

UTAH DIVISION OF OIL, GAS AND MINING  
STATE DECISION DOCUMENT AND  
TECHNICAL ANALYSIS

Canyon Fuel Company, LLC.  
SITLA Muddy Tract  
SUFCO Mine

C/041/0002

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Mine # C/041/0002  
File outgoing  
Record # 0002  
Doc. Date 1/20/2006  
Recd. Date 1/20/2006

## **ADMINISTRATIVE OVERVIEW**

Canyon Fuel Company, LLC  
SITLA Muddy Tract  
SUFCO Mine  
C/041/0002

**January 20, 2006**

### **PROPOSAL:**

Canyon Fuel Company, LLC proposes to do full extraction mining in the SITLA Muddy Tract at the SUFCO Mine. Mining will occur in the Upper Hiawatha coal seam of the Blackhawk Formation. It is anticipated that the mine will produce approximately 7.5 million tons of coal per year. The SITLA Muddy Tract will add approximately 2,134.19 acres to the permit area. The revised total permit acreage is 26,767.1 acres, including a total surface disturbance of 27.36 acres.

### **BACKGROUND**

The SUFCO Mine, formerly known as the Convulsion Canyon Mine and operated by Southern Utah Fuel Company (SUFCO), is located approximately 30 miles east of Salina, Utah, with the surface facilities and access portals on U. S. Forest Service land in East Spring Canyon, within Section 12, Township 22 South, Range 4 East, Salt Lake Baseline and Meridian. The mine commenced operations in 1941, mining federally-owned coal. The original mine plan was submitted to the U. S. Geological Survey (USGS) and the Utah Division of Oil, Gas and Mining (DOG M) in 1977. Additional information was submitted, and the mine plan was approved by DOGM pursuant to the Utah Mined Land Reclamation Act on September 14, 1977. The USGS approved the plan on February 3, 1978.

In October of 1979, SUFCO submitted additional information to comply with the regulation of the newly implemented Surface Mining Control and Reclamation Act of 1977. A joint OSM/DOG M review was conducted and the mine plan application was declared complete on July 18, 1983. A permanent program permit was issued to the Coastal States Energy Company on May 19, 1987, consisting of five federal leases and one fee lease for a total of 7,355 acres. The need for a waste rock disposal site was soon apparent. Coastal States applied for a disposal site located on a 40-acre tract of private land located approximately 6 miles west of the mine portals. This waste rock site was approved on August 26, 1988, bringing the revised permit area to a total of 7,395 acres.

On July 3, 1989, an application was made to add another federal lease known as the Quitchupah Lease to the permit area. Approval for the new lease was obtained and a revised permit was issued effective December 21, 1989. This new lease brought the total permit area to 17,301 acres.

On December 20, 1996, the permit was transferred to Canyon Fuel Company, LLC.

A lease modification to the Quitchupah lease (150 acres) was submitted in January 1999.

This was approved as an incidental boundary change and added to the existing permit area on October 20, 1999.

Canyon Fuel Company, LLC acquired the Pines Tract lease through a lease by application (LBA) process. An EIS was completed for the Pines Tract lease on January 28, 1999 and the lease was issued to Canyon Fuel Company, LLC on September 1, 1999. The state issued a permit on June 22, 2000, and the mining plan approval was signed by the Secretary on July 25, 2000. The total permit acreage was revised to 24,632.95 acres with a surface disturbance of 35.27 acres.

A permit amendment to include undermining beneath the East Fork of Box Canyon, a perennial stream, within the Pines Tract was submitted in July 2003. The amendment was approved by the Division, on September 30, 2003, with conditions to implement a monitoring and mitigation program for subsidence effects to the stream channel and environment.

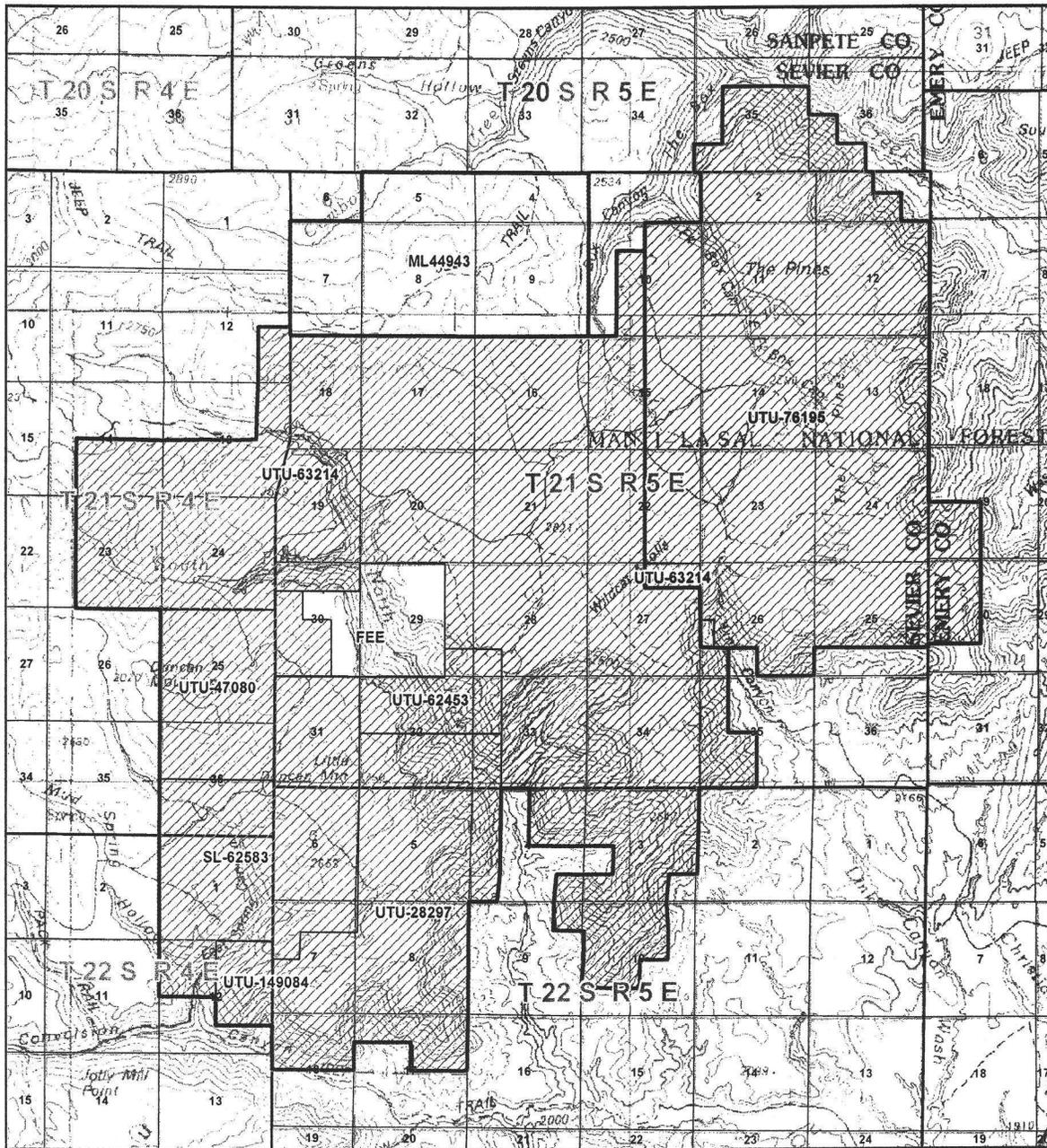
#### **ANALYSIS:**

The Division of Oil Gas and Mining has conducted an Administrative and Technical Analysis (TA) of the proposed mine Permit Application Package and has produced a written TA. All appropriate State and Federal agencies have been consulted regarding this proposal. It has been determined that the Applicant has the legal right to enter and conduct mining operations in the proposed permit area through acquired leases. The probable hydrologic consequences of the action have been analyzed and a Cumulative Hydrologic Impact Assessment (CHIA) has been prepared. All requirements for public participation have been satisfied. The application meets the requirements of the Utah Coal Regulatory Program.

#### **RECOMMENDATION:**

This recommendation is based on the complete permit application package (PAP), the Technical Analysis (TA) conducted by the Division, and the Cumulative Hydrologic Impact Assessment (CHIA) also prepared by the Division. Canyon Fuel Company, LLC has demonstrated that mining within the permit boundary can be done in conformance with the Surface Mining Control and Reclamation Act, and the corresponding Utah Act and performance standards. The 510(c) report on the Applicant Violator System was verified for this mine on January 4, 2006, there are no violations.

It is recommended that approval be given for mining the SITLA Muddy Tract at the SUFCO Mine.

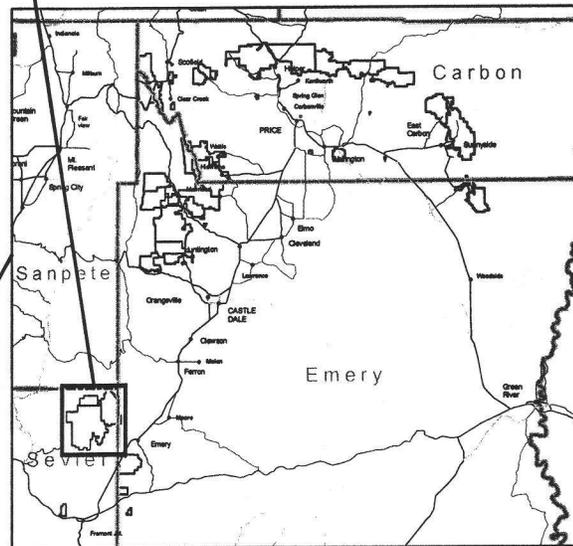
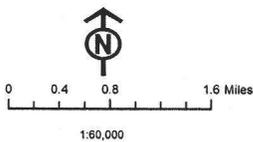


## SUFCO Mine

C0410002  
 Sevier County, Utah  
 January 2006

Township 20 South Range 5 East  
 Township 21 South Range 4, 5 & 6 East  
 Township 22 South Range 4 & 5 East  
 File: N:\gis\coal\coalareamaps\C0410002.pdf

- Permit Area
- Proposed Mine Plan Modification (if shown)
- Federal Lease Areas



Locator Map

## **PERMITTING CHRONOLOGY**

Canyon Fuel Company, LLC  
SITLA Muddy Tract  
SUFCO Mine  
C/041/0002

January 17, 2006

February 11, 2005	Canyon Fuel Company, LLC, Inc. submits the permit application package for adding the SITLA Muddy Tract to the SUFCO Mine.
March 7, 2005	OSM determination that this application is not a mining plan modification.
July 29, 2005	The Division completes a TA with findings of deficiencies. The permit application requires more information to address the deficiencies.
October 13, 2005	Canyon Fuel Company, LLC submits updates to the permit application addressing deficiencies.
December 1, 2005	R2P2 modification is approved by SITLA.
December 16, 2005	The Division completes a TA with findings of no deficiencies.
December 27, 2005	The Division completes a CHIA for the Quitchupah and Muddy Creek Cumulative Impact Area.
January 4, 2006	AVS check completed with issue recommendation.
January 20, 2006	Decision Document completed and Permit issued.

## FINDINGS

Canyon Fuel Company, LLC  
SITLA Muddy Tract  
SUFCO Mine  
C/041/0002

**January 20, 2006**

1. The permit application for the extraction of coal from the SITLA Muddy Tract at the SUFCO Mine is accurate and complete and all requirements of the Surface Mining Control and Reclamation Act, and the approved Utah State Program (the "Act") are in compliance. See Technical Analysis dated December 16, 2005. (R645-300-133.100)
2. The applicant proposes acceptable practices for the reclamation of disturbed lands. The Division has determined that reclamation, as required by the Act can be feasibly accomplished following the approved plan with the attached permit conditions. No new surface disturbance will occur with the addition of the SILTA Muddy Tract at the SUFCO Mine. (R645-300-133.710)
3. An assessment of the probable cumulative impacts of all anticipated coal mining and reclamation activities in the general area on the hydrologic balance has been conducted by the Division and no significant impacts were identified. See CHIA dated December 27, 2005. The Mining and Reclamation Plan (MRP) proposed under the revised application has been designed to prevent damage to the hydrologic balance in the permit area and in associated off-site area. (R645-300-133.400 and UCA 40-10-11 (2)(c))
4. The proposed lands to be included within the permit area are:
  - a. Not included within an area designated unsuitable for underground coal mining operation (R645-300-133.220);
  - b. not within an area under study for designated land unsuitable for underground coal mining operations (R645-300-133.210);
  - c. not on any lands subject to the prohibitions or limitation of 30 CFR 761.11 {a} (national parks, etc), 761.11 {f} (public buildings, etc.) and 761.11 {g} (cemeteries);
  - d. not within 100 feet of a public road except at the location where the public road accesses the property (R645-300-133.220); and
  - e. not within 300 feet of any occupied dwelling (R645-300-133.220).
5. The operation would not affect the continued existence of any threatened or endangered species, or result in the destruction or adverse modification of their critical habitats as

- determined under the Endangered Species Act of 1973. See Technical Analysis dated December 16, 2005. (R645-300-133.500)
6. The Division's issuance of a permit is in compliance with the National Historic Preservation Act and implementing regulations (36 CFR 800). See Technical Analysis dated December 16, 2005. (R645-300-133.600)
  7. The applicant has the legal right to enter and complete mining activities in the permit area through the coal lease issued by SITLA (Lease Document for Coal Lease ML 49443-OBA, approved October 2004). (R645-300-133.300)
  8. A 510 (c) report has been run on the Applicant Violator System (AVS), which shows that: prior violations of applicable laws and regulations have been corrected; neither Canyon Fuel Company, LLC nor any affiliated company, are delinquent in payment of fees for the Abandoned Mine Reclamation Fund; and the applicant does not control and has not controlled mining operations with a demonstrated pattern of willful violations of the Act of such nature, duration, and with such resulting irreparable damage to the environment as to indicate an intent not to comply with the provisions of the Act (A 510 (c) report was run on January 4, 2006). (R645-300-133.730)
  9. Underground mining operations to be performed under the permit will not be inconsistent with other operations anticipated to be performed in areas adjacent to the proposed permit area. (This underground mining operation is consistent with other underground mining operations in the Wasatch Plateau.)
  10. The applicant has posted a surety bond for the SUFCO Mine in the amount of \$4,439,000 issued by St. Paul Fire and Marine Insurance Company (Surety Number 400SA1915). (R645-300-134)
  11. No lands designated as prime farmlands or alluvial valley floors occur on the permit area. See Technical Analysis dated December 16, 2005. (R645-302-313.100 and R645-302-321.100)
  12. The proposed postmining land-use of the disturbed area is the same as the pre-mining land use and has been approved by the Division and the surface land management agency, the U.S. Forest Service.
  13. The Division has made all specific approvals required by the Act, the Cooperative Agreement, and the Federal Lands Program. (This permitting action does not require federal mining plan approval, see OSM letter dated March 7, 2005.)
  14. All procedures for public participation required by the Act, and the approved Utah State

Program are in compliance. This action was not a mining plan modification and no public advertisement was required because this was not categorized as a significant revision. (R645-300-120)

15. This is an underground extension of an existing mine with no new surface facilities being proposed. (R645-300-133.720)

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Permit Supervisor

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Permit Supervisor

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Associate Director of Mining

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Director