

0003



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 17, 1996

Timothy Kirschbaum
Senior Engineer
Consolidation Coal Company
Mid-Continent Region
12755 Olive Boulevard
St. Louis, Missouri 63141

Re: Permit Renewal, Emery Deep Mine, Consolidation Coal Company,
ACT/015/015, Folder #3 and Permit Binder, Emery County, Utah

Dear Mr. Kirschbaum:

The permit for the Emery Deep Mine is renewed. I am enclosing the Decision Document for the Emery Deep Mine Permit Renewal. Please sign both copies of the permit and return one to the Division. Thank you.

Very truly yours,

A handwritten signature in cursive script that reads "James W. Carter".

James W. Carter
Director

Enclosure

cc: Lowell P. Braxton
Pamela Grubaugh-Littig
Daron Haddock
Joe Helfrich



UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
PERMIT RENEWAL

EMERY DEEP MINE
ACT/015/015

Consolidation Coal Company
Emery County, Utah
January 8, 1996

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FINDINGS

FIVE-YEAR RENEWAL

CONSOLIDATION COAL COMPANY EMERY DEEP MINE ACT/015/015

Emery County, Utah
January 8, 1996

1. Application for a permit renewal was made on September 1, 1995 (R645-303.233.100).
2. The terms and conditions of the existing permit are being satisfactorily met (R645-303-233.110).
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the State Program (R645-303.233.120).
4. The requested renewal does not substantially jeopardize the operator's continuing ability to comply with the State Program on the existing permit area (R645-303-233.130).
5. The permittee has provided evidence of having liability insurance (R645-303-233.140). (Lumbermens Mutual Casualty Co. 5YL 945 444)
6. The permittee has provided evidence that a performance bond is in effect for the operation and will continue in full force and effect for the proposed permit renewal (R645-303-233.150) (Surety Bond issued by Seaboard Surety Company, #188617 in the amount of \$3,454,443.)
7. For the most recent permit term, permit changes ordered by the Division and Notices of Violation requiring a permit change have been incorporated into the permit.

ADMINISTRATIVE OVERVIEW
CONSOLIDATION COAL COMPANY
EMERY DEEP MINE
ACT/015/015

Emery County, Utah
January 8, 1996

Background

Consolidation Coal Company operates the Emery Deep Mine located in Emery County at the confluence of the Quitchupah Creek and Christiansen Wash, approximately four miles south of the town of Emery, Utah.

There is a long history of mining in this area. Prior to August 3, 1977, permitted underground coal mining activity was being conducted in Sections 28, 29, 32, and 33 of T22S, R6E. A permanent program permit was issued January 7, 1986, approximately 5, 180 acres. The current renewal application maintains the same permit boundary as approved in the 1986 permit and renewed in 1991.

Due to economic conditions, the Emery Deep Mine is currently in temporary cessation. Prior to stopping production, the mine was producing approximately 700,000 tons per year. Planned production could as high as 1,700,000 tons per year. A surface mine was at one time proposed for the area but is no longer being considered. A preparation plan has also been proposed for the site but has not been built.

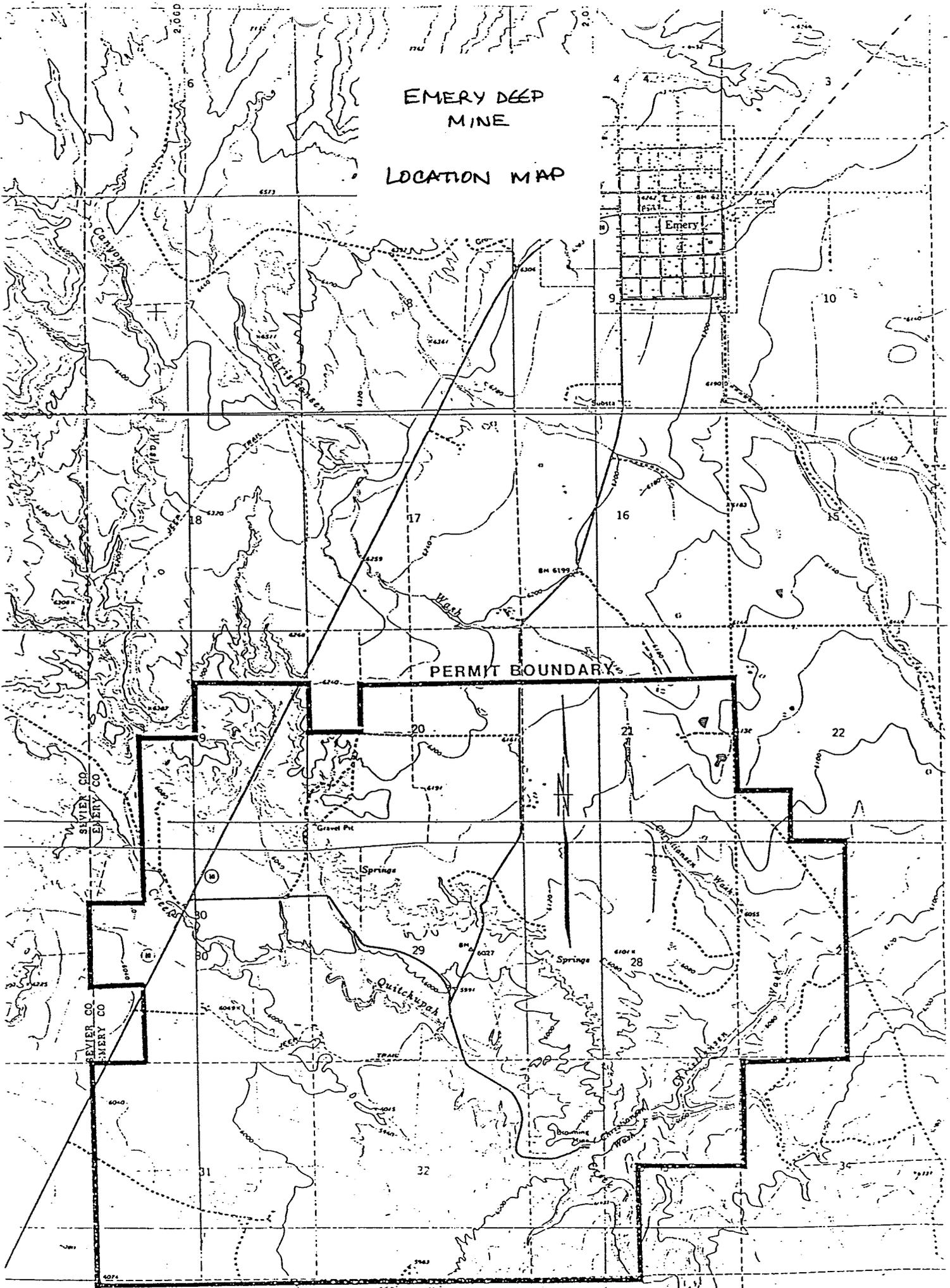
On September 1, 1995, Consolidation Coal Company submitted a permit renewal application for the Emery Deep Mine.

The applicant published notice for the five-year permit renewal for four consecutive weeks ending on September 26, 1995. No comments were received.

Recommendation for Approval

Approval for the five-year permit renewal is recommended based on the fact that there is adequate bond and insurance for the approved permit area (see Permit Renewal Directive, effective January 12, 1994.) A "conditional issue" was received from the Applicant Violator System. The permit renewal term will not exceed the original permit term of five years and will expire on January 8, 2001.

EMERY DEEP
MINE
LOCATION MAP



CHRONOLOGY

Consolidation Coal Company
Emery Deep Mine
ACT/015/015

Emery County, Utah
January 8, 1996

- September 1, 1995 Consolidation Coal Company submits a permit renewal application for the Emery Deep Mine.
- September 5, 1995 Consolidation Coal Company commences public notice of permit renewal for the Emery Deep Mine for four consecutive weeks.
- November 21, 1995 Division notifies all appropriate agencies for the permit renewal.
- January 8, 1996 Public comment period concludes with no adverse comments received. Division makes findings and conditions permit upon AVS recommendation which was not available due to government furlough (from December 16, 1995 to January 7, 1996.) An AVS recommendation was requested on January 8, 1996, but due to the "blizzard conditions" there was only a skeleton crew at the Lexington, Kentucky, AVS Office and an OSM recommendation was not available. The recommendation was received on January 11, 1996 with a "deny" and the permit block was lifted on January 17, 1996 with a conditional issue. Due to the above-described circumstances, the permit is being dated January 8, 1996.

FINDINGS

FIVE-YEAR RENEWAL

CONSOLIDATION COAL COMPANY EMERY DEEP MINE ACT/015/015

Emery County, Utah
January 8, 1996

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7. For the most recent permit term, permit changes ordered by the Division and Notices of Violation requiring a permit change have been incorporated into the permit.

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/015/015, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining ("DOGM") to:

Consolidation Coal Company
Mid-Continent Region
12755 Olive Boulevard
St. Louis, Missouri 63141
(314) 275-2512

for the Emery Deep Mine. Consolidation Coal Company is the lessee of federal coal lease U-5287, the lessee of state coal leases #25005(2), #19797, and the lessee of certain fee-owned parcels in Sections 29 and 30, Township 22 South, Range 6 East, SLBM. A performance bond is filed with the DOGM in the amount of \$3,454,443.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement ("OSMRE"). DOGM 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 Emery Deep Mine situated in the state of Utah, Emery County, and located:

Township 22 South, Range 6 East, SLBM

Section 19:	S1/2 NE1/4, E1/2 SW1/4, and SE1/4
Section 20:	S1/2 NE1/4, SE1/4 NW1/4 and S1/2
Section 21:	S1/2 N1/2 and S1/2
Section 22:	SW1/4 SW1/4
Section 27:	W1/2
Section 28,	
29, 31, 32:	All
Section 30:	All except NW1/4 NW1/4, S1/2 NW1/4 SW1/4 and SW1/4 SW1/4
Section 33:	N1/2 and SW1/4

This legal description is for the permit area of the Emery Deep Mine. The

permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the leases, the approved mining plan, including all conditions 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 January 8, 1996, and expires on January 8, 2001.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. 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.
- Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, 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, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
 - (b) Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-210 and 30 CFR 842, when the inspection is in response to an alleged violation reported 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 mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.
- Sec. 8 ENVIRONMENTAL IMPACTS** - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- (a) Any accelerated monitoring 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 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions 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 or federal law.

Sec. 10 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 DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 11 EXISTING STRUCTURES - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 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. 13 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. 14 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. 15 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. 16 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 DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.

Sec. 17 APPEALS - The permittee shall have the right to appeal as provided for under R645-300.

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 comply with these conditions. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: James P. Brayton for J.W.C.

Date: 1-17-96

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

PERMITTEE

By: _____

Date: _____

St Paul SEABOARD

St. Paul / Seaboard
215 Centerview Drive, Suite 300
Brentwood, Tennessee 37027-5246

615 377 4684
Fax 615 377 4692

August 31, 1995

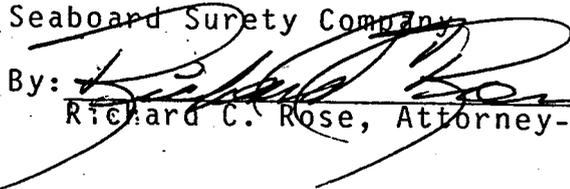
State of Utah
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Gentlemen:

The Surety Performance Bond Number 188617 written by Seaboard Surety Company in the amount of \$3,454,443.00 covering Emery Deep Mine, ACT/015/015 Folder #4, with Consolidation Coal Company, as principal, will remain in force for the duration of the permit term.

It is agreed and understood that the referenced bond is not cumulative in nature, regardless of the number of years it may remain in effect. It is further agreed and understood that the Surety does not waive any rights or remedies under law by the issuance of this letter.

Seaboard Surety Company

By: 
Richard C. Rose, Attorney-in-Fact

Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Mercury Insurance Company
St. Paul Guardian Insurance Company

SEABOARD SURETY COMPANY

ADMINISTRATIVE OFFICES, BEDMINSTER, NEW JERSEY

POWER OF ATTORNEY

No. 13250

KNOW ALL MEN BY THESE PRESENTS: That SEABOARD SURETY COMPANY, a corporation of the State of New York, has made, constituted and appointed and by these presents does make, constitute and appoint **Richard G. Anderson or Richard C. Rose or Janice Fennell or Frank A. Word, Jr. or Tracy Tucker**

of **Knoxville, Tennessee** its true and lawful Attorney-in-Fact, to make, execute and deliver on its behalf insurance policies, surety bonds, undertakings and other instruments of similar nature as follows:

Without Limitations

Such insurance policies, surety bonds, undertakings and instruments for said purposes, when duly executed by the aforesaid Attorney-in-Fact, shall be binding upon the said Company as fully and to the same extent as if signed by the duly authorized officers of the Company and sealed with its corporate seal, and all the acts of said Attorney-in-Fact, pursuant to the authority hereby given, are hereby ratified and confirmed.

This appointment is made pursuant to the following By-Laws which were duly adopted by the Board of Directors of the said Company on December 8th, 1927, with Amendments to and including January 15, 1982 and are still in full force and effect.

ARTICLE VII, SECTION 1

Policies, bonds, recognizances, stipulations, consents of surety, underwriting undertakings and instruments relating thereto, insurance policies, bonds, recognizances, stipulations, consents of surety and underwriting undertakings of the Company, and releases, agreements and other writings relating in any way thereto or to any claim or loss thereunder, shall be signed in the name and on behalf of the Company (a) by the Chairman of the Board, the President, a Vice-President or a Resident Vice-President and by the Secretary, an Assistant Secretary, a Resident Secretary or a Resident Assistant Secretary, or (b) by an Attorney-in-Fact for the Company appointed and authorized by the Chairman of the Board, the President or a Vice-President to make such signature, or (c) by such other officers or representatives as the Board may from time to time determine. The seal of the Company shall if appropriate be affixed thereto by any such officer, Attorney-in-Fact or representative.

IN WITNESS WHEREOF SEABOARD SURETY COMPANY has caused these presents to be signed by one of its Vice-Presidents, and its corporate seal to be hereunto affixed and duly attested by one of its Assistant Secretaries, this 5th day of April, 1995.



Attest:

(Seal) Adelyn M. Fuller
Assistant Secretary

SEABOARD SURETY COMPANY,

By [Signature]
Vice-President

STATE OF NEW JERSEY
COUNTY OF SOMERSET

ss.

On this 5th day of April, 1995

Michael B. Keegan

with whom I am personally acquainted, who, being by me duly sworn, said that he resides in the State of New Jersey; that he is a Vice-President of SEABOARD SURETY COMPANY, the corporation described in and which executed the foregoing instrument; that he knows the corporate seal of the said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto as Vice-President of said Company by like authority



BELINDA FAYE LEE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Sept. 9, 1998

[Signature]
Notary Public

CERTIFICATE

I, the undersigned Assistant Secretary of SEABOARD SURETY COMPANY do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this Certificate and I do further certify that the Vice-President who executed the said Power of Attorney was one of the Officers authorized by the Board of Directors to appoint an attorney-in-fact as provided in Article VII, Section 1, of the By-Laws of SEABOARD SURETY COMPANY.

This Certificate may be signed and sealed by facsimile under and by authority of the following resolution of the Executive Committee of the Board of Directors of SEABOARD SURETY COMPANY at a meeting duly called and held on the 25th day of March 1970.

"RESOLVED: (2) That the use of a printed facsimile of the corporate seal of the Company and of the signature of an Assistant Secretary on any certification of the correctness of a copy of an instrument executed by the President or a Vice-President pursuant to Article VII, Section 1, of the By-Laws appointing and authorizing an attorney-in-fact to sign in the name and on behalf of the Company surety bonds, underwriting undertakings or other instruments described in said Article VII, Section 1, with like effect as if such seal and such signature had been manually affixed and made, hereby is authorized and approved."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Company to these presents this 31st day of August, 1995.



[Signature]
Assistant Secretary

Certificate of Liability Insurance
Issued To:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
-oo00oo-

*Orig to fireproof
file
Copy to PAm and
file #4
and Permit Bydel
AZT/015/015*

THIS IS TO CERTIFY THAT:

Lumbermens Mutual Casualty Company
(Name of Insurance Company)
Long Grove, IL 60049
(Home Office Address of Insurance Company)

HAS ISSUED TO:

Consolidation Coal Company
(Name of Permittee)
Emery Mine (Mine Name) ACT - 015015 (Permit No.)

CERTIFICATE OF INSURANCE

5YL 945 444 (Policy Number) 1/01/96 - 1/01/97 (Effective Date)

UNDER THE FOLLOWING TERMS AND CONDITIONS:

Per R645-301-890 Terms and Conditions for Liability Insurance:

- A. The **DIVISION** shall require the **PERMITTEE** to submit as part of its permit application a certificate issued by an insurance company authorized to do business in the state of Utah certifying that the applicant has a public liability insurance policy in force for the surface coal mining and reclamation operations for which the Permit is sought. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons injured or property damaged as a result of the surface coal mining and reclamation operations, including the use of explosives and who are entitled to compensation under the applicable provisions of state law. Minimum insurance coverage for bodily injury and property damage shall be \$300,000 for each occurrence and \$500,000 aggregate.
- B. The policy shall be maintained in full force during the life of the permit or any renewal thereof, including the liability period necessary to complete all reclamation operations under this chapter.
- C. The policy shall include a rider requiring that the insurer notify the Division whenever substantive changes are made in the policy including any termination or failure to renew.

IN ACCORDANCE WITH THE ABOVE TERMS AND CONDITIONS, and the Utah Code Annotated 40-10-1 seq., the Insurance Company hereby attests to the fact that coverage for said Permit Application is in accordance with the requirements of the State of Utah and agrees to notify the Division of Oil, Gas and Mining in writing of any substantive change, including cancellation, failure to renew, or other material change. No change shall be effective until at least thirty (30) days after such notice is received by the Division. Any change unauthorized by the Division is considered a breach of the RECLAMATION AGREEMENT and the Division may pursue remedies thereunder.

UNDERWRITING AGENT:

Michael Brundage
(Agent's Name)

908/522-4000
(Phone)

The Kemper Group
(Company Name)

25 DeForest Avenue
(Mailing Address)

Summit, NJ 07901
(City, State, Zip Code)

The undersigned affirms that the above information is true and complete to the best of his/her knowledge and belief, and that he/she is an authorized representative of the above-named insurance company. (An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.)

Michael Brundage / Underwritten Account Exec.
(Date, Signature and Title of Authorized Agent of Insurance Company)

Signed and sworn to before me by _____

this 20th day of December, 1995.

Kathleen Dowling
(Signature)

My Commission Expires: KATHLEEN L. DOWLING
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires March 22, 2000



State of Utah
DEPARTMENT OF NATURAL RESOURCES
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3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 17, 1996

TO: File

FROM: Pamela Grubaugh-Littig, Permit Supervisor 

RE: AVS Recommendation, Emery Deep Mine, Consolidation Coal Company, ACT/015/015, Folder #3, Carbon County, Utah

As of the writing of this memo, there is a "conditional issue" recommendation for the Emery Deep Mine (see attached AVS recommendation). There are no patterns of violations, unabated violations nor any delinquent fines nor any forfeitures associated with this entity in Utah.

There were several circumstances surrounding this AVS recommendation. A federal government furlough from December 16, 1995 to January 7, 1996 denied the Division access to the Applicant Violator System (attached). On January 8, 1996, an OSM recommendation was requested, but due to the "blizzard" in the East, only a skeleton crew was available for several days and unable to issue any OSM recommendations, especially after the three week furlough.

An OSM recommendation of "deny" was received on January 11, 1996 and I promptly notified the permittee. On January 12, 1996, Tim Kirschbaum, Consolidation Coal Company said that the fines were paid, via certified mail, from Pittsburg to the Lexington Office. A holiday on Monday, January 15, 1996 closed government offices. On January 17, 1996 the OSM recommendation was a "conditional issue" (attached).

Data General AViion DG/UX System

#=====

#===== #
12/18/95 SYSTEM AVAILABILITY 07:00 am

Please be advised that this information service of the Office of
Surface Mining Reclamation and Enforcement (OSM) may not be available,
beginning on or about 12 noon, December 18, 1995, due to insufficient
OSM appropriated funding.

#===== #
12/18/95 SYSTEM AVAILABILITY 09:15 am

OSM has received notice to shutdown until further notice. No access
to this information service will be allowed, until OSM has received
it's appropriation.

#===== #
Sincerely, Systems Administrator

PRESS THE RETURN KEY TO CONTINUE

■ avsdg