

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

July 6, 2006

TO: Internal File

THRU: Wayne Hedberg, Permit Supervisor
Joe Helfrich, Environmental Engineer/Team Lead

FROM: Priscilla Burton, CPSSc, Environmental Scientist, III/Soils.

RE: Bear Canyon Lease Addition U-024316, U-46484, U-61048 and U-61049, Task No. 2526, Co-Op Mining Company, Bear Canyon Mine, Permit C/015/0025

SUMMARY:

Supplemental information was received from Bear Canyon concerning the addition of Lease U-46484 and U-61049 on May 22, 2006. All administrative deficiencies previously identified have been resolved and the application is recommended for approval.

The application, originally received from Co-Op Mining Co. on July 22, 2005, added fee and federal lease acreage to the Bear Canyon Mine permit area in T. 16 S., Ranges 7 and 8 East, increasing the permit from 3,375.62 acres to 10,920.54. **Accordingly, the Division should revise Exhibit A of the Permit.**

The "Mohrland Addition" is comprised of 2,740 acres of private "fee" surface and 4,704.36 acres of federal surface (above federal leases U-61048, U-46484, and U61049). Plate 1-1 illustrates the locations of federal leases and fee coal within the permit area.

The Stipulation to revise the Reclamation Agreement dated 1/25/93 on file with the Division incorrectly lists the surface disturbed area as 23.54 acres. This figure should be corrected to 40.46 acres as listed in Chap. 2, Table 2-7 Reclamation Area Summary.

Using the revised Plate 1-1, the Division should make the appropriate change to permit area map file M:\FILES\COAL\PERMITS\015\C0150025\c015025-area.pdf. (i.e. notify Dan Smith)

TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

Chapter 2 provides information ownership and control of the Bear Canyon Mine. The Permittee is Co-Op Mining Co. (also known as C.W. Mining Co.), a Utah corporation located in Salt Lake City (p. 2-3). C. W. Mining Co. is registered with the State of Utah to do business as (DBA) Co-Op Mining Company.

The federal identification number for C. W. Mining Co., titles, last names and initials of the Officers and Directors of C.W. Mining Co. are provided in Chap. 2, along with their contact information. C.W. Mining Co. will pay the abandoned mine fee.

Co-Op Mining Co. also held Utah coal mining permit C/015/021 for the Trail Canyon Mine. Trail Canyon Mine received final bond release on December 29, 2000.

By definition, the owner of the coal lease is presumed to have ownership or control over the Lessee (see R645-100-200. Definitions) and therefore R645-301-112.400 requires that the Permittee provide ownership and control information for the coal lease holder, unless no controlling interest can be demonstrated. The Permittee has provided the officers and directors of C.O.P. Coal Development Co., the coal lease owner, but has also indicated that the company has no control over C.W.Mining.

Findings:

The information provided meets the requirements for identification of interests requirements of the Regulations.

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

Appendix 1-A of the MRP contains current information on violations issued by DOGM. In conjunction with the permit renewal, the Division conducted a check of the AVS system on November 17, 2005 and found no reports of violations.

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Findings:

The information provided in the application meets the violation reporting requirements of the Regulations.

RIGHT OF ENTRY

Regulatory Reference: 30 CFR 778.15; R645-301-114

Analysis:

Right of entry to the subsurface was secured by C. O. P. Coal Development Co. through lease assignments and lease agreements found in App. 1-B and 1-E. C. O. P. Coal Development Co. is the owner of record of fee ground and federal coal leases U-024316, U-024318, U-020668; U-38727; U-46484; U-61048; and U-61049 within the permit area. CO-OP Mining Co. leases the fee and federal coal from C. O. P. Coal Development Co (letter dated January 1, 2001 in Appendix 1-B (new format).

The legal description of the lease area provided in App. 1-E does not include the NE1/4 of the NE1/4 of section 24, T. 16 S., R. 7 E. However, right of entry was specifically granted by the BLM in a recent letter from James Kohler, Bureau of Land Management Chief, Solid Minerals, to the Division, dated February 9, 2005.

Coal ownership is shown on Plate 1-3.

Findings:

The information provided in the application meets the requirements of right of entry.

LEGAL DESCRIPTION AND STATUS OF UNSUITABILITY CLAIMS

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

Analysis:

Section 2.2.2 of the application contains a legal description of the current permit area and the proposed additions. Six of the seven federal leases are within the Manti - La Sal National Forest.

The operations are not within 100 feet of a public road. The operations are within 300 feet of three occupied dwellings owned by C.O.P. Coal Development Co. (Appendix 1- F contains waiver letters from the owners and occupants of these buildings.)

Plate 3-3 shows a dwelling (hunting cabin) in the SW1/4 SE1/4 Sec 24, directly above the Tank Seam mine workings shown on Plate 3-4C and within 1000 ft of the Blind Canyon Seam workings shown on Plate 3-4C (Section 3.4.2.4).

There is no portion of the area permitted within an area designated as unsuitable for mining (MRP, section 2.5). The Division is unaware of any study or petition for designation as unsuitable.

Findings:

The information provided in the application meets the requirements of the Regulations.

PERMIT TERM

Regulatory References: 30 CFR 778.17; R645-301-116.

Analysis:

The permit area description is found in (Sec. 112.500 and 112.600). The permit area falls within Township 16 South, Ranges 7 and 8 East, SLBM as shown on Plate 1-1. The permit area acreage is listed on Plate 1-1 as 10,920.54 acres. The permit area is categorized by surface and subsurface ownership in Table 1-3. Plate 1-2 provides the key to understanding Table 1-3. This amendment increases the private surface area by 2,740 acres and the federal lease area by 4,704.36 acres.

For the Division's record keeping, the lease acreage within the permit area was tabulated from the information found in the public notice, Attachment 7M and Plate 1-1 as follows:

Lease I.D.	Federal acreage	Fee acreage	GRAND TOTAL
U-024316	400		
U-024318	Relinquished (80 ac)		
U-020668	626.320		
U--38727	820.39		
U-46484	1,400		
U-61048	1,108.27		
U-61049	2,196.09		
Bear Canyon fee coal		1,057.75	
Wildhorse Ridge fee coal		571.90	
Mohrland fee coal		2,740.00	
Subtotal by type	6,551.07	4,369.47	
GRAND TOTAL			10,428.64

Disturbed area boundaries are shown on Plates 5-2, which are the surface facilities maps. The surface acreage disturbed by the mine encompasses approximately 40.46 acres. The disturbed acres are listed in Table 2-7, Reclamation Area Summary.

The current permit was issued on November 2, 2005 and expires on November 2, 2010. There were no special conditions placed on this permit other than using the electronic water monitoring database. The previous special condition regarding monitoring of groundwater

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inflows into Mine #1 was removed when the Permittee notified the Division that reclamation of Mine #1 was initiated on December 13, 2003 (2003Incoming folder, document 0037.pdf).

Findings:

The information provided in the application meets the requirements of this section of the regulations.

PUBLIC NOTICE AND COMMENT

Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200.

Analysis:

Previous publication affidavits are provided in Appendix 1-D. This lease addition was published in the Emery County Progress on October 18, 25, November 1, and 8, 2005.

The current general liability insurance provides effective coverage for the Permittee through January 1, 2005. An aggregate amount of \$2,000,000 is provided for bodily injury and property damage; \$1,000,000 is the amount of provided coverage for each occurrence.

Findings:

The information provided meets the requirements for public notice and liability insurance requirements of the Regulations.

FILING FEE

Regulatory Reference: 30 CFR 777.17; R645-301-118.

Analysis:

A filing fee is not required for this type of application.

Findings:

The information provided in the application is adequate to meet the requirements of this section of the regulations.

PERMIT APPLICATION FORMAT AND CONTENTS

Regulatory Reference: 30 CFR 777.11; R645-301-120.

Analysis:

The permit application is the first in Utah to be completely accessible in an electronic format.

Findings

Except where noted above, the information provided meets the requirements of the Rules.

ENVIRONMENTAL RESOURCE INFORMATION

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

PERMIT AREA

Regulatory Requirements: 30 CFR 783.12; R645-301-521.

Analysis:

This application increases the permit area from 3,375.62 acres to 10,879 acres (Sec. 112.500 and 112.600 and Plate 1-1). Table 1-3 outlines surface ownership, and subsurface ownership: coal, minerals, oil & gas, as well as grazing rights within and adjacent to the existing permit area. Areas A through E in Table 1-3 are illustrated on Plate 1-2. (Area E, a category of land with U.S.F.S. surface ownership and C.O.P. Coal Development Co. subsurface ownership (fee coal) is adjacent to the existing eastern permit boundary, but not within the permit area. Consequently, Area E is not described in Sec. 112.500 and 112.600 as part of the permit area).

The disturbed area (40.46 acres) is illustrated on Plates 5-2. Total disturbed acres are described in Table 1-4.

Findings

The information provided meets the requirements of the Rules.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

The surety bond on file for the Division covers Exhibit A, the permit area. The permit area has been increased from 3,375.62 acres to 10,920.54 acres with this application. Exhibit A must be revised accordingly.

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Liability insurance

Liability insurance information is located in App. 1-C.

Findings:

The information provided by the applicant meets the requirements of the Regulations.

RECOMMENDATIONS:

Approval is recommended to increase the permit area from 3,375.62 acres to 10,920.54 acres with this application. **Accordingly, the Division must revise Exhibit A of the Permit.**

The Stipulation to revise the Reclamation Agreement dated 1/25/93 on file with the Division incorrectly lists the surface disturbed area as 23.54 acres. This figure should be corrected to 40.46 acres as listed in Chap. 2, Table 2-7 Reclamation Area Summary and the revision to the Reclamation Agreement must be signed by all parties. The Division must initiate this correction.

Using the revised Plate 1-1, the Division should make the appropriate change to permit area map file M:\FILES\COAL\PERMITS\015\C0150025\c015025-area.pdf. (i.e. notify Dan Smith)