



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

November 9, 2015

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

Subject: Five-Year Permit Renewal, Coal Hollow Mine, Alton Coal Development, LLC,
C/025/0005, Task ID #4948

Dear Mr. Nicholes:

The permit renewal for the Coal Hollow Mine is approved. Enclosed are two (2) copies of the renewed permanent program mining and reclamation permit for the Coal Hollow Mine.

Please read the permit to be sure you understand the requirements, then have both copies signed by the appropriate Alton Coal Hollow, LLC representative and return one to the Division.

If you have any questions, please call Daron Haddock at (801) 538-5325 or myself at (801) 538-5334.

Sincerely,

John R. Baza *For*
Director

JRB/DRH/sqs
Enclosure
O:\025005.COL\PERMIT2015\BazaLetter.doc



UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
PERMIT RENEWAL

Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

November 8, 2015

CONTENTS

- * Administrative Overview
- * Permitting Chronology
- * Findings
- * Permit
- * Publication Notice
- * AVS Recommendation

ADMINISTRATIVE OVERVIEW

Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

November 8, 2015

BACKGROUND

The Alton coal field is located in T39S, R6W and T39S, R5W SLB&M, Kane County, Utah. The town of Kanab, which is the Kane County Seat, is located about 30 miles south of the Alton coal field. Alton Coal Development, LLC (ACD) is the company responsible for the development of a portion of the Alton coal field which is known as the Coal Hollow Mining Project. The center of the Coal Hollow Project (CHP) is located approximately 3 miles south of the town of Alton, Utah.

In 2004, ACD negotiated surface and coal leases for the private or fee areas of the Alton coal field. In 2004 ACD submitted a Lease by Application (LBA) to the Department of the Interior, Bureau of Land Management State Office, Salt Lake City, Utah for federal coal acreage contiguous to the secured private lease area. Starting in 2006, ACD submitted an application for a mine permit along with a Mining and Reclamation Plan (MRP) to the Utah Division of Oil, Gas and Mining (UDOGM). It took until November 8, 2010 to complete the permitting process and the Division issued a permit for the Coal Hollow Mine.

The Coal Hollow Project started as a surface mining operation that intended to produce approximately 2,000,000 tons of coal annually using pit mining. Midway through the project, ACD initiated Highwall mining which was used in a portion of the mine. Recently the Company has instigated underground mining, which is still being developed. Production at the mine has been much slower than anticipated.

A permanent program permit was issued to Alton Coal Development, LLC for the Coal Hollow Mine on November 8, 2010. An enlargement of the mine (known as the North Private Lease) has been applied for but is still undergoing the review process and is not part of the renewal.

PERMIT RENEWAL

Alton Coal Development made application to the Division of Oil Gas and Mining for a five-year permit renewal for the Coal Hollow Mine on July 7, 2015. This renewal encompasses the same permit area and disturbance as currently approved in the permit.

The application for permit renewal was submitted at least 120 days prior to permit renewal. The renewal application was determined administratively complete on July 8, 2015. Public notice for this permit renewal was published in the Southern Utah News on July 23, 30, and August 6, and 13, 2015.

ANALYSIS

The permittee has provided evidence of an adequate performance bond and liability insurance. The site continues to be maintained in compliance with the performance standards. Requisite information for the permit renewal application was made and all notices were published as required. No comments were received.

RECOMMENDATION

Approval for this permit renewal is recommended effective November 8, 2015.

PERMITTING CHRONOLOGY

Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

November 8, 2015

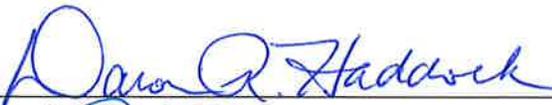
- July 7, 2015 Alton Coal Development, LLC submitted a permit renewal application.
- July 8, 2015 Determination of Administrative Completeness of permit renewal application.
- July 21, 2015 Permit renewal completeness determination sent to applicable state, federal, and county agencies.
- July 23, 30 and
August 6, 13, 2015 Public notice for permit renewal for the Coal Hollow Mine published in the Southern Utah News.
- September 13, 2015 Comment period ends. No comments received.
- November 3, 2015 AVS recommendation with no violations in the system.
- November 8, 2015 Coal Hollow Mine permit is renewed effective November 8, 2015.

PERMIT RENEWAL FINDINGS

Alton Coal Development, LLC
Coal Hollow Mine
C/025/0005
Kane County, Utah

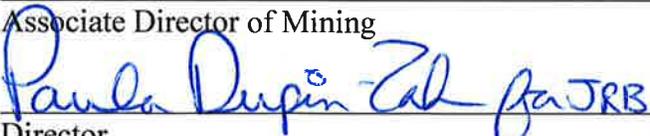
November 8, 2015

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. (R645-303-233.110).
3. The present coal mining 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 maintaining liability insurance in full effect (American Mining Insurance Co, Policy AMGL2521539) (R645-303-233.140).
6. The operator has a reclamation surety on file with the Division and has provided evidence that the surety will remain in full effect. (Ironshore Indemnity Inc., Bond Number SUR60000010 in the amount of \$12,750,000) (R645-303-233.150).
7. To date, the operator has submitted all updated information as required by the Division through this permit term. (R645-233.160).



Permit Supervisor



Associate Director of Mining


Director

NON-FEDERAL

PERMIT
C/025/0005

November 8, 2015

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340

This permit, C/025/0005, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

ALTON COAL DEVELOPMENT, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84720
(435)867-5331

for the Coal Hollow Mine. Alton Coal Development, LLC is the lessee of the entire surface parcel included within the permit area and of 521 acres of subsurface coal. A performance bond is filed with the DOGM in the amount of \$12,750,000.00, payable to the state of Utah, Division of Oil, Gas and Mining. 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 coal mining and reclamation activities on the following described lands within the permit area at the Coal Hollow mine, situated in the state of Utah, Kane County, and located:

TOWNSHIP 39 SOUTH-RANGE 05 WEST, SLB&M

Section 30: All of Section Lot #1 (NW $\frac{1}{4}$ NW $\frac{1}{4}$); NE $\frac{1}{4}$ NW $\frac{1}{4}$; N $\frac{1}{2}$ NE $\frac{1}{4}$; ALSO:

BEGINNING 3.50 chains West of the East Quarter corner of Said Section 30, and running South 34° 34' West 22.64 chains of the 1/16 section line; thence West 2.64 chains to the Southwest corner of NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Said Section 30; thence North 40.00 chains; thence East 20.00 chains; thence South 14.69 chains; thence southwesterly to the point of beginning...containing 217.64 acres, more or less.

TOWNSHIP 39 SOUTH-RANGE 05 WEST, SLB&M

Section 29: BEGINNING at the Northwest corner of Said Section 29, and running thence South 34.69 chains; thence North 33° 22' East 35.50 chains; thence North 40° West 0.58 chains; thence North 37° 30' East 12.30 chains; thence West 22.23 chains to the point of beginning...containing 36.04 acres, more or less.

TOWNSHIP 39 SOUTH-RANGE 05 WEST, SLB&M

Section 19: SW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$...containing 160.0 acres, more or less.

TOWNSHIP 39 SOUTH-RANGE 05 WEST, SLB&M

Section 20: SW $\frac{1}{4}$...containing 160.00 acres, more or less.

TOWNSHIP 39 SOUTH-RANGE 05 WEST, SLB&M

Section 30: BEGINNING at a point 5.31 chains North of the E $\frac{1}{4}$ corner of Said Section 30, and running thence South 45.31 chains; thence West 20.00 chains; thence North 20.00 chains; thence East 2.64 chains; thence North 34° 34' East 22.64 chains to the 1/16 section line; thence North 33° 22' East to the point of beginning...containing 61.96 acres, more or less.

TOWNSHIP 39 SOUTH-RANGE 05 WEST, SLB&M

Section 29: BEGINNING at the Northeast Corner of the Northwest Quarter of Said Section 29, and running thence South 14.97 chains; thence West 73 degrees North, 12.41 chains; thence South 36 degrees 45 minutes West to the Quarter Section Line of Section 29; thence South 36 degrees 45 minutes West 15.61 chains; thence South 5.20 chains to the center section line of Section 29; thence South 20.0 chains; thence West 10.96 chains to the west section line of Section 29; thence North 20.0 chains to the Quarter Section Corner of Section 29; thence North 25.31 chains; thence North 33 degrees 22 minutes East 35.50 chains; thence in a Northwesterly direction 2 rods; thence North 37 degrees 30 minutes East 12.30 chains to the North Section Line of Section 29; thence East 17.77 chains to the point of beginning....containing 85.88 acres, more or less.

This legal description is for the permit area (721 acres) of the Coal Hollow Mine and included in the operation and reclamation plan on file at the Division. The permittee is authorized to conduct coal mining and reclamation operations on the foregoing described property subject to the leases and Conditional Use Permit issued by Kane County, 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 expires on November 8, 2020.

- 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 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 coal mining and reclamation operations 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 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.

- 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 PAYMENT** - 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.
- 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: November 9, 2015

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
SPECIAL CONDITIONS

1. Alton Coal Development, LLC (ACD) will submit water quality data for the Coal Hollow Mine in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>.
2. In the event that ACD encounters large volumes of groundwater (a sustained flow of more than 1 cfs) in any pit other than pit 15, they will be required to notify the Division, and assess and submit plans to curtail inflows to the pit and reestablish groundwater movement.
3. When filling and reclaiming pits, porous fill material must not be left adjacent to the alluvial aquifers. As mining progresses to the south of Pit 15, if the coarse grained alluvium zone connected to the adjacent artesian water system is intersected by mining and a sustained flow greater than 1 cfs is encountered, the compacted shale barrier constructed in Pit 15 must then be extended south to these points of intersection. This extension of the shale barrier will meet the same specifications described in the application for the Pit 15 permanent barrier.
4. The Applicant will be required to monitor for selenium where water leaves the minesite, during operational and reclamation phases.
5. The Applicant will be required to evaluate discharges from the mine to determine any impacts to the designated AVF on Kanab Creek. An annual finding should be placed in the Annual Report during operation and reclamation of any adverse impacts to the channel, diminution of water quality and impacts to wildlife.
6. Satisfactory compliance with the Alton Sage-Grouse Habitat Protection plan is required. Alton Coal Development, LLC will use best technology currently available to achieve the objectives of the plan in order to minimize the disturbances and adverse impacts to the sage grouse and related habitat and to enhance those resources where practicable. ACD will cooperate with the Division in consultation with the state and federal wildlife agencies to develop reasonable practices and methods as are determined to be necessary to implement the plan and to measure success and to achieve the goals of the plan.



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

November 3, 2015

To: Internal File

From: Daron R. Haddock, Coal Program Manager 

Subject: 510 (c) Recommendation for Alton Coal Development, LLC, Coal Hollow Mine, C/025/0005 Task ID #4948

As of writing of this memo, there are no NOV's or CO's which are not corrected or in the process of being corrected for the Coal Hollow Mine. There are no finalized civil penalties, which are outstanding and overdue in the name of Alton Coal Development, LLC. Alton Coal Development, LLC does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Attached is a recommendation from the OSM Applicant Violator System for the Coal Hollow Mine that states there are no outstanding violations.

O:\025005.COL\PERMIT\2015\510c.doc





U.S. Department of the Interior Office of Surface Mining
Applicant/Violator System

suzanne.steab (UT) | [Logout](#)

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[HOME](#) > ENTITY EVALUATE

Evaluation on Application Number: C0250005 SEQ:2

0 Violations

[Print Report](#)

Application Evaluation

Application Number	C0250005 SEQ:2
Applicant Name	247248 Alton Coal Development LLC
Date of Request	11/3/2015 10:59:01 AM
Requestor	suzanne.steab

CAUTION: The Applicant/Violator System (AVS) is an informational database. Permit eligibility determinations are made by the regulatory authority with jurisdiction over the permit application not by the AVS. Results which display outstanding violations may not include critical information about settlements or other conditions that affect permit eligibility. Consult the AVS Office at 800-643-9748 for verification of information prior to making decisions on these results.

There were no violations retrieved by the system

Evaluation OFT

Entities: 8

- 250908 Sleepy Hollow Mineral Investors LLC - ()
- 064574 Thomas T Ungurean - (Manager)
- 107810 Charles C Ungurean - (Manager)
- 250907 SH Coal Investment LLC - (Subsidiary Company)
- 064574 Thomas T Ungurean - (Corporate Officer)
- 107810 Charles C Ungurean - (Corporate Officer)
- 247248 Alton Coal Development LLC - (Subsidiary Company)
- 036531 Robert C Nead Jr - (Manager)
- 247290 James J Wayland - (Manager)
- 251418 Larry W. Johnson - (Manager)

Narrative

Request Narrative

RECEIVED

SEP 09 2015

DIV. OF OIL, GAS & MINING

Affidavit of Publication

Legal Notice

Alton Coal Development, LLC has filed a complete application with the Utah Department of Natural Resources, Division of Oil, Gas & Mining for permit renewal for the Coal Hollow Mine, C/025/0005. Alton Coal Development, LLC operates the Coal Hollow Mine which is located on private land near the town of Alton, Utah.

The following described the permit area in which the permittee is authorized to conduct mining and reclamation activities:

TOWNSHIP 39 SOUTH-RANGE 05 WEST, SLB&M
Section 30: All of Section Lot #1 (NW 1/4 NW 1/4); NE 1/4 NW 1/4; N 1/2 NE 1/4; ALSO: BEGINNING 3.50 chains West of the East Quarter corner of Said Section 30, and running South 34° 34' West 22.64 chains of the 1/16 section line; thence West 2.64 chains to the Southwest corner of NE 1/4 SE 1/4 of Said Section 30; thence North 40.00 chains; thence East 20.00 chains; thence South 14.69 chains; thence southwesterly to the point of beginning...containing 217.64 acres, more or less.

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Section 20: SW 1/4...containing 160.00 acres, more or less.

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This legal description is for the permit area (721 acres) of the Coal Hollow Mine and included in the operation and reclamation plan on file at the Division. The permittee is authorized to conduct coal mining and reclamation operations connected with a surface mine on the foregoing described property subject to the leases and Conditional Use Permit issued by Kane County, including all conditions and all other applicable conditions, laws and regulations.

The address of the applicant is:
Alton Coal Development, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84720
After filing, copies of this permit

inspection at the Kane County Court House, and at the Utah Division of Oil, Gas & Mining website under Coal Permit files.

Written comments or requests regarding this permit renewal must be made within thirty (30) days of the last publication of this notice, and may be addressed to the Utah Division of Oil, Gas & Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801.

Published in the *Southern Utah News* on July 23, 30, August 6 and 13, 2015. 154

STATE OF UTAH)
(SS.
COUNTY OF KANE)

I, Dennis A. Brunner, being duly sworn, depose and say that I am General Manager/Publisher of the SOUTHERN UTAH NEWS, a weekly newspaper of general circulation published every Wednesday at Kanab, Utah, for Kane County, Utah and Coconino County, Arizona, and a designated agent of the Utah Press Association and the notice attached hereto,

was published in said newspaper for: **FOUR**

consecutive weeks, the first publication on: **07/30/2015**

and the last on: **08/13/2015**

that said notice was published in the regular and entire issue of every number of the paper during the period and times of publication, and

that the same was published in the newspaper proper and not in a supplement and that said notice was published on www.utahlegals.com on the same day as the first newspaper publication and the notice remained on www.utahlegals.com for one week after the final publication date.

Dennis Brunner, Publisher

Subscribed and sworn to before me 8-27-15

Cindy Forrester, Notary Public

Residing in Kanab, Utah.

My commission expires: 8-24-16

