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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
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December 17, 1993

Mr. Ken May, Manager
Southern Utah Fuel Company
397 South 800 West
Salina, Utah 84654

RE: Inadequate Response to DO93B Coastal States Energy Company, Convulsion Canyon Mine, ACT/041/002, Folder #3, Sevier County, Utah

Dear Mr. May:

The Division has completed a review of your revised Chapter 1 information received on November 10, 1993 in response to Division Order 93B. A number of deficiencies have been identified with your submittal. Therefore it cannot be approved at this time. You should be aware that you are still under obligation to provide the appropriate ownership and control information. Also, that information must correlate with information provided for the Skyline, Soldier Creek, and Banning Permits. Please review the enclosed memo which discusses the remaining deficiencies in your plan. You should respond by no later than January 17, 1994.

If you have questions, please call me or Paul Baker.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock".

Daron R. Haddock
Permit Supervisor

DRH
Enc.

cc: P. Baker





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TO: File

THROUGH: Daron Haddock, Permit Supervisor

FROM: Paul Baker, Reclamation Biologist *PAB*

DATE: December 17, 1993

RE: Response to Division Order 93B, Coastal States Energy Company, Convulsion Canyon Mine, Folder #2, ACT/041/002, Sevier County, Utah

SUMMARY

On November 10, 1993, the Division received a response from Coastal States Energy Company/Southern Utah Fuel Company (SUFCo) to Division Order 93B. There are still several problems with this portion of Chapter 1, including discrepancies with plans and applications of other Coastal States Energy operations and missing starting dates for officers and directors. The statuses of some affiliated operations are listed as forfeit. This needs to be explained and may require fully addressing R645-301-113.200.

ANALYSIS

R645-301-112

Identification of Interests

Proposal:

The submittal consists of a page containing the names of several officers of The Coastal Corporation, two pages showing subsidiary companies of ANR Coal Company, and 57 pages of operations held by the subsidiaries of ANR.

Analysis:

The plan and application for permit change do not say who will pay the abandoned mine reclamation fee.

According to the information contained in this submittal and in Skyline's submittal of ownership and control information, it appears that ANR Coal Company is in an ownership or control position relative to Coastal States Energy. If this is correct, the officers and directors of ANR Coal need to be listed in the plan.



The Skyline plan includes the officers and directors of American Natural Resources Company, Coastal Natural Gas Company, and Virginia Iron, Coal, and Coke Company. It is not clear whether these companies own or control Coastal States Energy Company. If they do, these officers and directors need to be listed in SUFCo's plan.

The lists of officers and directors of any companies that own or control Coastal States Energy need to include the dates those officers assumed their positions. This was specifically required by the Division Order.

There are several discrepancies between the SUFCo plan and application for permit change, the proposed revisions to Skyline's plan, and the latest submittal of Soldier Creek's Chapter 1. The following comments are from the December 16, 1993, review of Skyline's revisions to its legal/financial section:

The SUFCo plan...includes a board of directors for Coastal States Energy Company [but the Skyline plan and application for permit change do not]. Comparing Skyline's application with SUFCo's plan and application, there are differences in listed officers of Coastal States Energy. People listed as officers of Coastal States Energy in the Skyline application but not in SUFCo's plan or application are:

Fred Gray
Fred Hallman
J. W. Knowles
Ronald Matthews
Robert Moss

Charles Oglesby
James Rauch
Dale Shultz
Kirk Weinert

Harold Burrow, James Paul, and O. S. Wyatt are shown as members of the board of directors of Coastal States Energy in SUFCo's plan but are not listed as officers in Skyline's application. The other three members of the board of directors shown in SUFCo's plan are shown as officers of Coastal States Energy in Skyline's application.

There are also differences in the directors and officers of The Coastal Corporation between the SUFCo plan and application for permit change and the Skyline application for permit change. John Connally is shown as a member of the board of directors in the SUFCo plan but is not shown as an officer or director in the Skyline application. Officers included in the SUFCo plan or application but not included in the Skyline application include Pauletta Cohn, Robert Moss, and James Paul.

James Paul is listed as an officer and as a member of the board of directors of Coastal States Energy but is not listed in an ownership or control position in Soldier Creek's Chapter

1. Directors and officers of The Coastal Corporation shown in SUFCo's plan but not Soldier Creek's are John Connally and James Paul as members of the board of directors and Pauletta Cohn, Robert Moss, and James Paul as officers.

If the pages submitted by SUFCo were inserted into the plan, there would be several officers of The Coastal Corporation whose names would be listed on both pages 1-4a and 1-5. This repetition is not needed, and the plan should be corrected so that the names are only listed once for each position the people hold.

All of the permit numbers of operations owned or controlled by Coastal States Energy or by anyone who owns or controls Coastal listed in the SUFCo application for permit change are also listed in Skyline's application. However, there are many permit numbers listed in the SUFCo and Skyline applications that are not included in Soldier Creek's. There are two permit numbers, SMA-2004-93 and SMA-2005-93, in Soldier Creek's proposed Chapter 1 that are not in either Skyline's or SUFCo's.

Deficiencies:

1. The plan needs to identify the person that will pay the abandoned mine reclamation fee.
2. The plan needs to include ownership and control information in compliance with R645-301-112 and the requirements of Division Order 93A. Information contained in the SUFCo plan needs to be correlated with that contained in the plans of Coastal States Energy's other operations.

R645-301-113

Violation Information

Proposal:

No new information was received in response to the Division Order.

Analysis:

The Division Order required that the permittee provide an amendment that fully provides the information required by this regulation. The current plan says that neither the companies nor any major stockholder of any company having any interest, either legal or equitable, in the SUFCo operation has had a State or Federal mining permit suspended or revoked or a security deposited in lieu of bond revoked.

The information on permits of affiliated operations provided in the application shows

several whose statuses are "forfeit". The current plan does not say that affiliated companies have not forfeited a performance bond; it says that associated operations have not had a *security deposited in lieu of* bond revoked. This needs to be discussed in the plan. If affiliated companies have forfeited performance bonds, the information and explanation required by R645-301-113.200 needs to be included in the plan.

Neither the current plan nor the application contains information about unabated cessation orders or air and water quality violations received by affiliated companies. If there are none, the plan should make this statement.

Deficiencies:

1. The plan needs to identify any coal mining and reclamation operations under common ownership and control with SUFCo where the performance bond has been forfeited. If there are operations where the bond has been forfeited, the plan needs to contain the information required in R645-301-113.200.
2. The plan needs to list any unabated cessation orders or air and water quality violations received by any coal mining and reclamation operation owned or controlled by either the applicant or by any person who owns or controls the applicant.

R645-301-114

Right of Entry

Proposal:

The response to the Division Order did not address this regulation.

Analysis:

Although the Division Order did not discuss deficiencies in the plan relating to this regulation, it required that SUFCo submit an amendment that fully provides the information required in this regulation. The right of entry information contained in the current plan was reviewed and found to be adequate.

Deficiencies:

None

RECOMMENDATIONS

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ACT/041/002
December 17, 1993

This application for permit change should not be approved. SUFCo needs to coordinate with Skyline and Soldier Creek to obtain accurate, consistent lists of officers and directors of Coastal States Energy Company and companies that own or control Coastal States Energy. These lists need to include starting dates for the officers and directors.

The nature of the forfeit statuses of several operations owned or controlled by persons that own or control Coastal States Energy needs to be discussed, including information required by R645-301-113.200 if necessary. The plan also needs to contain a statement whether there are operations that have unabated cessation orders or air or water quality violations.