



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

Michael O. Leavitt
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January 31, 1995

Jay Marshall
Genwal Resources, Inc.
P. O. Box 1420
Huntington, Utah 84528

Re: Permit Transfer Information, Genwal Resources Inc., Crandall Canyon Mine,
ACT/015/032-95A, Folder #3, Emery County, Utah

Dear Mr. Marshall:

The Division has completed a review of your application for transferring the Crandall Canyon Mine permit to Genwal Resources, Inc. The application contains some errors and omissions and cannot be approved at this time. Please review the attached review document that discusses the problems. The items under the Findings and Requirements sections will need to be completed and submitted to the Division for further consideration of the application. Please respond by no later than March 1, 1995.

If you have any questions please call me or Paul Baker at 538-5340.

Sincerely,

Daron R. Haddock
Permit Supervisor

Enclosure

cc: D. Dragoo, Fabian & Clendenin
P. Baker
P. Grubaugh-Littig

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January 27, 1995

TO: Daron Haddock, Permit Supervisor

FROM: Paul Baker, Reclamation Biologist *PBB*

RE: Permit Transfer Application, Crandall Canyon Mine, Genwal Coal Company, ACT/015/032, Folder #2, Emery County, Utah

SYNOPSIS

Genwal Coal Company has requested that its permit for the Crandall Canyon Mine be transferred to GENWAL Resources, Inc. Andalex Resources, Inc., purchased Nevada Electric Investment Company's interest in the mine and, with the Intermountain Power Agency, created GENWAL Resources.

This document is a review of changes to the mining and reclamation plan and other pertinent documents, such as the legal description of the permit area in the permit and mining and reclamation plan.

ANALYSIS

IDENTIFICATION OF INTERESTS, VIOLATION INFORMATION, AND RIGHT OF ENTRY INFORMATION

Regulatory Reference: UCA R645-301-112; R645-301-113; R645-301-114

Analysis:

Identification of Interests

The applicant and operator are both Genwal Resources, Inc., a corporation incorporated under the laws of Utah. Jay Marshall is identified as the resident agent. The Intermountain Power Agency (IPA) and Andalex Resources, Inc., will pay the abandoned mine reclamation fee. The application contains Genwal's employer identification number, address, and telephone number.

IPA and Andalex Resources, Inc., jointly own Genwal Resources, Inc. The application contains employer identification numbers and lists of officers and directors with dates they assumed their positions for all three of these entities.



IPA is currently engaged in the reclamation of the Horse Canyon Mine in Emery County. The application says a list of current and previous mining permits held by Andalex and its affiliates is included in Appendix 1-A. Appendix I-A shows parent companies of Andalex Resources, Inc., including these companies' officers and directors. The appendix containing current and previous coal mining permits has two cover sheets, Appendix B and Appendix I-4. The text of Chapter 1 needs to properly reference these appendices, including Appendix I-A for ownership and control information for Andalex Resources, Inc. The appendices need to be labelled so they are consistent with the current mining and reclamation plan. The current plan already has Appendices 1-1 through 1-8.

It is understood from the recently-approved operator designation amendment that the parent companies of Andalex Resources, Inc., do not have employer identification numbers. This should be stated in the plan.

On page 1-5, the application says the legal owners of the area to be affected by surface operations and facilities are the State of Utah, the Bureau of Land Management, and the Forest Service. According to Plate 1-1, the State of Utah and the Bureau of Land Management do not own or manage land in the surface facilities area. However, Genwal Coal Company owns a small piece of land within the disturbed area north of Crandall Creek. The plan does not need to identify who owns land in the surface facilities area. It just needs to show who owns land in and contiguous to the permit area as discussed below.

R645-301-112.500 requires that the application include the name and address of each legal or equitable owner of record of the surface and mineral property to be mined, each holder of record of any leasehold interest in the property to be mined, and any purchaser of record under a real estate contract for the property to be mined. This information is in the plan, but it could be better presented to make it more clear. This section of the application simply needs to show the State of Utah, the Forest Service, and Genwal Coal Company as surface owners and the State of Utah, the Bureau of Land Management, and Genwal Coal Company as coal owners within the permit area. For R645-301-112.600, the application should show owners of contiguous lands: Genwal Coal Company and the Forest Service for the surface and Genwal and the Bureau of Land Management for the coal.

Violation Information

The application says neither the applicant nor any subsidiary, affiliate, or persons controlled by or under common control with the applicant has had a federal or state mining permit suspended or revoked in the last five years. They have not forfeited a mining bond or similar security deposited in lieu of bond. There are no unabated cessation orders or air and water quality violation notices received prior to the date of the application by any coal mining and reclamation operation owned or controlled by Genwal or by any person who owns or controls Genwal.

According to information in the Division's files, cessation order C94-39-1-1 has not been abated or terminated. The application needs to contain information about this cessation order as required by R645-301-113.300.

Right of Entry Information

The application says the applicant bases its legal right to enter and begin operations in the permit area on:

Federal coal lease U-54762 issued to Genwal Resources December 1, 1986, and currently owned by Andalex and IPA. Later on the same page, the application says federal coal lease U-54762 was issued to Genwal *Coal* Company (not Genwal Resources) December 1, 1986, and assigned to the joint owners July 11, 1991.

Assignment of federal leases SL-062648 and SL-050655 from the heirs of John Sanders to the joint owners on July 11, 1991.

Assignment of federal coal lease UTU-68082 to the joint owners in March 1994.

Assignment of Utah State coal lease ML-21568 to the joint owners July 11, 1991.

Assignment of Utah State coal lease ML-21569 to the joint owners July 11, 1991.

On page 1-1, the joint owners are defined as IPA and Andalex Resources, Inc. These coal leases were not originally assigned to the current joint owners as defined in the application. They were assigned to the previous joint owners, IPA and Nevada Electric Investment Company. This should be clarified in the application.

According to Steve Falk of the Bureau of Land Management in Price, reassignment of the leases does require BLM approval; however, the process is usually a formality. He said Genwal Resources has not yet received approval for the reassignment but that, under the terms of the original assignment, they have right of entry in the interim period. Genwal Resources can base its right to enter and begin mining operations on the original assignment to IPA and NEICO and on language in the leases allowing them to be reassigned.

In addition to the leases, the Forest Service has issued four special use permits. These are for the Crandall Canyon road, the topsoil stockpiles, the sediment pond, and some surface facilities near the portals.

Findings and Requirements:

The application is complete and accurate with the exception of the following items.

Before the division approves the transfer, these should be corrected.

1. The text of the application needs to properly reference the appendices containing ownership and control and violation information. These appendices need to be numbered so they can be inserted into the current mining and reclamation plan.
2. The application needs to contain a statement to the effect that the parent companies of Andalex Resources, Inc., do not have employer identification numbers.
3. The statement on page 1-5 that the State of Utah, the Bureau of Land Management, and the Forest Service own the land that will be affected by surface facilities needs to be corrected. Although the plan and application contain all land ownership information required by the regulations, it is recommended that this information be reorganized more clearly and concisely.
4. The application needs to contain information required by R645-301-113.300 for cessation order C94-39-1-1 and any other unabated cessation orders or air and water quality violation notices received prior to the date of the application by any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant.
5. Right of entry information needs to be clarified. The application says the federal leases were issued to the joint owners at various times in 1991 and 1994, but the joint owners have changed. The Bureau of Land Management is expected to reassign the leases, and Genwal has right of entry in the interim.

UNSUITABILITY CLAIMS

Regulatory Reference: UCA R645-301-115

Analysis:

The unsuitability status will not change as a result of the permit transfer.

Findings:

This section of the application is complete and accurate.

PERMIT TERM, INSURANCE, PROOF OF PUBLICATION, FACILITIES OR STRUCTURES USED IN COMMON, FILING FEE, NOTARIZED SIGNATURE

Regulatory Reference: UCA R645-301-116; R645-301-117; R645-301-118; R645-301-123

Analysis:

The permit term will not change as a result of the permit transfer.

On page 1-13, the application says the following page is a certificate of liability insurance with Andalex and IPA. A certificate of liability insurance is not on the next page and is not within the text of the amendment application. It is in Appendix D. The application needs to correctly show where the insurance certificate is located, and it needs to be in an appendix or other location so it can be inserted into the plan.

The certificate of liability insurance was issued by the Federal insurance Company to Andalex Resources, Inc. The underwriting agent is J. Craig Riddle Company, Inc., and the policy number is 3710-25-94. The policy was signed by the agent December 20, 1994, and it became effective July 1, 1994.

The certificate is the Division's form for liability insurance. It includes \$300,000 minimum coverage for bodily injury and property damage for each occurrence and \$500,000 aggregate. The mine shown on the certificate is the Tower Division, and the permit number is ACT/015/032. The mine name needs to be corrected.

Attached to the application is a proposed newspaper advertisement containing the same legal description as in the Genwal Coal Company permit. The legal descriptions contain errors. These are:

T. 15 S., R. 7 E.

Section 31

According to Plate 1-1, legal descriptions in the federal leases, and information from the Emery County Recorder's Office, this entire section is in the permit area. If the description is broken down according to the leases, it would include lots 1-12, NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, and SE $\frac{1}{4}$ SE $\frac{1}{4}$.

Sections 30-31

The permit and advertisement include a narrative description that starts, "Beginning at a point 660' North. . ." This description is redundant and does not need to be included.

T. 16 S., R. 7 E.

Section 5 Lot 5, according to the Emery County Recorder's Office, is the NW $\frac{1}{4}$ NW $\frac{1}{4}$. This lot is included in the description for lease SL062648 and is also shown on Plate 1-1 as being within the permit area. It needs to be in the permit and in the description in the advertisement.

Plate 1-1 shows what appears to be the N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of this section as being in the permit area. The 1993 advertisement for the permit renewal included the portion of the N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ north of Crandall Creek as part of the permit area. This is a small portion of the disturbed area adjacent to the creek, and it needs to be included in the permit area and advertisement. If only the portion of the N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5 north of Crandall Creek is included in the permit area, Plate 1-1 will need to be revised. The Division needs to ensure that both the permit and the bond include descriptions for this area.

The application includes a statement signed by Jay Marshall, identified in the application as the resident agent, that the information in the application is true and correct to the best of his information and belief.

Findings and Requirements:

The application is complete and accurate with exception of the following items. Before the division approves the transfer, these should be corrected.

1. The certificate of liability insurance needs to show the correct mine name. The application needs to properly show its location, and it should be in a location consistent with the format of the rest of the mining and reclamation plan.
2. The legal descriptions in the newspaper advertisement and in the permit need to be corrected. The Division needs to ensure that the bond also includes a correct and complete description, including the small piece of private land north of Crandall Creek.

RECOMMENDATIONS

Before the Division approves this application, Genwal needs to correct several problems. The Division needs to change the legal description in the permit and needs to ensure that all disturbed areas are included in bond coverage.