Waste

X

Page 4.7-27 of the application discusses coalmine waste. The application states, "no coal mine waste is projected to be generated as part of the Kinney Mine operation".

Disposal of Non-Coal Mine Waste

X

Page 4.7-27 discusses the disposal of non-coal

301-800	Bonding and Insurance	<u>X</u>	The Applicant provided general information on bonding and insurance. A detailed reclamation cost analysis was not included which is acceptable because the Division has not yet approved the reclamation plan. Once the reclamation plan is approved or near approval, the Applicant must provide detailed information.
820	Applicant Have Adequate Bond at Permit Issuance	<u>X</u>	The Applicant does not have to post a bond at this time. The Applicant must post a bond before the Division issues a permit.
830	Bond Estimate and Calculations Provided	<u>X</u>	A detailed reclamation cost analysis was not included which is acceptable because the Division has not yet approved the reclamation plan. Once the reclamation plan is approved or near approval, the Applicant must provide detailed information.
890	Certificate of Insurance Provided	<u>X</u>	Must be provided before the Division issues the permit.
302-200	Special Categories of Mining	—	Not Applicable
210	Experimental Practices Mining	—	Not Applicable
220	Mountaintop Removal Mining	—	Not Applicable
230	Steep Slope Mining	—	Not Applicable
240	Auger Mining	—	Not Applicable
250	In Situ Processing Activities	—	Not Applicable
302-260	Coal Processing Plants (Not Located Within Permit Area of Mine)	—	Not Applicable
270	Variances From Approximate Original Contour Restoration Requirements	—	Not Applicable
280	Variances for Delay in Contemporaneous Reclamation Requirement in Combined Surface and Underground Coal Mining Activities	—	Not Applicable
290	Small Operator Assistance Program (SOAP)	—	Not Applicable

302-300	Special Areas of Mining	—	Not Applicable
301	Prime Farmland	<u>X</u>	Ex. 1.5-1
302	Alluvial Valley Floors	<u>X</u>	Section 7.11, outline the location of the adjacent Alluvial Valley Floor and proposed mine facilities and lease area on a map.

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