

**PERMIT RENEWAL
STATE DECISION DOCUMENT**

**CONSOLIDATION COAL COMPANY
EMERY DEEP MINE
C/015/0015**

January 6, 2006

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ADMINISTRATIVE OVERVIEW

Consolidation Coal Company
Emery Deep Mine
C/015/0015

January 6, 2006

Background

The Emery Deep Mine is owned by Consolidation Coal Company (Consol). This mine is located in Emery County at the confluence of Quitchapah Creek and Christiansen Wash, approximately four miles south of the town of Emery.

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 for the Emery Deep Mine and permits were renewed in 1991, 1996 and 2001.

Due to economic conditions, the Emery Deep Mine was in temporary cessation from 1990 to 2002. Prior to stopping production, the mine was producing approximately 700,000 tons per year. In June 2002, mining commenced on the Fourth East Portal to meet diligence obligations for federal leases associated with the Emery Deep Mine. This diligence was met on June 11, 2003. The mine stopped production temporarily in late 2003 and then started mining again on August 9, 2004 and is currently producing over one million tons per year.

Recommendation for Approval

The Division made the decision on January 6, 2006 to approve the permit renewal for five years based on the fact that 1) The terms and conditions of the existing permit are being satisfactorily met; 2) The present coal mining and reclamation operations are in compliance with the environmental protection standards of the State Program; 3) The renewal does not substantially jeopardize the operator's continuing ability to comply with the State Program on existing permit areas; and 4) The operator has provided evidence of having liability insurance and a performance bond which will be in effect for the operation and will continue in full force and effect;

PERMIT CHRONOLOGY

Consolidation Coal Company
Emery Deep Mine
C/015/0015

January 6, 2006

- September 1, 2005 Consolidation Coal Company submits updated Mining and Reclamation plan.
- September 26, 2005 Division determines permit renewal application plan to be administratively complete. Division notified federal, state, local agencies and water users about the Emery Deep Mine permit renewal application.
- September 27, October 4, 11, and 18, 2005 Consolidation coal Company publishes Notice for permit renewal for four consecutive weeks in the Emery County Progress.
- January 6, 2006 Division issues renewed permit which will expire January 7, 2011.

PERMIT RENEWAL FINDINGS

Consolidation Coal Company
Emery Deep Mine
C/015/0015

January 6, 2006

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being met. See original TA and TA modified November 4, 2005 (R645-303-233.110).
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program. (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program. See original TA and TA modified November 4, 2005. (R645-303-233.130).
5. The operator has provided evidence of maintaining liability insurance in full effect (Steadfast Insurance Company BOG9377215-01) (R645-303-233.140).
6. The operator has a Surety Bond on file with the Division and has provided evidence that this instrument will remain in full effect. (Surety Bond #188617 in the amount of \$3, 454,443 issued by Seaboard Surety Company) (R645-303-233.150).
7. To date, the operator has submitted updated information as required by the Division through this permit term. (R645-233.160).

Permit Supervisor

Permit Supervisor

Associate Director of Mining

Director

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Emery,)

I, Ken Larson, on oath, say that I am the Publisher of the Emery County Progress, a weekly newspaper of general circulation, published at Castle Dale, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 27th day of September, 2005 and that the last publication of such notice was in the issue of such newspaper dated the 18th day of October, 2005.

Ken G. Larson

Ken G Larson - Publisher

Subscribed and sworn to before me this 18th day of October, 2005.

Linda Thayne

Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, \$ 452.96

NOTICE

Notice is hereby given that Consolidation Coal Company, 1800 Washington Road, Pittsburgh, Pennsylvania 15241, has filed application with the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining for a five-year permit renewal of Permit No. ACT/015/015 to operate the Emery Mine under the provisions of the Utah Coal Mining and Reclamation Act and the Utah R645 Coal Mining Rules.

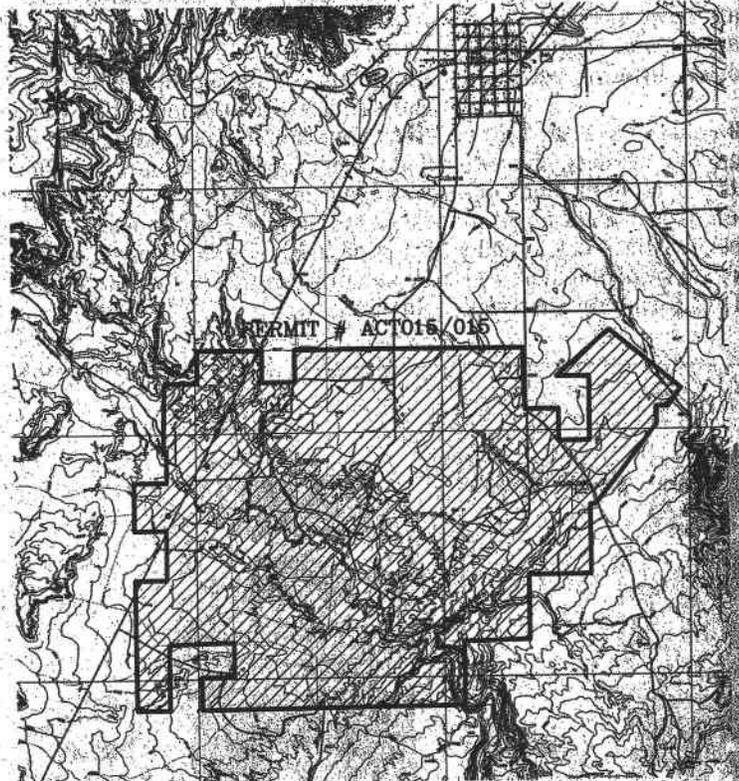
The permit area, as shown on the map below, is located on U.S. Geological Survey 7.5 minute quadrangle map as follows:

Sections 19, 20, 21, 28, 29 and 30, Township 22S, Range 6E, of the Emery West Quadrangle;

Sections 21, 22, 23, 27 and 28, Township 22S, Range 6E, of the Emery East Quadrangle;

Sections 28, 29, 30, 31, 32 and 33, Township 22S, Range 6E, of the Walker Flat Quadrangle;

Sections 27, 28 and 33, Township 22S, Range 6E, of the Mesa Butte Quadrangle.



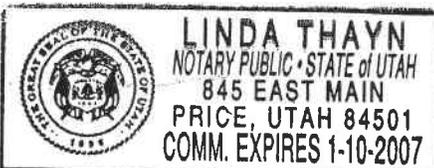
Consolidation Coal Company
Emery Mine
Permit # ACT015/015

UTAH
QUADRANGLE LOCATION

BASE MAP:
U.S.G.S. 7.5 MINUTE QUADRANGLE'S EMERY WEST 1968,
EMERY EAST 1968, PHOTO REVISED 1978,
MESA BUTTE 1968, PHOTO REVISED 1978,
WALKER FLAT 1968, PHOTO REVISED 1978.

Copies of the application for this permit are available for inspection at:
Emery County Recorder's Office
Emery County Courthouse
Castle Dale, Utah 84513
Utah Division of Oil, Gas and Mining
Coal Program
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Written comments on this application should be submitted to the State of Utah, Division of Oil, gas & Mining at the above address. Such comments should be filed within thirty (30) days from the date of the last publication of this notice. Published in the Emery County Progress September 27, October 4, 11 and 18, 2005.





State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 27, 2005

TO: Internal File

FROM: Pamela Grubaugh-Littig, Permit Supervisor

RE: 510 (c) Recommendation, Consolidation Coal Company, Emery Deep Mine, C/015/0015

As of this writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected for the Emery Deep Mine. There are no finalized civil penalties, which are outstanding and overdue in the name of Consolidation Coal Company. Consolidation Coal Company does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Attached is an OSM report from the Applicant Violator System for the Emery Deep Mine.

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Application Evaluation Report Applicant Violator System 27-Dec-2005 16:33:52

State : UT Permit No : ACT015015 Appl No : ACT015015
Permittee : 107373(CONSOLIDATION COAL CO) Seqno : 2
Applicant : 107373(CONSOLIDATION COAL CO)

OSMRE: Comments/Analysis: Date : 27-Dec-2005 Mode : VIEW

The state violation issued to H & D Coal (KY 898044) is outstanding.
The viols of G & L Coal (KY permit 0365057), George Newsome (KY permit
2365000), Adkins & Webb (KY permit 2985329), J & H Coal (KY permits
2985332 and 6985333), V & M Mining (KY permit 4365007), Price Coal (KY
permit 4985319), Cindy Coal (KY permit 6365013), Allen & Newsom Coal
(KY permit 8365011), Middle Fork (KY permit 8980079), and Past Coal
(KY permit 8985157) are under Island Creek settlement. Linking
entities are Consol Energy, Inc., etc.

SRA: Comments/Analysis: Date : 27-Dec-2005 Mode : UPDATE

SAVE(F5) DELETE(F8)
PRV_SCR(F3) QUIT(F4) CHOICES(F10)

CMD KER DDE WINSOCK Node Connected CLR ↑

UT220 88 ONLINE 18 35 Hold

FEDERAL

PERMIT
C/015/0015

January 6, 2006

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801**

This permit, C/015/0015, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

**Consolidation Coal Company
1800 Washington Road
Pittsburgh, Pennsylvania 15241
(412) 831-4000**

for the Emery Deep Mine. A surety performance bond in the amount of \$3,454,443 payable to the State of Utah, Division of Oil, Gas and Mining and the United States Department of Interior, Office of Surface Mining Reclamation and Enforcement is filed with the Division. Consolidation Coal Company is the lessee of federal coal lease U-5287 and the lessee of certain fee-owned parcels in Sections 29 and 30, Township 22 South, Range 6 East, SLBM.

- 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 coal mining and reclamation operations 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;
**Sections 28,
29, 31, 32:** All
Section 30: All except NW1/4 NW1/4, S1/2 NW1/4 SW1/4 and SW1/4 SW1/4; and
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 coal mining and reclamation operations 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 expires on January 8, 2011.
- Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the 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.
- 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 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;
 - (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 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 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 the Division. The Division, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by the Division within the time frame specified by the Division.

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

Sec. 18 SPECIAL CONDITIONS - There are special conditions associated with this permitting action, as described in Attachment A.

The above conditions (Secs. 1-18) 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: _____

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. Consolidation Coal Company will submit surface and ground water quality data for the Emery Deep Mine on a quarterly basis in an electronic format through the Electronic Data Input web site, <http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi>, throughout the life of the permit.