



GARY R. HERBERT
Governor

SPENCER J. COX
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

March 11, 2019

Denise A. Dragoo
Snell & Wilmer, L.L.P.
Beneficial Tower
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101-1531

Subject: Release of Surety Bond No. N-6000370 Indemnity National Insurance Company,
Crandall Canyon Mine, C/015/0032

Dear Ms. Dragoo:

Pursuant to the Board Order Releasing Operations Bond signed February 25, 2019, enclosed please find the original Bond #N-6000370 issued by Indemnity National Insurance Company in the amount of \$720,000 for The Perpetual Treatment of Mine Water Discharge at the Crandall Canyon Mine in Emery County, Utah.

If you have any questions, please call Suzanne Steab at (801) 538-5265.

Sincerely,

John R. Baza
Director

JRB/sqs
Enclosures

Original Surety Document
Copy of Board Order

O:\015032.CRA\BOND\Release Letter.docx



FILED

FEB 25 2019

**SECRETARY, BOARD OF
OIL, GAS & MINING**

**BEFORE THE BOARD OF OIL, GAS, AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

In the Matter of the Petition of Genwal
Resources, Inc. for Review of Division Order
DO- 10A, Crandall Canyon Mine

**ORDER RELEASING
OPERATIONS BOND**

Docket No. 2010-026

Cause No. C/015/0032

The Utah Board of Oil, Gas and Mining, has considered the Petition of Genwal Resources, Inc. ("Genwal") for release of the operations bond, in the amount of \$720,000, held by the Division of Oil, Gas & Mining ("Division") to secure the costs of operating a temporary mine water treatment facility at the Crandall Canyon Mine, Permit No. C/015/0032 for a three-year period. For the reasons stated herein, the Board grants the Petition, orders release of the bond and dismisses this matter.

FINDINGS OF FACT

1. On March 10, 2012, this Board issued its Findings of Fact, Conclusions of Law, and Order in this matter, requiring Genwal to post a surety bond in the amount of \$720,000 to secure the costs of operating a temporary water treatment facility at the Crandall Canyon Mine. Findings of Fact, Conclusions of Law, and Order 29, Dkt. No. 2010-026 (Mar. 10, 2012) ("Order").

2. By the terms of the Order, Genwal may petition the Board for release of the bond after contaminant levels in the untreated discharge from the mine have been compliant with UPDES limits for a six-month period, or for such other period of time sufficient to show that water treatment is no longer necessary to achieve UPDES compliance. Order at 30.

3. To secure the cost of operating the temporary water treatment facility, on July 2, 2012, Genwal posted with the Division surety bond no. ISB-2992 in the amount of \$720,000 issued by Rockwood Casualty Insurance Company. This bond was replaced by Indemnity National Insurance Company surety bond no. N-6000370 dated June 4, 2018.

4. On January 28, 2013, the Board modified its Order to require Genwal to file semiannual hydrologic monitoring progress reports with the Board. Mem. Decision and Order 5 (Jan. 28, 2013) (“Memorandum Decision”).

5. The Board has retained exclusive and continuing jurisdiction of this matter. Order at 33, Mem. Decision at 5.

6. Genwal has filed hydrologic update reports with the Board semiannually as required by the Memorandum Decision.

7. Genwal’s most recent report, prepared by Petersen Hydrologic on January 9, 2019 and filed with the Board on January 10, 2019, shows that the untreated mine discharge water remained below the UPDES discharge limit for total iron throughout 2018.

8. The January 9, 2019 Petersen Hydrologic Report shows that samples of the mine discharge water collected by the Division and analyzed by the Utah Public Health Laboratory for total iron were below the 1.24 mg/L UPDES limits for each of the 20 previous months (1.7 years). Report, Conclusion at p. 7.

9. Based on the conclusions of the January 9, 2019 Petersen Hydrologic Report, on January 15, 2019, Genwal filed with the Board a Petition for Release of Water Treatment Bond (“Petition for Bond Release”).

10. The Petition for Bond Release was served on the Division on January 15, 2019 and is not opposed by the Division. On February 13, 2019, the Division and Genwal jointly filed a Motion to Submit Request for Board Order Releasing Operations Bond of Genwal Resources, Inc. Both pleadings were timely filed as subsequent written motions in these proceedings

pursuant to Utah Admin. Code R641-105-300 more than two weeks before the scheduled hearing and the Board may decide the matter at the February 27, 2019 Hearing. There are no other parties who are required to receive notice of the request.

11. Having considered the evidence supporting the Petition, the Board finds that the total iron concentration in the water discharged from the Crandall Canyon Mine has decreased to levels below the applicable UPDES permit limits.

CONCLUSIONS OF LAW

12. Pursuant to its Order in this matter, the Board has continuing and exclusive jurisdiction over this matter, including this Petition.

13. Genwal has met the requirements of the Board's Order necessary for release of the bond securing the cost of water treatment operations.

14. Genwal is entitled to a full release of bond securing the cost of water treatment operations and held by the Division pursuant to the Board's 2012 Order.

ORDER

Now therefore, it is hereby Ordered that:

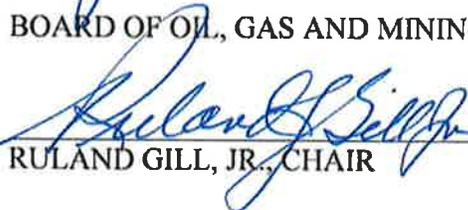
1. The Division shall release in full Indemnity National's Surety Bond # N-6000370 no later than 30 days from the date hereof;

2. Genwal no longer has the duty to file semi-annual hydrologic monitoring reports with the Board; and

3. This matter is dismissed.

Entered this 25th day of February 2019.

BOARD OF OIL, GAS AND MINING


RULAND GILL, JR., CHAIR

SURETY BOND

Bond No. N-6000370

KNOW ALL MEN BY THESE PRESENTS, that Genwal Resources, Inc., 46226 National Road, St. Clairsville, OH 43950 (PRINCIPAL), and Indemnity National Insurance Company, 725 Cool Springs Blvd., Suite 600, Franklin, TN 37067 (SURETY), are held and firmly bound unto the Division of Oil, Gas and Mining, Department of Natural Resources State of Utah (OBLIGEE) in the sum of Seven Hundred Twenty Thousand and 00/100 (\$720,000.00) dollars, lawful money of the United States to be paid to the Obligee, or their certain attorneys, successors or assigns, to which payment well and truly to be made and done, we do bind ourselves, our successors and assigns, and every of them firmly by these presents.

Sealed with our seals and dated the 4th day of June, 2018.

The condition of this obligation is the performance by the Principal of its obligations under the March 6, 2012 Order issued In The Matter Of The Request For Agency Action Of Genwal Resources, Inc., Petitioner And Permittee, Division Of Oil, Gas and Mining, Respondent – Request For Board Review Of Division Order DO10A, Requiring Bonding For The Perpetual Treatment Of Mine Water Discharge At The Crandall Canyon Mine In Emery County, Utah, pertaining to the payment of water treatment costs in the event Genwal is unable to pay such costs.

The Surety may cancel this bond at any time by giving thirty (30) days notice in writing of its desire to do so. Said Surety shall not be liable for any loss or claims occurring subsequent to the effective date of subject cancellation, but such cancellation, shall not affect the liability of the Surety as to any matters occurring prior to the effective date thereof.

IN WITNESS WHEREOF, said parties have caused this Bond to be duly executed this 4th day of June, 2018.

WITNESS:


Name: Paul B. Piccoleri

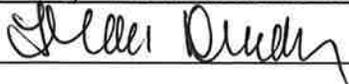
Genwal Resources, Inc.


Name: Michael O. McKown
Title: Secretary

WITNESS:


Diana Widdowson

Indemnity National Insurance Company


Traci Dindinger, Attorney-in-Fact

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS: that Indemnity National Insurance Company, a Mississippi corporation, (hereinafter the "Company"), does hereby constitute and appoint: Woodward Acker; Karen A. Williams; Traci Dindinger Douglas B. Schwab of The Reschini Agency, Inc. to be its true and lawful Attorney-in-Fact, with full power and authority hereby conferred to sign, seal, and execute on its behalf surety bonds or undertakings and other documents of a similar nature issued in the course of its business up to a penal sum not to exceed Five Million and 00/100 Dollars***** (\$5,000,000) each, and to bind the Company thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Company.

This appointment is made under and executed pursuant to and by authority of the following Minutes of Special Actions Taken by Written Consent of the Board of Directors, which is now in full force and effect:

Authorization to Appoint Attorneys-in-Fact and the Use of Facsimile Signatures and Facsimile Seals for the Purpose of Issuing Bonds:

RESOLVED: That the president or any vice president may appoint attorneys-in-fact or agents with authority as defined or limited in the instrument evidencing the appointment in each case, for and on behalf of the Company to execute and deliver and affix the seal of the Company to bonds and related obligatory certificates and documents; and any one of said officers may remove any such attorney-in-fact or agent and revoke any power previously granted to such person, whether or not such officer appointed the attorney-in-fact or agent.

RESOLVED: That any bonds and related obligatory certificates and documents shall be valid and binding upon the Company, (i) when signed by the president, or any vice president, and sealed with the Company seal; or (ii) when duly executed and sealed with the Company seal by one or more attorneys-in-fact or agents pursuant to and within the limits of authority evidenced by the power of attorney issued by the Company to such person or persons a certified copy of which power of attorney must be attached thereto in order for such obligation to be binding upon the Company.

RESOLVED: That the signature of any authorized officer and the seal of the Company may be affixed to any power of attorney or certification thereof authorizing the execution and delivery of any bonds and related obligatory certificates and documents of the Company and such signature and seal then so used shall have the same force and effect as though manually affixed.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Indemnity National Insurance Company has been affixed thereto in Lexington, Kentucky this 6th day of November, 2017.



Indemnity National Insurance Company

By Thomas F. Elkins
Thomas F. Elkins, President

State of Kentucky
County of Fayette

On this 6th day of November, 2017, before me, a Notary Public, personally came Thomas F. Elkins, to me known, and acknowledged that he is President of Indemnity National Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Indemnity National Insurance Company thereto with the authority and at the direction of said corporation.



By Deborah A. Murphy
Notary Public

My Commission Expires 09/26/2021

CERTIFICATE

I, James E. Hart, Secretary of Indemnity National Insurance Company, do hereby certify that the foregoing Power of Attorney is still in full force and effect, and further certify that the Minutes of Special Actions Taken by Written Consent of the Board of Directors are now in full force and effect.

IN TESTIMONY WHEREOF I have subscribed my name and affixed the seal of said Company. Dated this 4th day of June, 20 18



By James E. Hart
James E. Hart, Secretary