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(April 1987)

Permit Number ACT/015/018, September 13, 1988
DIVISION OF (Revised)
OIL, GAS & MINING

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/015/018, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Utah Power and Light Company
P. O. Box 899
Salt Lake City, Utah 84110
(801) 220-4227

for the Deer Creek Mine. Utah Power and Light Company (UP&L) is the lessee of federal coal leases SL-064607-064621, SL-064900, U-1358, SL-070645, U-02292, U-084923, U-084924, U-083066, U-040151, U-044025, U-014275, U-024319, U-47979, and the owner/lessee of certain fee-owned parcels. A performance bond is filed with the DOGM in the amount of \$1,687,808.00, 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 (as shown on the maps appended as Attachments B and C) within the permit area at the Deer Creek Mine, situated in the state of Utah, Emery County, and located:

Township 16 South, Range 7 East, SLBM

Section 27: SW1/4
Section 28: SE1/4, E1/2 SW1/4

Township 16 South, Range 7 East, SLBM (Cont'd.)

Section 33: E1/2, E1/2 W1/2, SW1/4 SW1/4
Section 34: W1/2, SE1/4, S1/2 NE1/4

Township 17 South, Range 7 East, SLBM

Section 2: SW1/4, Lots 2, 5, 6, 7, 10, 11, 12
Section 3: W1/2, W1/2 NE1/4, NE1/4 NE1/4, S1/2 SE1/4,
Lots 1, 2, 3, 4
Secs. 4 through 9: All
Section 10: NE1/4 NW1/4, SW1/4
Section 15: N1/2, SW1/4
Section 16 through 21: All
Section 22: S1/2, NW1/4
Section 27: N1/2 N1/2, SE1/4 NE1/4, All West of
Deer Creek Fault
Section 28: N1/2 N1/2
Section 29: N1/2 N1/2
Section 30: N1/2 NE1/4, SW1/4 NE1/4, NW1/4 SE1/4,
Lots 1, 2, 3

Township 17 South, Range 6 East, SLBM

Section 1: E1/2, E1/2 W1/2
Section 12: E1/2, E1/2 W1/2
Section 13: E1/2, E1/2 W1/2
Section 24: E1/2, E1/2 W1/2
Section 25: N1/2 NE1/4

State Lands

Township 17 South, Range 7 East, SLBM

Section 2: SE1/4

Fee Lands:

Township 17 South, Range 7 East, SLBM

Section 10: SE1/4
Section 11: W1/2 NW1/4, NE1/4 NW1/4, Portions of SE1/4
NW1/4, W1/2 SW1/4
Section 14: Portions of W1/2 W1/2, All West of Deer
Creek Fault
Section 15: SE1/4
Section 22: NE1/4

Also:

Beginning at the SE corner of NE1/4 SE1/4 Section 25, Township 17 South, Range 6 East, SLM, thence North 160 rods, West 116 rods to center line of Cottonwood Creek; thence Southerly along center line of said creek to a point 84 rods West of the beginning; thence East 84 rods to the beginning.

Township 17 South, Range 8 East, SLBM

Section 5: NW1/4 NW1/4 Lot 4
SW1/4 NW1/4 Lot 5

Section 6: NE1/4 NE1/4 Lot 1
SE1/4 NE1/4
SW1/4 NE1/4

This legal description is for the permit area (as shown on Attachments B and C) of the Deer Creek Mine and Waste Rock Disposal Area. The permittee is authorized to conduct underground coal mining activities and related surface activities 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 PERMIT TERM - This revised permit becomes effective on September 13, 1988 and expires on February 7, 1991.
- Sec. 4 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 UMC 788.17-.19.
- Sec. 5 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, UMC 840.12, 30 CFR 842.13 and UMC 842.13; and
- B. be accompanied by private persons for the purpose of conducting an inspection in accordance with UMC 842.12 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.

Sec. 6 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. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:

- A. 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. 8 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. 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 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. 10 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. 11 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. 12 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. 13 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. 14 APPEALS - The permittee shall have the right to appeal as provided for under UMC 787.
- Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in the leases, the federal mining plan approval, and this permit, the permittee shall comply with the special conditions appended hereto as Attachment A.

The above conditions (Secs. 1-15) 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 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: *Dianne R. Nelson*
Date: *September 13, 1988*

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

[Signature]
Authorized Representative of
the Permittee
Date: *9-19-88*

APPROVED AS TO FORM:

By: *Barbara W Roberts*
Assistant Attorney General
Date: *September 13, 1988*

Deer Creek Mine
Attachment "A"
Special Conditions
September 13, 1988

Condition No. 1

No element of riprap to be placed in reclaimed channels and energy dissipator structures will exceed one-third the channel or structure bottom width.

Condition No. 2

The permittee shall conduct experimental practice on the final reclaimed Deer Creek channel only according to the designs approved by DOGM. If the experimental practice should prove to be inadequate to meet the standards of Subchapter K as determined by DOGM, the applicant shall submit detailed plans for approval of an alternative environmental protection method as directed by DOGM in accordance with UMC 785.13(h)(4)(i) and (ii). The permittee shall conduct additional monitoring requirements in association with the approved experimental practice as DOGM may require according to UMC 785.13(h)(4)(iii).

Condition No. 3

In order to fulfill the requirement to restore the land affected by permittee's mining operations to a condition capable of supporting the current and postmining land uses which are stated in the permit (Deer Creek Mine Plan, pages 2-151 through 2-154, and pages 4-38 to 4-39), the permittee will replace water determined to have been lost or adversely affected as a result of permittee's mining operations if such loss or adverse impact occurs prior to final bond release. The water will be replaced from an alternate source in sufficient quantity and quality to maintain the current and postmining land uses which are stated in the permit (Deer Creek Mine Plan, pages 2-151 to 2-154 and 4-38 to 4-39).

During the course of regular monitoring activities required by the permit, or as the permittee otherwise acquires knowledge, the permittee will advise the Division of the loss or adverse occurrence discussed above, within ten working days of having determined that it has occurred. Within ten working days after the Division notifies the permittee in writing that it has determined that the water loss is the result of the permittee's mining operation, the permittee shall meet with the Division to determine if a plan for replacement is necessary, and if so, to establish a schedule for submittal of a plan to replace the affected water. Upon acceptance of the plan by the Division, the plan shall be implemented. Permittee reserves the right to appeal the Division's water loss determination as well as the proposed plan and schedule for water replacement as provided by Utah Code Ann. 40-10-22(3)(a).

Deer Creek Mine
Attachment "A"
Special Conditions
September 13, 1988
(Continued)

Condition No. 4

Existing raptor nests adversely affected by mine related subsidence shall be replaced or otherwise mitigated by the permittee in consultation with the U.S. Fish and Wildlife Service and the Utah Division of Wildlife Resources according to the requirements of UMC 784.21 and UMC 817.97. Notification of the loss to the above named agencies and DOGM shall take place within two working days of the permittee becoming aware that the loss has occurred.

Condition No. 5

Prior to beginning second seam mining inside a perennial stream buffer zone as defined by a 35 degree angle of draw from vertical, measured from the limit of mining in the lowest seam, to the center of the stream channel, the permittee shall present a detailed evaluation of the anticipated effects of multiple seam mining on perennial streams as required by UMC 817.126(a). This evaluation must be based upon subsidence monitoring information collected on multiple seam mining in areas with similar overburden depths and surface topography.

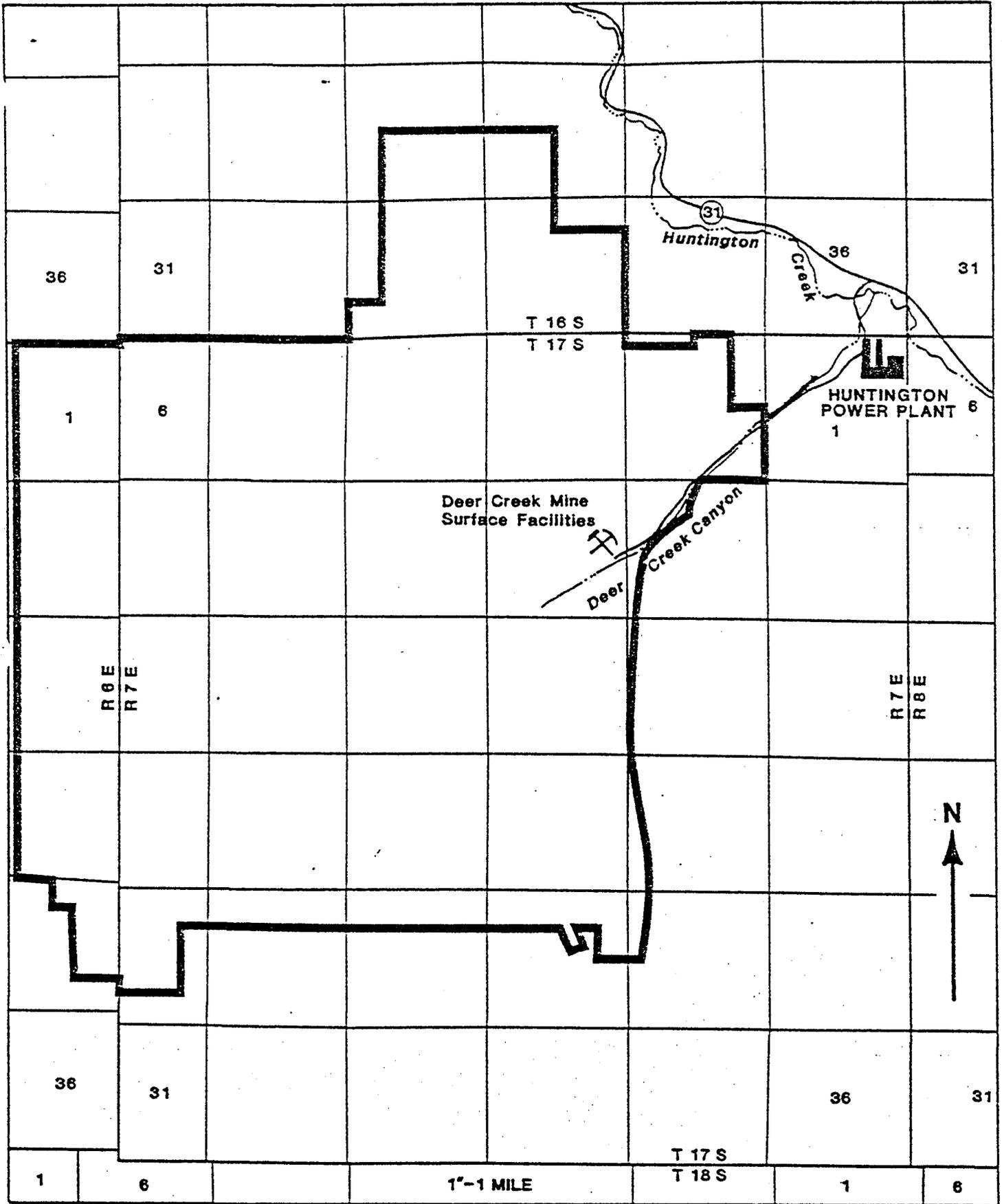
Condition No. 6 (UMC 817.50 - TM)

- A. The applicant shall sample postmining discharges for the parameters on Table 1, page 4-37.6 of the PAP, on an annual basis until bond release. Sampling will assess if discharges are in compliance with the effluent standards of UMC 817.42 and all other applicable state and federal regulations. The applicant must provide treatment, if necessary, of any discharges to achieve compliance with applicable effluent standards during the period of discharge.
- B. The applicant shall provide, by October 31, 1988, an analysis of potential postmining discharge impacts to surface drainages including mitigation measures where indicated.

Deer Creek Mine
Attachment "A"
Special Conditions
September 13, 1988
(Continued)

Condition No. 7 (UMC 817.124 - RVS)

- A. The applicant shall restore areas impacted by subsidence caused surface cracks or other subsidence features such as escarpments (not to include naturally occurring escarpments which are not a result of mining) which are of a size or nature that could, in the Division's determination, either injure or kill grazing livestock. Restoration shall include recontouring of the affected land surface including measures to prevent rilling, and revegetation in accordance with the approved permanent revegetation plan in the PAP. Restoration shall be undertaken after annual subsidence survey data indicate that the surface has stabilized but in all cases restoration and revegetation shall be completed prior to bond release.
- B. The applicant shall compensate surface owners, except for land owned by the applicant, for lands which cannot be safely grazed due to hazards caused by surface effects of subsidence, with land (in close proximity) of comparable size and grazing capacity to be used for grazing until restoration of the damaged land is achieved.
- C. The applicant shall compensate at a fair market value, owners of livestock which are injured or killed as a direct result of surface hazards caused by subsidence.



Deer Creek Mine Permit Area

MAP P-1