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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 28, 2016

CERTIFIED MAIL RETURN RECEIPT
9590 9402 1201 5246 2588 66

Karin Madsen, Resident Agent
Genwal Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Division Order to Address Mine Water Discharge, Genwal Resources, Inc.,
Crandall Canyon Mine, Task ID #5276, C/015/0032

Dear Ms. Madsen:

The Division of Oil, Gas and Mining (the Division) has identified deficiencies in the Crandall Canyon Mine Mining and Reclamation Plan (MRP) that must be revised in order to remain in compliance with the State of Utah R645 Coal Mining Rules.

The current reclamation plan for the Crandall Canyon Mine does not contemplate long-term mine water discharge. The Division acknowledges a decline in mine water discharge rate; however, given the extensive longwall mining that occurred within and adjacent to the Joe's Valley fault system, the Division finds that the Crandall Canyon Mine will continue to produce a mine water discharge over the long-term. Additionally, as the Permittee has relinquished all Federal coal leases for the Crandall Canyon Mine, there is no legal right of entry for any further coal mining activities. As a result, the need to revise the final reclamation plan and closure of the portals is imperative.

As a result, a Division Order has been issued to revise the final reclamation plan provisions in the MRP to reflect the on-site condition and gravity fed mine water discharging from the north portals at the Crandall Canyon Mine. In order to achieve approximate original contour and successfully seal the portals, an engineered reclamation design is required to handle the mine water discharging from the north portals.

Upon receipt of this Division Order, you will have 90 days to submit the revised final



Page 2
September 28, 2016

reclamation plan for the north portal area of the Crandall Canyon Mine to the Division. The revisions must be P.E. certified and developed per accepted and prudent engineering practices.

If you have any questions, please call me at (801) 538-5325 or Steve Christensen at (801) 538-5350.

Sincerely,



Daron R. Haddock
Coal Program Manager

DRH/SKC/ss
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**STATE OF UTAH
DIVISION OF OIL, GAS AND MINING**

PERMITTEE

Karin Madsen
Genwal Resources, Inc.
P.O. Box 1077
Price, Utah 84501

PERMIT NUMBER C/015/0032
DIVISION NUMBER DO16A-5276

ORDER & FINDINGS
OF
PERMIT DEFICIENCY

PURSUANT to R645-303-212, the DIVISION ORDERS the PERMITTEE, Genwal Resources, Inc. to make the requisite permit changes enumerated in the findings of Permit Deficiency in order to be in compliance with the State Coal Program. These findings are to be remedied in accordance with R645-303-220.

FINDINGS OF PERMIT DEFICIENCY

Upon review of the current Crandall Canyon Mine Mining and Reclamation Plan (MRP) and ongoing monitoring of the mine water discharge, the Division of Oil, Gas and Mining (the Division) has identified areas of the MRP that require updating in order to remain in compliance with the State of Utah R645 Coal Mining Rules.

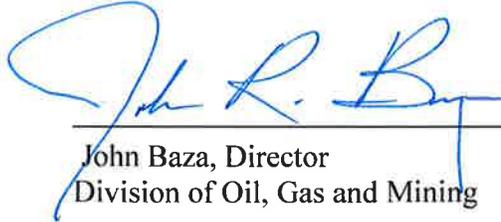
The current reclamation plan for the Crandall Canyon Mine does not contemplate long-term mine water discharge. The Division acknowledges a decline in mine water discharge rate; however, given the extensive longwall mining that occurred within and adjacent to the Joe's Valley fault system, the Division finds that the Crandall Canyon Mine will continue to produce a mine water discharge over the long-term. Additionally, as the Permittee has relinquished all Federal coal leases for the Crandall Canyon Mine, the Permittee has no legal right of entry for any further coal mining activities. As a result, the need to revise the final reclamation plan and closure of the portals is imperative.

Genwal Resources, Inc. must revise the current Crandall Canyon Mine MRP to include a reclamation plan that accounts for a long term post-mining gravity discharge from the north portal area per the requirements of R645-301-550, R645-301-551, R645-301-731.521 and R645-301-761. The plan must address how water will be conveyed from the mine to Crandall Creek in a manner which will provide for the stability of the area and maintain the Approximate Original Contour.

ORDER

Genewal Resources, Inc. is hereby ordered to make the requisite permit changes in accordance with R645-303-220 and to submit to the Division a complete, adequate application for permit change to address the findings of permit deficiency within 90 days of the date of receipt of this order.

Ordered this 28th day of September, 2016, by the Division of Oil, Gas and Mining.



John Baza, Director
Division of Oil, Gas and Mining