

Bear Canyon Permit # ACT/015/025

~~One violation has been received for the above referenced permit number in the previous three years preceeding August 2002. The violation number is N01 43 1 1 and was received on March 29, 2001. Details of the violation are described below~~

~~N01-43-1-1~~

~~The violation was issued because sediment was carried out of the permit area by runoff. As a result of this violation new silt fences were installed below the Ballpark topsoil stockpile to prevent sediment from being carried off of the permit area. The correspondence between C. W. Mining and the Division concerning this violations has been included.~~

N04-46-1-1

Violation was issued because ditches and culverts did not meet their designed capacity. Rocks and sediment were removed to Ditches and Culverts from ditches and culverts to restore them to their designed capacity.

No04-46-2-2

Violation was issued because the mine refuse from rock tunnels was being stored in sediment pod D causing it to not have the rewired storage capacity. The material was moved to the appropriate storage site.

C.O.P. COAL DEVELOPMENT COMPANY
53 West Angelo Avenue
Salt Lake City, Utah 84115

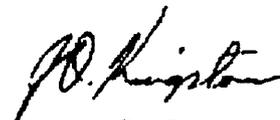
January 21, 2001

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

Gentlemen:

Please be advised that C.O.P. Coal Development Company is the record owner of the fee ground and Federal Coal lease #'s 020668, 024316, 024318, 38727, 46484, and 61049, located in Bear Canyon, Emery County, Utah, which includes all of the real property involved in Permit No. Act/015/025. C.O.P. is currently leasing all of the property to Co-op Mining Company and the lease permits Co-op to use the land for coal mining and related activities. This lease agreement will automatically be extended without amendment unless either party gives 30 days written notice of cancellation.

Very truly yours,



Joseph O. Kingston, President
C.O.P. Coal Development Company

JOK/lm

- | | | | |
|----|----------------|------|--|
| A. | T16S, R7E SLBM | Sec. | 14 SW 1/4, SE 1/4 |
| | | Sec. | 23 E1/2, E1/2 W1/2 |
| | | Sec. | 24 W1/2, W1/2 E1/2 |
| | | Sec. | 25 NW1/4 NW1/4, E1/2 NW1/4, SW1/4 SW1/4, E1/2 SW1/4 |
| | | Sec. | 26 NE1/4 NE1/4, NW1/4 NE1/4, N1/2 SW1/4 NE1/4 and the access/haul road and topsoil storage area as shown on Plate 2-1. |
| B. | T16S, R7E SLBM | Sec. | 13 W 1/4 |
| | | Sec. | 14 NE 1/4 |
| | | Sec. | 24 E1/2 SE1/4, SE1/4 NE1/4 |
| | T16S, R8E SLBM | Sec. | 18 SW1/4 SW1/4 |
| | | Sec. | 19 S1/2 NW1/4, SW1/4, SW1/4 SE1/4, |
| C. | T16S, R7E SLBM | Sec. | 25 SW1/4 NW1/4, NW1/4 SW1/4 |
| D. | T16S, R7E SLBM | Sec. | 25 E1/2 |
| | T16S, R8E SLBM | Sec. | 30 W1/2, W1/2 NE1/4, NW1/4 SE1/4 |
| | | Sec. | 31 NE1/4 NW1/4, NW1/4 NE1/4 |

Note: Letter corresponds with ownership shown in Table 2-1.

The lease guarantees Co-Op the right to mine and remove from, and use for purposes incident to mining, including access roads, camp facilities, surface operations, storage of coal, and other activities; also unrestricted use of all access roads leading to and from the property. A total of ~~3,336.18~~ 3,376.18 acres are included in the permit area.

2.2.3 Purchase of Record Under a Real Estate Contract for Surface Area Coal

See Appendix 2-B Title Insurance Policy and Property Title.

2.2.4 Operator, if Different from Applicant

Same as above.

2.5.1 Waiver of Owners of Nearby Occupied Dwellings

Waiver letters from the occupants of dwellings located within 300 feet of the coal mining operations are found in Appendix 2-G. The Dwelling nearest to the underground workings is the hunting cabin. Pictures of the dwelling were taken in 2004 for the pre-blast survey and are stored at the mine.

2.6 PERMIT TERM INFORMATION - ANTICIPATED FOR EACH PHASE

2.6.1 Starting Date

The mine started construction in 1981 and was in production by late fall of 1981.

2.6.2 Termination Dates

Termination dates anticipated for each phase of mining are nebulous at this time although a detailed estimate of production and reserves are included in the Geology Section and a projection of 33-years appears realistic (from 1990). The final termination date for the mining operation is expected to be 2012.

2.6.3 Numbers or Surface Acres Affected

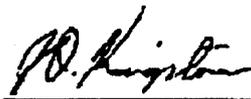
The actual surface acreage disturbed by the mine operation is identified in Section 3.3.14. Plate 2-1 shows the permit area and Plates 2-4 show the surface facilities and disturbed area.

Salt Lake City, Utah 84115

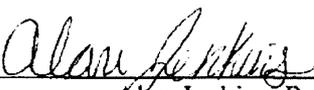
To Whom It May Concern:

C.O.P. Coal Development Company, as the owner of a dwelling within 300 feet of the mining and reclamation operations of Co-op Mining Company at Bear Canyon, Utah, which dwelling is occupied by Sportsmans, is aware of it's legal right to deny mining within 300 feet of the dwelling and has knowingly waived that right and consented to the mining and reclamation activities of Co-op Mining Company at Bear Canyon, Utah.

C.O.P. Coal Development Company

By 
Joseph O Kingston, President
C.O.P. Coal Development Company

Sportsmans, As occupant of the dwelling above described, herby waives any right he may have to the mining and reclamation actives of Co-op Mining Company within 300 feet of said dwelling and expressly consents to the same.

Signed 
Alan Jenkins, President
Sportsmans

C. W. MINING COMPANY

P.O. Box 1245
Huntington, Utah 84528

Office (435) 687-2450
FAX (435) 687-5724



03/14/2005

C.O.P. Coal Development Co.
3212 South State Street
Salt Lake City, Utah 84115

To whom it may concern:

Coal production in the Bear Canyon #3 mine started in February of 2003 in federal lease U-38727 and in March of 2004 in federal lease U-020668. Coal production in the Bear Canyon #4 Mine started in July of 2004 in federal lease U-38727. To date no significant water has been encountered.

If you have any question please call me at (435) 687-5777.

Thank you,
Mark Reynolds

CW Mining Company.

C. W. MINING COMPANY

P.O. Box 1245
Huntington, Utah 84528

Office (435) 687-2450
FAX (435) 687-5724



03/14/2005

Bureau of Land Management
125 South 600 West
Price, Utah 84501

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FAX (435) 687-5724



03/14/2005

Castle Valley Special Services
86 S. 100 E
Castle Dale, Utah 84513

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03/14/2005

Emery County
75 E Main
Castle Dale, Utah 84513

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03/14/2005

HCIC
71 N Main
Huntington, Utah 84528

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FAX (435) 687-5724



03/14/2005

Intermountain power Agency
480 E Winchester ST.,
SLC, Utah 84107

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Huntington, Utah 84528

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FAX (435) 687-5724



03/14/2005

Nevada Electric
90 W 100 N,
Price, Utah 84501

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Huntington, Utah 84528

Office (435) 687-2450
FAX (435) 687-5724



03/14/2005

U.S. Forest Service
599 W. Price River Drive
Price, Utah 84501

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03/14/2005

Utah Power And Light
2011 S highway 10
Price, Utah 84501

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