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

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

February 22, 1999

Chuck Semborski, Environmental Supervisor
Energy West
P. O. Box 310
Huntington, Utah 84528

Re: Approval of Incidental Boundary Change on Federal Coal Lease U-06039, PacifiCorp, Deer Creek Mine, ACT/015/018-98A, File #3, Emery County, Utah

Chuck

Dear Mr. Semborski:

In our letter to you dated January 11, 1999 we indicated that approval of your application to add a 50 acre Incidental Boundary Change (IBC) was pending the issuance of the lease modification. We have received notification that the lease modification has now been issued by the BLM. We have also received concurrence on the proposal from the Forest Service.

The Division hereby approves your application to add the 50 acre IBC to the Deer Creek Mine. Two copies of the revised permit are enclosed. The only changes to the permit involve adding the new permit area and revising the issue date. All other parts including the special conditions remain the same. Please have them both signed by a company official. Keep one for your records and return one to the Division.

Also we will need to receive 7 clean copies of the submittal for insertion to your Mining and Reclamation Plan and for distribution. Please refer to our January 11, 1999 letter for details on what needs to be submitted. You should ensure that your MRP reflects the changes in the permit and lease boundary. Please ensure that the copies are submitted by no later than March 19, 1999.

Thank you for your help through this permitting action. Please call if you have any questions.

Sincerely,

Lowell

Lowell P. Braxton
Director

Enclosure: Revised Permit
cc: Richard Manus, BLM
Janette Kaiser, USFS
Price Field Office
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FEDERAL **PERMIT**
Permit Number ACT/015/018 **February 19, 1999**

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, suite 1210
Salt Lake City, Utah 84114-1210
(801) 538-5340

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

PacifiCorp
201 South Main Street
Salt Lake City, Utah 84140-0021
(801-220-4618)

for the Deer Creek Mine. A Surety Bond is filed with the Division in the amount of $2,500,000, 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 Deer Creek Mine, situated in the state of Utah, Emery County:

The area to be mined is contained on the USGS 7.5-minute "Red Point", "Rilda" and "Mahogany Point" quadrangle maps. The areas contained in the permit area, approximately 17,000 acres, involve all or part of the following federal, state, and fee coal leases:

Lease No. SL-064607-064621
Issued to Clara Howard Miller 10/4/46
<u>Township 17 South, Range 7 East, SLM, Utah</u>
Containing 613.92 acres
Section 2: Lots 2, 5, 6, 7, 10, 11 and 12 and SW1/4
Section 3: SE1/4 SE1/4
Section 10: NE1/4

Lease No. SL-064900
Issued to Cyrus Wilberg 2/3/45
Township 17 South, Range 7 East, SLM, Utah
Containing 160 acres
Section 22: SE1/4 SW1/4, SW1/4 SE1/4, NE1/4 SW1/4, NW1/4 SE1/4

Lease No. U-1358
Issued to Castle Valley Mining Co. 8/1/67
Township 17 South, Range 7 East, SLM, Utah
Containing 320 acres
Section 22: S1/2 NW1/4, W1/2 SW1/4, E1/2 SE1/4
Section 27: E1/2 NE1/4

Lease No. SL-070645, U-02292
Issued to Clara Howard Miller 4/1/52
Township 17 South, Range 7 East, SLM, Utah
Containing 2560 acres
Section 4: SW1/4 SE1/4, S1/2 SW1/4
Section 5: SE1/4 SW1/4, S1/2 SE1/4
Section 8: E1/2, E1/2 W1/2
Section 9: All
Section 10: W1/2
Section 15: N1/2
Section 16: N1/2
Section 17: NE1/4, E1/2 NW1/4

Lease No. U-084923
Issued to Malcolm N. McKinnon 8/1/64
Township 17 South, Range 7 East, SLM, Utah
Containing 2252.42 acres
Section 4: Lots 2, 3, 4, 5, 6, 7, 10, 11, 12, NW1/4 SE1/4, N1/2 SW1/4
Section 5: Lots 1 thru 12, N1/2 S1/2, SW1/4 SW1/4
Section 6: Lots 1 thru 11, SE1/4
Section 7: Lots 1 thru 4, E1/2
Section 8: W1/2 W1/2
Section 17: W1/2 NW1/4
Section 18: Lots 1 and 2, N1/2

Lease No. U-084924
Issued to Malcolm N. McKinnon 8/1/64
Township 17 South, Range 6 East, SLM, Utah
Containing 1211.48 acres
Section 1: Lots 1, 2, 3, S1/2 NE1/4, SE1/4 NW1/4, E1/2 SW1/4, SE1/4
Section 12: E1/2, E1/2 W1/2
Section 13: NE1/4, E1/2 NW1/4

Lease No. U-083066
Issued to Cooperative Security Corp. 3/1/62
Township 17 South, Range 6 East, SLM, Utah
Containing 2485 acres
Section 13: E1/2 SW1/4, SE1/4
Section 24: E1/2 W1/2, E1/2
Section 25: N1/2 NE1/4

Township 17 South, Range 7 East, SLM, Utah
Section 17: SW1/4, W1/2 SE1/4
Section 18: Lots 3 and 4, SE1/4
Section 19: Lots 1, 2, 3, 4, E1/2
Section 20: W1/2, W1/2 E1/2
Section 29: NW1/4 NE1/4, N1/2 NW1/4
Section 30: Lots 1, 2, 3, N1/2 NE1/4, SW1/4 NE1/4, NW1/4 SE1/4

Lease No. U-040151
Issued to Cooperative Security Corp. 3/1/62
Township 17 South, Range 7 East, SLM, Utah
Containing 1720 acres
Section 15: SW1/4
Section 16: S1/2
Section 17: E1/2 SE1/4
Section 20: E1/2 E1/2
Section 21: All
Section 22: N1/2 NW1/4
Section 27: N1/2 NW1/4
Section 28: N1/2 N1/2
Section 29: NE1/4 NE1/4

Lease No. U-044025
Issued to Cooperative Security Corp. 8/1/60
Township 17 South, Range 7 East, SLM, Utah
Containing 40 acres

Section 27: NW1/4 NE1/4

Lease No. U-024319
Issued to Huntington Corp. 5/1/60
Township 16 South, Range 7 East, SLM, Utah
Containing 1040 acres
Section 27: SW1/4
Section 28: SE1/4
Section 33: E1/2, E1/2 NW1/4, NE1/4 SW1/4, S1/2 SW1/4
Section 34: NW1/4, NW1/4 SW1/4

Lease No. U-014275
Issued to John Helco 10/1/55
Township 16 South, Range 7 East, SLM, Utah
Containing 80 acres
Section 28: E1/2 SW1/4

Lease No. U-47979
Issued to Utah Power & Light Co. 10/1/81
Containing 1,063.38 acres, more or less
Township 16 South, Range 7 East, SLM, Utah
Section 34: S1/2 NE1/4, NE1/4 SW1/4, S1/2 SW1/4, SE1/4
Township 17 South, Range 7 East, SLM, Utah
Section 3: Lots 1 thru 8, 10 thru 12, SW1/4, SW1/4 SE1/4
Section 4: Lots 1, 8, 9, E1/2 SE1/4

Lease No. U-47977
Township 16 South, Range 7 East, SLBM
Containing 640 acres
Section 32: All

Lease No. SL-050862 (consolidated to include U-24069 and U-24070)
Township 16 South, Range 7 East, SLBM
Containing 280 acres
Section 28: W1/2 SW1/4
Section 29: E1/2 SE1/4
Section 33: W1/2 NW1/4, NW1/4 SW1/4

Lease No. U-06039
Containing 1452.97 acres
Issued to Ferdinand Hintze, 5/1/53 and modified by adding 50 acres on 2/11/99
Township 16 South, Range 7 East, SLBM
Section 19: SE1/4
Section 20: S1/2, SE1/4NW1/4, E1/2E1/2SW1/4NW1/4
Section 29: N1/2, SW1/4, W1/2 SE1/4
Section 30: NE1/4, SE1/4 and Lot 4
Township 16 South, Range 6 East, SLBM
Section 25: E1/2SE1/4SE1/4

Lease No. U24317
Issued to Huntington Corp., 5/1/58
Containing 400 acres
Township 16 South, Range 7 East, SLBM
Section 20: S1/2NE1/4
Section 21: S1/2NW1/4, S1/2NE1/4, SW1/4

Lease No. U-2810
Issued to John Helco, 10/1/67
Containing 80 acres
Township 16 South, Range 7 East, SLBM
Section 28: E1/2NW1/4

Lease No. SL-051221
Issued to Rulon Jeppson, 11/5/34
Containing 80 acres
Township 16 South, Range 7 East, SLBM
Section 28: W1/2NW1/4

Lease No. U-7653
Township 16 South, Range 7 East, SLBM
Containing 411.6 acres
Section 31: All

OWNERS OF COAL TO BE MINED OTHER THAN THE UNITED STATES

State Lease ML-22509
Township 16 South, Range 6 East, SLBM

Containing 640 acres
Section 36: All

The Estate of Malcolm McKinnon
Zions First National Bank, Trustee, Salt Lake City, Utah 84111
Township 17 South, Range 7 East, SLM, Utah
Section 10: SE1/4
Section 11: W1/2 W1/2, NE1/4 NW1/4
Section 14: W1/2 NW1/4

Cooperative Security Corp.
115 East South Temple, Salt Lake City, Utah 84111
Township 17 South, Range 7 East, SLM, Utah
Section 15: SE1/4
Section 22: NE1/4

Fee Leases held by Utah Power & Light
Patent No. 523194, containing 40 acres
Township 16 South, Range 7 East, SLM, Utah
Section 22: SW1/4NW1/4

Patent No. 523192, containing 160 acres
Township 16 South, Range 7 East, SLM, Utah
Section 22: SW1/4

Patent No. 523204, containing 80 acres
Township 16 South, Range 7 East, SLM, Utah
Section 28: N1/2NE1/4

Patent No. 523201, containing 160 acres
Township 16 South, Range 7 East, SLM, Utah
Section 21: SE1/4

Also:
Beginning at the SE corner of NE1/4 SE1/4 Section 25, T17S, R6E, 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.

The above listed surface rights and coal owned or leased by PacifiCorp, successor in interest to Utah Power & Light Company.

Township 17 South, Range 7 East, SLM, Utah
Section 14: SW1/4 (West of the Deer Creek Fault)

ADDITIONAL LANDS TO BE AFFECTED BY MINING

Township 17 South, Range 7 East, SLM, Utah
State of Utah Special Use Lease Agreement No. 284 utilized for conveyor and power line right-of-ways located in the southeast quarter of Section 2

Township 17 South, Range 8 East, SLM, Utah
PacifiCorp fee land (successor to Utah Power & Light Company) utilized for a Waste Rock Disposal Site located within Lots 4 and 5 of Section 5 and Lot 1 and the Southeast quarter of the Northeast quarter of Section 6

This legal description is for the permit area of the Deer Creek 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 is effective February 19, 1999, and expires on February 7, 2001.

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 R645-303-300.

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 **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 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. 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 of Oil, Gas, and Mining. The Division, after coordination with OSM, 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 R645-300-200.

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: Lowell P Braxton

Date: 2-24-99

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. If during entry development, sustained quantities of groundwater are encountered which are greater than 5 gpm from a single source in an individual entry, and which continue after operational activities progress beyond the area of groundwater production, PacifiCorp must monitor these flows for quality and quantity under the approved baseline parameters.

   PacifiCorp will notify the Division within 24 hours prior to initiation of said monitoring.

2. PacifiCorp must notify the Division within 14 days of the decision on the appeal of outstanding cessation order 94-020-370-002, 1 of 1.

3. This special condition is for normal working circumstances and does not apply in an emergency situation: Vehicle access will not be allowed in Rilda Canyon from December 1 to April 15 for construction, maintenance and/or repair of the Rilda Canyon Surface Facilities without prior written approval from the Division. Access will be allowed to the Rilda Canyon Surface Facilities through the Deer Creek Mine portals.

4. Mining in the "North Rilda Lease" area is authorized to the extent that the Surface Managing agency (U. S. Forest Service) has provided consent, per letters dated July 3, 1997 and July 15, 1997 (attached.)

5. Mining within the Federal Leases U-06039, U-24317, U-2810, and SL-051221 (North Rilda Area) is conditioned upon receiving Federal Mining Plan approval.