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

June 25, 2014

Kirk Nicholes
Alton Coal Development, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84720

Subject: Approval of Change in Mining Sequence, Task ID #4605, Alton Coal Development, LLC, Coal Hollow Mine, C/025/0005

Dear Mr. Nicholes:

The above-referenced amendment is approved effective June 25, 2014. This modification does not necessitate an update to the Technical Analysis. A stamped incorporated copy is enclosed for your copy of the Mining and Reclamation Plan.

This mining sequence amendment states that mining will be completed in Pit 9 at the end of the first quarter of 2015. Both the Division and Alton Coal understand that to be in compliance with the MRP, the mining pits shall remain open no longer than 60 days after completion of mining. This amendment does not grant additional time for the backfilling and grading requirements of R645-301-553.

If you have any questions, please feel free to call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
O:\025005.COL\WG4605\Approve.doc

UTAH DNR OIL, GAS & MINING

GARY R. HERBERT
Governor
GREG BELL
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

Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0250005
TaskID: 4605
Mine Name: COAL HOLLOW
Title: CHANGE OF MINING SEQUENCE

Summary

The Division does not need to grant a variance to the 60 day time frame requirement in R645-301-553 because the completion of coal recovery from Pit 9 will synchronize with the completion of the NEPA processing and Federal leasing requirements relating to Federal lease UTU 081895.

Should this timing of permitting / leasing and end of mining not occur, the Division will re-evaluate the granting of an extension of time (a variance granting exceedance of the 60 day time requirement) at that time.

Deficiencies Details:

None

phess

Operation Plan

Topsoil and Subsoil

Analysis:

There has been no change to the narrative of the topsoil handling plan. Therefore, the Division assumes that the temporary topsoil stockpiles adjacent to Plts 27 and 28 will be utilized this field season. Pit 10 was stripped of topsoil in 2013 but will not be mined. Dwg 5-38 shows the area of Pit 10 being reclaimed in 2014.

Dwg 5-38A shows that there are currently 47 acres of open pit/ trench. Under this projection, Pits 22 and 23 could remain for two more years, through the end of 2015. Pits 26 and 27 will be reclaimed in 2014 and will receive live haul. The excess spoil pile west of Plt 1 (shown on Dwg 5-10) will be fully reclaimed in 2014 and may receive live haul. Because spoil will be hauled from the excess spoil pile to fill Pit 9, the Excess spoil pile will not receive likely receive live haul. Pit 9, highwall trenches 1 - 3 (HWT 1 - 3) and the facilities yard will be the last to be reclaimed in 2016. Stored topsoil will likely be used to reclaim these final 166 acres.

pburton

Maps Affected Area

Analysis:

The disturbance sequence is shown on Dwg 5-2A. Pits 9, 22 and 23 would be auger mined in 2014. Pit 9 would remain open and lead south to the high wall trench. Mining would be completed in 2015. a total of 332 acres would be disturbed over the mine life. Acreage of disturbance is provided by year on Dwg 5-2A.

Drawing 5-9A shows the coal recovery by mining method. Two areas colored (red and purple) on this map will have no coal recovery.

Drawing 5-10A shows three highwall trench segments (HWT1, HWT2, HWT3) and the panels heading east and west from each trench. the panels fall within the existing permit boundary.

Dwg 5-16A shows the overburden removal sequence. There will be 2,753,200 yd3 moved in 2014 and 1,148,600 yd3 moved in 2015.

Dwg 5-19 shows Phase 2 and Phase 3 reclamation and is the map used for bonding purposes. Dwg 5-19 states that in Phase 2 there will be 23.5 acres fully reclaimed. In Phase 3 there will be 126 acres fully reclaimed. The 126 reclaimed acres in phase 3 is shown on the map. Of that acreage, 84 acres will require backfill; Pits 22-25 and HWT 1 - 3 will require 3,540,000 loose cubic yards (LCY) of overburden to fill. Pit 9 will not be backfilled in Phase 3 and is 33.9 acres. Pit 9 will require 2,545,000 LCY from the Excess Spoils Pile to fill under the bonded scenario.

Dwg 5-38A Reclamation Sequence has been revised for this mining sequence to state a reclamation schedule of 73 acres reclaimed in 2014; 70 acres reclaimed in 2015 and 166 acres reclaimed in 2016. The drawing shows that there are currently 47 acres of open pit trench. Under this projection, Pits 22 and 23 could remain through the end of 2015, while still being in compliance with back filling and grading requirements of R645-301-553 (see narrative on page 5-72 and 5-73). Pits 7 & 8 will be fully reclaimed in 2015. Pit 9 and HWT 1 - 3 will be reclaimed in 2016. This application requests a variance from the requirements of R645-301-553 for Pit 9 only, as shown on Dwg 5-38A.

pburton

Reclamation Plan

Backfill and Grading General

Analysis:

BACKFILLING AND GRADING
Regulatory Requirement: R645-301-553
Analysis:

In surface coal mining and reclamation operations, R645-301-553 requires that when coal recovery has been completed in a specific area, the backfilling and grading of the pit shall not exceed a linear distance of 1,500 feet, or an interim time not to exceed sixty (60) days.

In the initial Change of Mining Sequence, Task ID # 4591 application, the Permittee indicated that stripping of the coal seam from west to east would develop and recover Pit 9. At the completion of stripping activities in Pit 9, the stripping operation would be moved to the south end of Pit 9, where highwall recovery trenches would be developd headed in the SSE direction.

A highwall mining system would then be set in place on the east side of Pit 9, and develop / recover four highwall panels having ten faces each, starting with recovery area #1 and advancing to the northern most end, recovery area #4. This recovery has probably already been completed.

The Permittee requested a variance to the requirements of R645-301-553, specifically, the requirement to initiate backfilling within 60 days of the completion of coal recovery (from Pit 9).

The Permittee reasoning or justification for this request is to allow the process for leasing adjacent Federal reserves time to occur. The Division's deficiency is written in the following manner (See Page 4. Findings:, Task ID #4591);
"...Alton Coal Development, LLC has not provided adequate justification as to why Strip Pit 9 should be left open for an undetermined length of time. Plans, drawings, the LBA application, and a time frame progression of the leasing process (...) could be afforded the Division to justify the need for Division approval of the requested variance."

The Permittee responded in the following manner:
"Alton Coal Development, LLC made application to the US Department of the Interior, Bureau of Land Management (BLM) to lease the Federal coal included in a tract adjacent to the Coal Hollow Mine (Alton Lease by Application (LBA) tract, case number UTU 081895). Currently, (June 23, 2014/PHH) is undergoing an Environmental Impact Statement (EIS). As of this date, the Supplemental Draft EIS has been prepared and is awaiting approval from the Washington, DC BLM Office for publication and Public Review. It is currently anticipated that the NEPA process will be completed in the first quarter of 2015 allowing the tract to be put up for lease. This will be consistent with the end of mine activity (coal recovery/PHH) at Pit 9 in the Coal Hollow Mine."

The Task ID # 4591 contains a commitment to initiate backfilling of the Pit 9 acreage as soon as it is determined, that Alton Coal Development has not been awarded the lease of the Federal reserves encompassed under UTU 081895.

The Permittee states that the completion of coal recovery from Pit 9 will occur on the same schedule as the completion of the NEPA permitting / leasing requirements. Therefore the Division does not need to grant a variance to the 60 day time frame requirement to initiate backfilling and grading in Pit 9.

Alton Coal Development, LLC should clearly understand that backfilling must be initiated as soon as possible if the Federal lease UTU 081895 is not awarded to that company.

phess