



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

March 26, 1992

Mr. Dan Guy, Manager
Mountain Coal Company
P.O. Box 1378
Price, Utah 84501

Dear Mr. Guy:

Re: Updating Reclamation Agreement (Name Change, Disturbed Area and Bond Amount),
Surety Bond Update, Trail Mountain Mine, Mountain Coal Company, ACT/015/009-
92A, Emery County, Utah #3

The bonding documents need to be updated. In the midst of the approval of amendments for the surface facilities and the permit transfer, there seems to have been some confusion, and several items need to be corrected:

Table 7-8, page 7-53 refers to the disturbed area increasing from 8.8 to 9.45 acres. Please correct the surface disturbance legal description of the Reclamation Agreement and have the surety company sign.

Table 3-5, page 3-69 refers to the bond estimate increasing to \$662,811 (1994 dollars). Please rider the bond to increase it to this amount.

There are three conditions that were associated with the mining plan approval issued by the Department of Interior for Federal Lease U-64375. These conditions need to be included in the mining permit issued by the Division of Oil, Gas, and Mining. Therefore, I have enclosed two permits with the mining plan approval conditions added. Please sign both and return one to the Division.

I appreciate your cooperation in resolving these matters. If you have any questions, please call me. Please submit the requested information by April 30, 1992.

Sincerely,


Pamela Grubaugh-Littig
Permit Supervisor

Revised April 1991
Exhibit "A" - SURFACE DISTURBANCE

Permit Number: _____
Effective Date: _____

SURFACE DISTURBANCE
--ooOoo--

In accordance with the **RECLAMATION AGREEMENT**, the **PERMITTEE** intends to conduct coal mining and reclamation activities on or within the **SURFACE DISTURBANCE** as described hereunder:

Total acres of **SURFACE DISTURBANCE**: _____

Legal Description of **SURFACE DISTURBANCE**:

This **SURFACE DISTURBANCE** is covered by the reclamation surety provided in Exhibit B.

IN WITNESS WHEREOF the **SURETY** has hereunto set its signature and seal this _____ day of _____, 19____.

SURETY

By: _____

Title: _____

Permit Number _____

E X H I B I T "B"

SURETY BOND (FEDERAL COAL)

THIS SURETY BOND entered into and by and between the undersigned **PERMITTEE**, and **SURETY** company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (**DIVISION**), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (**OSM**) in the penal sum of \$ _____ (Surety Bond Amount) for the timely performance of reclamation responsibilities of the surface disturbance described in Exhibit "A" of this Reclamation Agreement.

This **SURETY BOND** will remain in effect until all of the **PERMITTEE's** reclamation obligation have been met and released by the **DIVISION** and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, **SMCRA**, the approved permit and the **DIVISION**.

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** and **OSM** may sustain as a result of the **PERMITTEE's** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE** and to the **DIVISION** and **OSM** of any notice or action involving insolvency or bankruptcy of the **SURETY**, or alleging any violations of regulatory requirements which could result in suspension or revocation of the **SURETY's** license in this state. In the event the Cooperative Agreement between the **DIVISION** and **OSM** is terminated, then the portion of the bond covering the Federal Lands will be payable only to the United States, Department of Interior, Office of Surface Mining.

Terms for release or adjustment of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE** in the **RECLAMATION AGREEMENT** incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this _____ day of _____, 19 _____.

PERMITTEE

By: _____

Title: _____

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal this
_____ day of _____, 19 _____.

SURETY

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH this
_____ day of _____, 19 _____.

Dianne Nielson, Director
Division of Oil, Gas and Mining

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

FEDERAL

PERMIT
ACT/015/009

March 10, 1992

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

This permit, ACT/015/009, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

Mountain Coal Company
P.O. Box 1378
Price, Utah 84501
(801) 637-5050

for the Trail Mountain Mine. Mountain Coal Company is the lessee of federal coal leases U-49332 and U-082996, State Mineral Lease ML-22603 and UTU-64375, and the owner/lessee of certain fee-owned parcels. A Surety Bond is filed with the Division in the amount of \$463,711, payable to the State of Utah, Division of Oil, Gas and Mining, and the Office of Surface Mining, Reclamation and Enforcement (OSM). 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 underground coal mining activities on the following described lands within the permit area at the Trail Mountain Mine, situated in the State of Utah, Emery County, and located:

Township 17 South, Range 6 East, SLM

Section 25: S1/2 NW1/4, W1/2 SW1/4, W1/2 E1/2 SW1/4, SW1/4 SE1/4, E1/2 E1/2 SW1/4; Begin at the point of SW corner of NW1/4 SE1/4, thence North 160 Rods, thence East 44 Rods to center of Cottonwood Creek, Southward along creek to a point 76 Rods east of the beginning, thence West 76 Rods to the Point of Beginning.

- Section 26: SE1/4 NE1/4, E1/2 SW1/4 NE1/4, E1/2 SE1/4,
E1/2 W1/2 SE1/4, S1/2 SW1/4, W1/2 SW1/4
SE1/4
- Section 27: S1/2 S1/2
- Section 34: All
- Section 35: Lots 3 and 4, NE1/4, SE1/4, SW1/4, S1/2
NW1/4
- Section 36: All

Township 18 South, Range 6 East, SLM

- Section 1: Lots 1-8, S1/2 N1/2, E1/2 NE1/4 SW1/4, E1/2
NW1/4 NE1/4 SW1/4, N1/2 NW1/4 NE1/4
SE1/4, N1/2 NW1/4 SE1/4
- Section 2: Lots 1-8, S1/2 N1/2, N1/2 NE1/4 SW1/4, N1/2
SW1/4 NE1/4 SW1/4, SE1/4 NE1/4 SW1/4,
NW1/4 NE1/4 SE1/4, N1/2 SW1/4 NE1/4
SE1/4, N1/2 NW1/4 SE1/4, N1/2 S1/2 NW1/4
SE1/4
- Section 3: Lots 1, 2, and 8, NE1/4 SE1/4 NE1/4

Township 18 South, Range 7 East, SLM

- Section 6: Lots 4-7, W1/2 SE1/4 NW1/4, W1/2 E1/2
SW1/4

This legal description is for the permit area of the Trail Mountain Mine. The permittee is authorized to conduct underground coal mining activities and related surface activities 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 February 20, 1995.
- 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 underground coal mining activities 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 **APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.
- Sec. 17 **SPECIAL CONDITIONS** - There are special conditions associated with this permit, as described in Attachment A.

The above conditions (Secs. 1-17) 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: 

Date: 3-10-92

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

Authorized Representative of the Permittee

Date: _____

ATTACHMENT A

Special Conditions

1. **R645-301-731.200 Water Monitoring** The applicant must monitor quality and quantity of the Star Point aquifer at a point where the flow in the aquifer leaves the permit area. The most likely place to develop this monitoring site is in the area near DH-5 (Figure 6-4). The applicant will be required to develop a well to monitor aquifer parameters, seasonal fluctuation, mining influence and hydrologic tests. This information is requested in accordance with the requirements for water monitoring regulations R645-301-731.200 through R645-301-731.215.
2. Before extending entries to the west beyond the location of hole TMX-6, the operator must drill horizontal holes to determine if significant water could be encountered in the Starpoint/Blackhawk aquifer. If significant water is encountered in the horizontal holes, the operator must stop the advance and notify the Regulatory Authority.
3. Before mining in the vicinity of perennial stream and escarpment buffer zones, the operator must provide data sufficient to justify use of the 15 degree angle-of-draw (measured from the vertical). If the technical data show that an angle-of-draw greater than 15 degrees is expected, the buffer zone must be modified to be consistent with the expected angle-of-draw.
4. The operator shall limit mining operations in the last panel on the eastern boundary of Section 1, T18S, R6E to first mining only in order to leave pillars of sufficient size to prevent caving of the overlying strata.