

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT**

Genwal Resources, Inc.
Crandall Canyon Mine
C/015/0032
Emery County, Utah

March 28, 2005

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Mine # C/015/0032
File Outgoing
Record # 0026
Doc. Date 3-29-05
Recd. Date _____

ADMINISTRATIVE OVERVIEW

Genwal Resources, Inc.
Crandall Canyon Mine
Federal Lease UTU-78953
C/015/0032
Emery County, Utah

March 28, 2005

PROPOSAL

Genwal Resources, Inc. ("Genwal") proposes to add Federal coal lease UTU-78953, which contains 880 acres, more or less. Mining would take place in the Hiawatha seam with special low seam longwall miners.

BACKGROUND

The Mining and Reclamation Plan for the Crandall Canyon Mine, Tract 1, was approved by the Office of Surface Mining in November of 1982 and by the Division of Oil, Gas, and Mining (DOG M) on May 13, 1983. The originally approved MRP consisted of an 80 acre federal lease (SL-062648, Tract 1), a 1.5 acre U.S. Forest Service special use area, and a 1.7 acre fee lease. On February 12, 1987 Genwal was issued a permit from DOGM to add Tract 2 of Lease SL-062648 to the permit area, containing 75.23 acres.

In December of 1986, Genwal was issued federal lease U-54762, containing 256.49 acres. In February of 1988, Genwal submitted a new MRP document in partial fulfillment of requirements for permit renewal. The renewal was subsequently approved on June 14, 1989. This new MRP contained information pertaining to the addition of lease U-54762 to the permit area. A revised state permit which included lease U-54762 was issued on July 31, 1989.

On August 8, 1990, Genwal was issued a revised permit which authorized mining a parcel of coal known as the "Right-of-Way". This right-of-way, consisting of 111.5 acres, is not leased but only allows access to two adjoining state leases, ML-21568 and ML-21569. Authorization to mine the state coal leases was given on April 22, 1991 when the permit was again revised to incorporate the leases. The state coal leases are 998 and 640 acres in size and are accessed via the original portals in the Hiawatha coal seam. With the addition of the state leases, the total permitted area consisted of 2165.42 acres.

An incidental boundary change added approximately 150 acres to the current permit area in this federal lease, approved May 23, 1994. This IBC extended the current underground

operations by adding 152.18 acres (approximately 7% of the existing permitted area) to the permit area as an Incidental Boundary Change, bringing the total area permitted to 2317.6 acres. The Incidental Boundary Change was a portion of Federal Lease UTU-68082 which was issued on March 1, 1994. The entire UTU-68082 lease (or LBA #9) was approved for room and pillar operations in the Hiawatha seam on November 3, 1994.

A permit transfer from Genwal Coal Company to Genwal Resources, Inc. was approved on March 23, 1995 (Andalex Resources, Inc. and Intermountain Power Agency).

A large culvert built to enlarge the mine site was approved on June 27, 1997. The Mill Fork lease was a lease that could have been accessed by the Crandall Canyon Mine but was acquired by PacifiCorp from SITLA on March 30, 1999. A 50-acre incidental boundary change was approved on September 30, 1999.

A lease modification application of U-68082 for 120 acres was submitted to BLM in March 2004. The NEPA for the lease modification was finalized with the decision notice sent on November 30, 2004. The Forest Service appeal period ended on January 19, 2005 with an appeal from the Utah Environmental Congress on January 19, 2005. The Regional Forester upheld the original decision of the Manti – La Sal on February 4, 2005. An additional 15-day period for appeals ended on February 28, 2005. The application for this addition was approved on February 28, 2005.

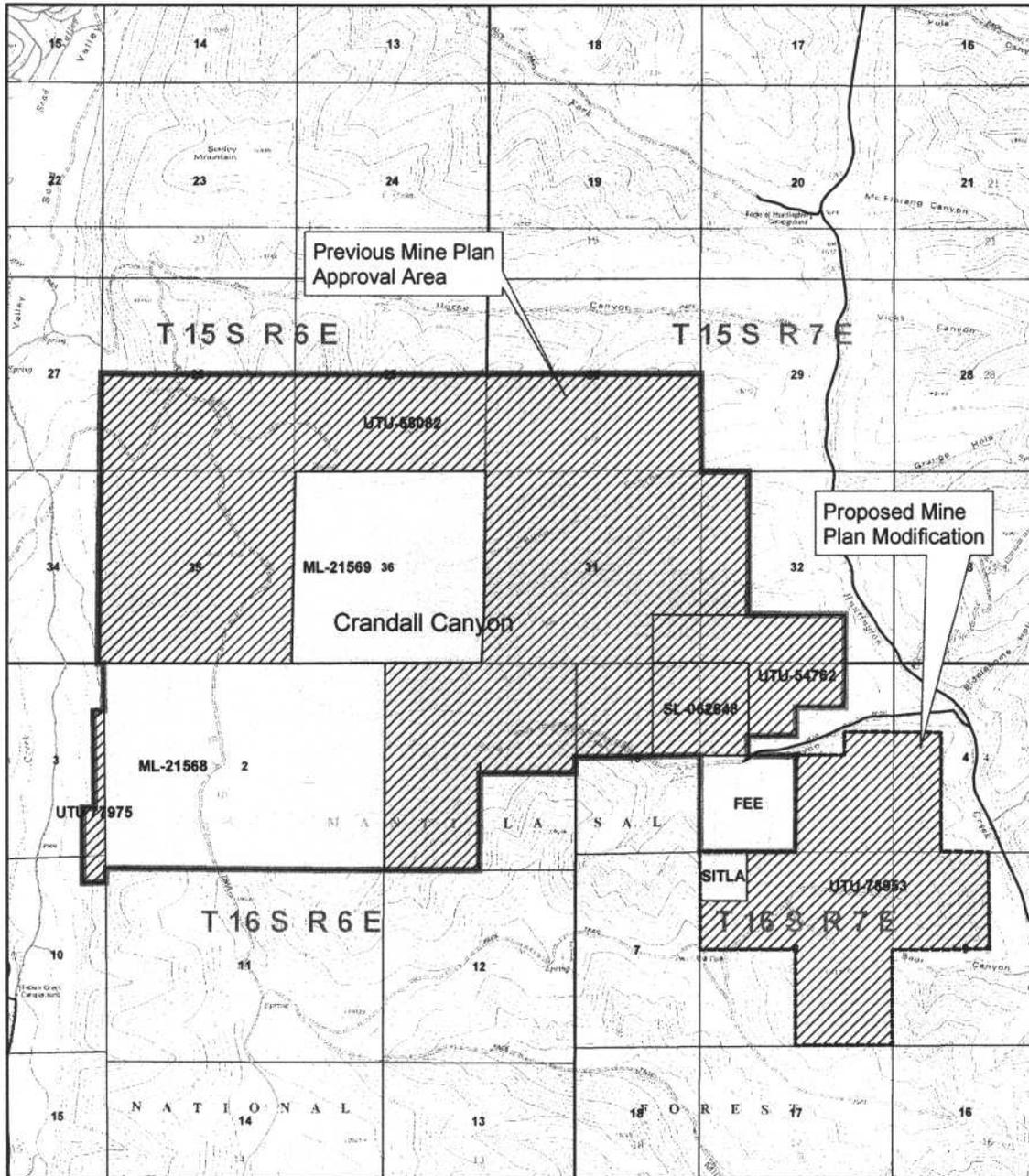
ANALYSIS

The surface disturbance proposed in relation to this federal lease was already approved and built on fee property/fee coal, the Dellenbach portals. Mine will be done by a low seam longwall miner in the Hiawatha seam. An Environmental Assessment was prepared which indicates that mining in Federal Lease U-78953, and it was determined that this action will have no significant impact to the environment or the public.

There was one request for an informal conference by Huntington Cleveland Irrigation Company, but this request was withdrawn.

RECOMMENDATION

Genwal Resources, Inc. has demonstrated that mining of federal lease UTU-78953 can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. The Bureau of Land Management recommended approval of the Resource Recovery and Protection Plan to mine in the federal lease. The Forest Service concurred with this application to mine U-78953 on March 18, 2005. It is therefore, recommended that approval be given for the addition of federal lease UTU-78953 to the permitted area and to the currently approved five-year permanent program mining permit.



Crandall Canyon Mining Plan Approval Area

ACT0150032

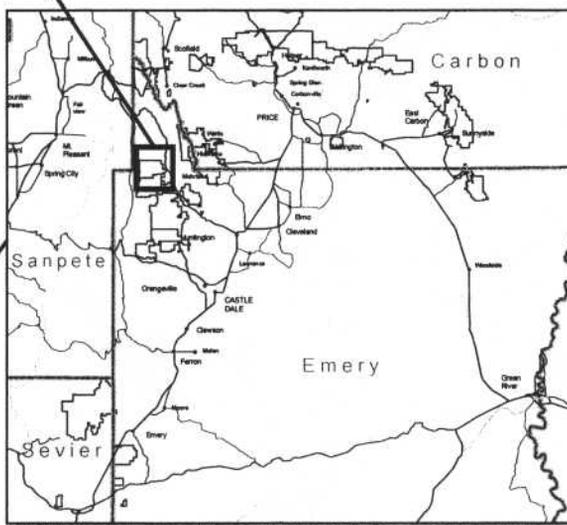
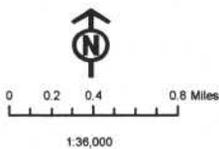
Emery County, Utah

March 2005

Township 15 South Range 6 & 7 East

Township 16 South Range 6 & 7 East

File: N:/gis/coal/coastareamaps/C0150032Fed.pdf



Locator Map

PERMITTING CHRONOLOGY

Genwal Resources, Inc.
Crandall Canyon Mine
Federal Lease UTU-78953
C/015/0032
Emery County, Utah

March 28, 2005

September 16, 2003	Genwal submits the permit application for Federal Lease UTU-78953 into the current mining and reclamation plan.
October 7, 2003	Determination of Administrative Completeness.
October 9, 2003	Division notifies local, state and federal agencies that the application is complete and is available for review with a comment deadline date of November 28, 2003.
October 23, 2003	SHPO determination of no comment.
November 26, 2003	Request for an informal conference by the Huntington Cleveland Irrigation Company (HCIC).
December 12, 2003	Informal conference cancelled per HICI request.
December 16, 23, 30, and January 6, 2004	Publication for four consecutive weeks in the <u>Emery County Progress</u> and the <u>Sun Advocate</u> .
February 6, 2004	Public comment ended with no comments.
April 7, 2004	Genwal added 40 acres to the lease application (sublease of 40 acres from the Mill Fork lease).
August 26, 2004	Deficiency sent to Genwal with a request for a new spring/seep map.
September 10, 2004	Section 7 Informal Consultation.
October 4, 2004	Meeting with Forest Service, BLM, and DOGM about deficiencies.

November 3, 2004	Technical deficiencies sent to Genwal.
November 12, 2004	R2P2 recommendation for approval from BLM.
December 6, 2004	Genwal submitted responses to deficiencies.
February 11, 2005	Division responds to Genwal with more deficiencies.
March 18, 2005	Forest Service concurs to this lease addition.
March 28, 2005	AVS recommendation from OSM.
March 28, 2005	Division issues permit.
March 28, 2005	Decision Document sent to Denver, OSM

FINDINGS

Genwal Resources, Inc.
Crandall Canyon Mine
Federal Lease U-78953
C/015/0032
Emery County, Utah

March 28, 2005

1. The revised plan and the permit application are complete and accurate and all requirements of the Surface Mining Control and Reclamation Act and the approved Utah State Program (the "Act") have been complied with. (See TA March 25, 2005) (R645-300-133.100).
2. No additional surface disturbance. The new surface facilities associated with this permitting action have already been approved and built (Dellenbach portals on fee surface/fee coal). (R645-300-133.710).
3. The assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities in the general area on the hydrologic balance has been conducted by the regulatory authority and no significant impacts were identified. The Mining and Reclamation Plan ('MRP') proposed under the application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site areas (R645-300-133.400 and UCA 40-10-11 {2} {c}) (See Cumulative Hydrologic Impact Analysis for Crandall Canyon Mine ['CHIA'] dated March 28, 2005).
4. The proposed lands to be included within the permit area are:
 - a. not included within an area designated unsuitable for underground coal mining operations (R645-300-133.220);
 - b. not within an area under study for designated lands unsuitable for underground coal mining operations (R645-300-133.210) ;
 - c. not on any lands subject to the prohibitions or limitations of 30 CFR 761.11 {a} (national parks, etc.), 761.11 {f} (public buildings, etc.) and 761.11 {g} (cemeteries);
 - d. not within 100 feet of the outside right-of-way of a public road R645-300-133.220);
 - e. not within 300 feet of any occupied dwelling (R645-300-133-220).
5. The regulatory authority's issuance of a permit is in compliance with the National Historic

Preservation Act and implementing regulations (36 CFR 800) See attached letter from State Historic Preservation Officer ('SHPO') dated October 23, 2003. (R645-300-133.600)

6. The applicant has the legal right to enter and complete mining activities through federal coal lease issued by the Bureau of Land Management (See attached lease U-78953 effective August 1, 2003). (R645-300-133.300).
7. A 510(c) report has been run on the Applicant Violator System ('AVS'), which shows that: prior violations of applicable laws and regulations have been corrected; neither Genwal Resources, Inc., or any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act, see memo to file dated March 28, 2005. (R645-300-133.730).
8. Underground mining operations to be performed under the permit will be consistent with other operations anticipated to be performed in areas adjacent to the proposed permit area. There are no other mines immediately adjacent to the Crandall Canyon Mine.
9. The applicant has posted a surety bond for the Crandall Canyon Mine in the amount of \$1,654,000 (Surety #14-96-15 issued by American Home Assurance Company). No additional surety will be required, since there is no additional surface disturbance proposed. (R645-300-134)
10. No lands designated as prime farmlands or alluvial valley floors occur on the permit area (R645-302-313.100) (R645-302-321.100)
11. The proposed postmining land-use of the permit area is the same as the pre-mining land use and has been approved by the regulatory authority and the surface land management agency.
12. The regulatory authority has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program.
13. The proposed operation will not affect the continued existence of any threatened or endangered species or result in the destruction or adverse modification of their critical habitats. See concurrence letter from US Fish and Wildlife Service dated September 10, 2004. (R645-300-133.500)
14. All procedures for public participation required by the Act, and the approved Utah State Program are in compliance. See Affidavit of Publications dated January 6, 2004. (R645-300-120)
15. No existing structures will be used or affected in conjunction with mining of the underground right-of-way, other than those constructed in compliance with the performance standards of R645-301. (R645-300-133.720)

Wayne Hedberg (per page)

Permit Supervisor

Steve J. Jitty

Permit Supervisor

Wanda Wanda

Acting Associate Director, Mining

Ken J. Jitty

Acting Director