



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

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Governor
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Executive Director
Lowell P. Braxton
Division Director

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May 13, 1998

Gary Gray, General Manager
Crandall Canyon Mine
P.O. Box 1420
Huntington, UT 84528

Re: Five-Year Permit Renewal, Genwal Resources, Inc. Crandall Canyon Mine, ACT/015/032-98PR, Folder #3, Emery County, Utah

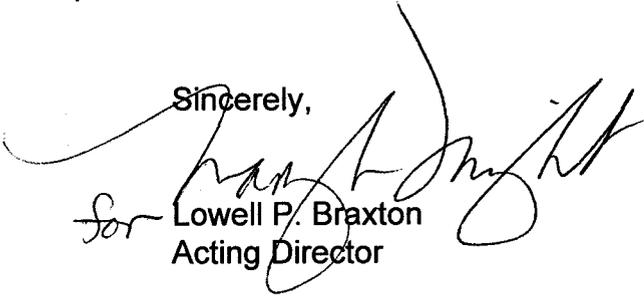
Dear Mr. Gray:

The permit renewal for the Crandall Canyon Mine is approved with two conditions. The Division acknowledges that pursuant to R645-300-154, the original permit issued by the Division and subsequent renewals carries with it the right of successive renewal within the approved boundaries of the existing permit in accordance with R645-303-230. The Decision Document is enclosed for your information.

Enclosed are two (2) copies of the renewed permanent program mining and reclamation permit for the Crandall Canyon Mine. Please read the permit to be sure you understand the requirements of the permit and conditions, then have both copies signed and return one to the Division.

If you have any questions, please call me.

Sincerely,

for 
Lowell P. Braxton
Acting Director

Enclosures

cc: James Fulton, OSM, WRCC
R. Singh, OSM, WRCC
J. Craig Smith (Nielsen & Senior)
Jeffrey W. Appel, Esq. (Collard, Appel, Warlamount)
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UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
PERMIT RENEWAL

Genwal Resources, Inc.
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

May 13, 1998

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ADMINISTRATIVE OVERVIEW

Genwal Resources, Inc.
Crandall Canyon Mine
Five Year Permit Renewal
ACT/015/032
Emery County, Utah

May 13, 1998

BACKGROUND

Crandall Canyon Mine is a mine permitted by Genwal Resources, Inc. located in the Huntington Canyon area. Mining was previously room and pillar and converted to longwall mining in 1996.

PERMIT RENEWAL

Genwal Resources, Inc. made application to the Division of Oil Gas and Mining for a five year permit renewal for the Crandall Canyon Mine on November 13, 1997. This renewal encompasses the same permit area and disturbance as currently approved in the permit issued July 30, 1997 (significant revision for the culvert installation, topsoil stockpile and sedimentation pond).

The Mining and Reclamation Plan (MRP) for the Crandall Canyon Mine was originally approved by the Division of Oil, Gas and Mining (DOG M) and the Office of Surface Mining Reclamation and Enforcement (OSMRE) on November 8, 1982. This permit was renewed on June 14, 1989 and a revised permit issued subsequently on July 27, 1989. The second revised permit was issued on August 8, 1990 and a subsequent revised permit issued on April 22, 1991. This permit was renewed on May 13, 1993.

A federal lease was added, known as LBA #9, and approved on November 3, 1994. This mining and reclamation permit was transferred from Genwal Coal to Genwal Resources, Inc. on March 23, 1995. A culvert installation was approved on June 27, 1997 and a subsequent stockpile and sediment pond associated with the culvert installation approved on July 30, 1997 and another revised permit issued.

The application for permit renewal was submitted on November 13, 1997 and the renewal application was determined administratively complete on February 17, 1998. Public notice for this permit renewal was published in the Emery County Progress on March 3, 10, 17, and 24, 1998.

Two objection letters to this permit renewal were received: one from Huntington-Cleveland Irrigation Company, and the other from Castle Valley Special Service District.

ANALYSIS

The permit renewal application was received at least 120 days prior to permit renewal and all notices were published as required. Due to the two objection letters, an informal conference was held on May 8, 1998. The Division acknowledges that pursuant to R645-300-154, the original permit issued by the Division and subsequently renewed carries with it the right of successive renewal within the approved boundaries of the existing permit in accordance with R645--303-230.

The opponents of the renewal have the burden of proof to provide evidence to deny the renewal but no case was established at the informal conference. However, the permit has been conditioned to require that Genwal Resources, Inc. will comply with any order issued as a result of the Informal Conference for this permit renewal held May 8, 1998. Additionally, the permit has also been conditioned to require Genwal Resources, Inc. to submit an updated Probable Hydrologic Consequence (PHC) to reflect the current hydrologic conditions at the Crandall Canyon Mine by May 15, 1998.

RECOMMENDATION

Approval for this permit renewal is recommended conditioned as follows: 1) Genwal Resources, Inc. will comply with any order issued as a result of the Informal Conference for this permit renewal held May 8, 1998 and 2) Genwal Resources, Inc. will submit an updated Probable Hydrologic Consequence (PHC) to reflect the current hydrologic condition at the Crandall Canyon Mine by May 22, 1998.

PERMITTING CHRONOLOGY

Genwal Resources, Inc.
Crandall Canyon Mine
Permit Renewal
ACT/015/032
Emery County, Utah

May 13, 1998

- November 13, 1997 Genwal Resources, Inc. submitted a permit renewal application.
- February 17, 1998 Determination of Administrative Completeness of permit renewal application. Permit renewal completeness determination sent to applicable state, federal, and county agencies.
- March 3, 10, 17 and 24, 1998 Public notice for permit renewal for the Crandall Canyon Mine published in the Emery County Progress.
- April 10, 1998 Receipt by Division of an objection by Castle Valley Special Service District to the permit renewal on the grounds that supporting information is inconsistent, inaccurate and fails to assess the hydrologic impacts associated with the Crandall Canyon Mine.
- April 13, 1998 Receipt by the Division of an objection to the permit renewal and request for an informal conference by Huntington-Cleveland Irrigation Company. The request is based on the grounds that the outdated PHC and CHIA must be updated and corrected.
- April 21, 1998 Notice of Informal Conference is scheduled for Friday, May 8, 1998 at the Division in Salt Lake City at 2:00 p.m.
- May 5, 1998 Notice of rescheduled informal Conference for Friday, May 5, 1998 at the Division in Salt Lake City at 10:00 a.m. (Note: All parties were notified prior to May 5, 1998 of the change in time.)

Permitting Chronology
Permit Renewal
Crandall Canyon Mine
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May 8, 1998 Informal conference held.

May 13, 1998 Permit Renewal is issued to Genwal Resources, Inc. with two conditions: 1) Genwal Resources Inc. will comply with any order issued as a result of the Informal Conference held May 8, 1998 for this permit renewal, and 2) Genwal Resources, Inc. will submit an updated Probable Hydrologic Consequence (PHC) to reflect the current conditions at the Crandall Canyon Mine by May 15, 1998.

PERMIT RENEWAL FINDINGS

Genwal Resources, Inc.
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

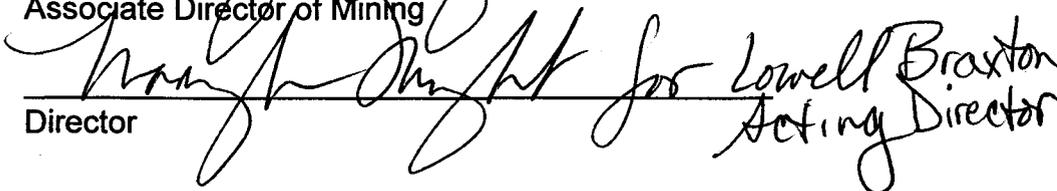
May 13, 1998

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being met conditioned upon submittal of an updated Probable Hydrologic Consequence that reflects the current conditions at the Crandall Canyon Mine. (R645-303-233.110).
3. The present underground coal mining activities and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The operator has provided evidence of having liability insurance (AEGIS Insurance Services - XO229A1A97)(R645-303-233.140).
6. The operator has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect. (Surety in the amount of \$1,654,000 is posted by American Home Assurance Company - Bond Number 14-96-15) (R645-303-233.150).
7. The operator has submitted updated information as required by the Division at this time. Submittal of an updated and adequate Probable Hydrologic Consequence to reflect current conditions at the Crandall Canyon Mine by May 22, 1998 is a condition of this permit renewal. (R645-233.160).


Permit Supervisor


Permit Supervisor


Associate Director of Mining


Director

for Lowell Braxton
Acting Director

FEDERAL

PERMIT
ACT/015/032

May 13, 1998

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340**

This permit, ACT/015/032, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining ('DOGM') to:

**Genwal Resources, Inc
P. O. Box 1420
Huntington, Utah 84528
(801) 687-9813**

for the Crandall Canyon Mine. Genwal Resources, Inc. is the lessee of federal coal leases SL-062648, U-54762 and UTU-68082, State Coal Leases ML-21568 and ML-21569, and of a fee-owned parcel affected by surface operations. A performance bond is filed with the DOGM in the amount of \$1,654,000.00, 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 within the permit area at the Crandall Canyon Mine situated in the state of Utah, Emery County, and located:

Township 15 South, Range 6 East, SLBM

Section 25: S ½,
Section 26: S ½,
Section 35: All, and
Section 36: All.

Township 15 South, Range 7 East, SLBM

Section 30: Lots 7-12, SE 1/4,
Section 31: All, and
Section 32: S1/2SW1/4, SW1/4SE1/4.

Township 16 South, Range 6 East, SLBM

Section 1: Lots 1-12, SW 1/4, and
Section 2: All.

Township 16 South, Range 7 East, SLBM

Section 4: Topsoil Stockpile #3 - Approximately 0.5 acres located within NW1/4NW1/4SE1/4NW1/4, (corresponding to boundary of Forest Service Special Use Permit issued 8/17/87);
Topsoil Stockpile #4 - Approximately 0.5 acres located within SW1/4SW1/4NE1/4NW1/4 situated approximately 150' north of Topsoil Stockpile #3;

Section 5: N1/2NW1/4, NW1/4NE1/4, SW1/4NW1/4, N1/2SE1/4NW1/4, SW1/4,
Forest Service Special Use Area - Sediment Pond: an area approximately 150' x 400' (1.5 acres) located within SW1/4SW1/4SE1/4NW1/4, (corresponding to boundary of Forest Service Special Use Permit issued 7/28/83);
Topsoil Stockpile #1 - Approximately 0.2 acres located within SE1/4SE1/4SE1/4NW1/4, (corresponding to boundary of Forest Service Special Use Permit issued 8/17/87);
Topsoil Stockpile #2 - Approximately 0.2 acres located within SW1/4NW1/4SE1/4NE1/4, (corresponding to boundary of Forest Service Special Use Permit issued 8/17/87); and

Section 6: S1/2NE1/4, Lots 1- 4 (NE1/4NE1/4).

This legal description is for the permit area of the Crandall Canyon Mine. The permittee is authorized to conduct underground coal mining activities connected with mining 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 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 becomes effective on May 13, 1998 and expires on May 13, 2003.
- Sec. 5 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 R645-303.
- Sec. 6 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, R645-400-110, 30 CFR 842.13 and R645-400-220; and,
 - (b) Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 , R645-400-200 and 30 CFR 842, when the inspection is in response to an alleged violation reported 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 mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.

- Sec. 8 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. 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 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. 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 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. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300.
- 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 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: _____

Date: _____

*For L.P. Braxton
Acting Director*

May 13, 1998

ACT/015/032
May 13, 1998
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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

- Stipulation #1** Genwal Resources, Inc. will comply with any order issued as a result of the Informal Conference for this permit renewal held May 8, 1998.
- Stipulation #2** In accordance with R645-301-728, by May 15, 1998, Genwal Resources, Inc. will submit an updated and adequate Probable Hydrologic Consequence (PHC) to reflect the current mining and hydrologic conditions at the Crandall Canyon Mine.