



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 8, 2015

Richard Parkins, General Manager
Fossil Rock Resources, LLC
225 No. 5th Street, Suite 900
Grand Junction, CO 81501

Subject: Permit Transfer, from PacifiCorp to Fossil Rock Resources, LLC, Trail Mountain Mine, C/015/0009, Task ID #4975

Dear Mr. Parkins:

The Division has reviewed your application for the Permit Transfer of the Trail Mountain Mine from PacifiCorp to Fossil Rock Resources. A copy of our review is enclosed. The Division has identified deficiencies in addressing the Utah Coal Mining Rules. The deficiencies are listed and will need to be addressed before further processing can occur. The initials of the deficiencies author are provided so that your staff can communicate directly with that individual should questions arise.

The plans as submitted are incomplete. Please revise the application accordingly in order for us to complete the processing of your permit transfer.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
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Technical Analysis and Findings

Utah Coal Regulatory Program

September 8, 2015

PID: C0150009
TaskID: 4975
Mine Name: TRAIL MOUNTAIN MINE
Title: PERMIT TRANSFER

General Contents

Identification of Interest

Analysis:

Pursuant to R645-301-112, Canyon Fuel Company, LLC has submitted an application to transfer the Trail Mountain Mine permit from PacifiCorp to Fossil Rock Resources, LLC. The mine and associated facilities have been renamed the Fossil Rock Mine under the new ownership. The application identifies Fossil Rock Resources, LLC as the Applicant and Operator of the newly named Fossil Rock Mine.

The Fossil Rock Mine reference has been included in the General Chapter 1 Chapter. Fossil Rock Resources, LLC has been added to the Coal Mining and Reclamation Operations on Table 1-1.

A listing of Officers has been included in Appendix 1-1, General Chapter 1 as required. Figure 1-1 Organizational Chart of Bowie Resources Partners, LLC has been updated to include Fossil Rock Resources, LLC.

In accordance with R645-301-112, an AVS Check was performed on Canyon Fuel Company, LLC on September 8, 2015. No violations were retrieved in the system.

The Chapter 1 Introduction refers to Fossil Rock Resources, LLC, a Delaware limited liability company, which is wholly owned by Canyon Fuel Company, LLC. However, R645-301-112.100, Fossil Rock Resources, LLC is required to be added as a Business Entity.

R645-301-112.200, Fossil Rock Resources, LLC is required to be listed as Applicant, Operator and provide the Resident Agent, Contact Person and Person Who Will Pay Abandoned Mine Reclamation Fees information, as Fossil Rock Resources, LLC will be the new Permittee and Operator of the Fossil Rock Mine. This information must include an address and phone number as required. R645-301-112.230 Also requires the a tax payer identification number also be provided by the Applicant and Operator.

Deficiencies Details:

The Chapter 1 Introduction refers to Fossil Rock Resources, LLC a Delaware limited liability company, which is wholly owned by Canyon Fuel Company, LLC. However, R645-301-112.100, Fossil Rock Resources, LLC is required to be added

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Public Notice and Comment

Analysis:

The application meets the requirements of R645-301-117.

The applicant has provided a copy of the public notice. It has been scheduled to publish in the Sun Advocate on September 8, 2015. The review and comment period will end on October 9, 2015.

An affidavit of publication will be required to be submitted to the Division as soon as it is available.

ssteab

Permit Application Format and Contents

Analysis:

As per R645-301-130, the applicant has provided an errata sheet to be incorporated into the Mining and Reclamation Plan to clarify the names referenced in the existing MRP to the corresponding name of the new responsible party.

The errata sheet meets the requirements.

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Reclamation Plan

Bonding and Insurance General

Analysis:

The application conditionally meets the required Bonding and Insurance Requirements of the State of Utah R645 Coal Mining Rules.

The applicant has provided a signed Reclamation Agreement listing Fossil Rock Resources, LLC and the Permittee of the Fossil Rock Mine. A surety bond in the amount of \$1,154,000 has been posted with Ironshore Indemnity Inc. SUR#60000342. Ironshore Indemnity Inc. is currently rated as an "A" company with A.M. Best Rating Inc.

An Exhibit A is also provided. However, the Exhibit A is identifying the entire permit area in the legal description rather than the "bonded area" or disturbed area of 27.83 acres. Exhibit A will be required to be revised upon approval.

A Certificate of Insurance has also been provided listing Fossil Rock Resources, LLC, Canyon Fuel Company, LLC and Bowie Resource Holdings, LLC as Insured. The Insurer is National Union Fire and is licensed to do business in the state of Utah. A limit of \$2,000,000 is listed for each occurrence. Blasting and use of explosives is not excluded under the policy. The certificate holder is listed as the Division of Oil, Gas and Mining. The Description of Operations list the Fossil Rock Mine C/015/0009. The Certificate of Insurance meets the requirements of R645-301-890.

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