FEDERAL

May 21, 2017
Revised April 17, 2018

PERMIT
C/041/0002

RECEIVED
MAY 04 2018
DIV. OF OIL, GAS & MINING

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

This permit, C/041/0002, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Canyon Fuel Company, LLC
225 North 5th Street, Suite 900
Grand Junction, Colorado 85101
(970) 263-5130

for the Sufco Mine (previously the Convulsion Canyon Mine.) Canyon Fuel Company, LLC is the lessee of federal, state and fee-owned property. A performance bond is filed with the DOGM in the amount of $4,680,000.00 payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). 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 surface disturbing activities only as described in the approved Mining and Reclamation Plan and within areas covered by the Performance Bond which are within the described permit area at the Sufco Mine situated in the state of Utah, Sevier and Emery Counties, and located as follows:

Mine Site Facility, Water Tank, South Portals, Spring Collection Field, Pump House, Pipeline, Leachfield (Approximately 64.403 acres)

Township 22 South, Range 4 East, SLBM

Section 12: A Portion of the following: E1/2NW1/4, SW1/4NW1/4NE1/4, S1/2

Portals – 3 East, 4 East, Quitchupah and Link Canyon, Link Canyon Substation No.1 and No. 2 (Approximately 3.368 acres)

Township 21 South, Range 5 East, SLBM

Section 26:	A portion of the following: SE1/4SW1/4SW1/4NW1/4, E1/2NW1/4NW1/4SW1/4, SE1/4NE1/4SW1/4SW1/4
Section 29:	A portion of the following: NW1/4NW1/4SW1/4SE1/4, NE1/4NW1/4SE1/4SW1/4, NE1/4NE1/4SE1/4SW1/4
Section 32:	A portion of the following: NE1/4SW1/4SW1/4NE1/4

Waste Rock Disposal Site (Approximately 81.25 acres)

Township 22 South, Range 4 East, SLBM

Section 18:	S1/2NW1/4NE1/4, S1/2N1/2NW1/4NE1/4, S1/2S1/2NE1/4NW1/4NW1/4NE1/4, S1/2S1/2NW1/4NE1/4NW1/4NE1/4, W1/2SW1/4NE1/4NE1/4, W1/2E1/2SW1/4NE1/4NE1/4, S1/2SW1/4NW1/4NE1/4NE1/4, S1/2N1/2SW1/4NE1/4NE1/4, NW1/4SW1/4NE1/4, W1/2NE1/4SW1/4NE1/4, NW1/4SW1/4SW1/4NE1/4, N1/2NE1/4SW1/4SW1/4NE1/4, SW1/4NE1/4NE1/4SW1/4NE1/4, N1/2NE1/4NE1/4SW1/4NE1/4, N1/2NW1/4SE1/4SW1/4NE1/4, NE1/4NE1/4SE1/4NW1/4, SE1/4NW1/4NE1/4SE1/4NW1/4, S1/2NE1/4SE1/4NW1/4, S1/2SE1/4NW1/4SE1/4NW1/4, NE1/4SW1/4SE1/4NW1/4, N1/2SE1/4SE1/4NW1/4

North Water Mitigation Area (Approximately 542.260 acres)

Township 21 South, Range 5 East, SLBM

Section 2:	A portion of the following: SW1/4SW1/4SW1/4
Section 3:	A portion of the following: S1/2SE1/4
Section 10:	A portion of the following: NE1/4, N1/2NE1/4SE1/4,
Section 11:	A portion of the following: W1/2NW1/4, W1/2SE1/4NW1/4, E1/2SW1/4, E1/2NW1/4SW1/4, S1/2SE1/4, NW1/4SE1/4, S1/2NE1/4SE1/4
Section 12:	A portion of the following: W1/2SW1/4
Section 14:	A portion of the following: W1/2NE1/4, NE1/4NW1/4

Sinkhole (Approximately 0.45 acres)

Township 22 South, Range 4 East, SLBM

Section 2:	A portion on the following: SW1/4NE1/4

Total approximately 691.73 acres

Sec. 3 **AUTHORIZED MINING AREA** - The permittee is authorized to conduct underground coal mining and reclamation activities only as described in the approved Mining and Reclamation Plan and on lands where the "Right-of-Entry" has been acquired. This area includes the area above underground works and areas subject to subsidence and is described as follows:

Federal Coal Lease U-28297 - (716.51 acres)

T.21 S., R. 5 E., SLM, Utah

Sec. 32, lot 1, N1/2S1/2
Sec. 33, NW1/4SW1/4

T.22 S., R. 5 E., SLM, Utah

Sec. 5, W1/2W1/2
Sec. 7, S1/2NE1/4, E1/2SW1/4, W1/2SE1/4
Sec. 8, W1/2NW1/4

Federal Coal Lease U-062453 – (480 acres)

T.21 S., R. 5 E., SLM, Utah

Sec. 28, SW1/4SW1/4
Sec. 29, SE1/4SE1/4
Sec. 32, N1/2
Sec. 33, W1/2NW1/4

Federal Coal Lease U-0149084 - (240 acres)

T.22 S., R. 4 E., SLM, Utah

Sec. 12, NE1/4 and N1/2SE1/4

Federal Coal Lease SL-062583 - (3,079.83 acres)

T.21 S., R. 4 E., SLM, Utah

Sec. 36, S1/2

T.21 S., R. 5 E., SLM, Utah

Sec. 31, all

T.22 S., R. 4 E., SLM, Utah

Sec. 1, lots 1 to 4 S1/2N1/2, S1/2
Sec. 2, SE1/4, S1/2SW1/4
Sec. 3, SE1/4SE1/4
Sec. 10, E1/2NE1/4, NE1/4SE1/4
Sec. 11, N1/2, N1/2S1/2
Sec. 12, NW1/4

T.22 S., R. 5 E., SLM, Utah

Sec. 6, all
Sec. 7, N1/2NE1/4, E1/2NW1/4

Federal Coal Lease U-47080 - (1,953.73 acres)

T.21 S., R. 4 E., SLM, Utah

Sec. 25, all
Sec. 35, E1/2, E1/2SW1/4
Sec. 36, N1/2

T.21 S., R. 5 E., SLM, Utah

Sec. 30, lots 2-4, W1/2SE1/4

T.22 S., R. 4 E., SLM, Utah

Sec. 2, lots 1-4, S1/2NE1/4, S1/2NW1/4, N1/2SW1/4
Sec. 3, NE1/4SE1/4

Federal Coal Lease U-63214 - (6.336.34 acres)
Tract 1:

T. 21 S., R. 4 E., SLM, Utah

Sec. 12, E1/2SE1/4
Sec. 13, E1/2NE1/4, Sl/2
Sec. 14, E1/2SW1/4, SE1/4
Sec. 23, E1/2, E1/2W1/2
Sec. 24, all

T.21 S., R. 5 E., SLM, Utah

Sec. 16, W1/2NW1/4, W1/2SW1/4, W1/2E1/2NW1/4, W1/2E1/2SW1/4
Secs. 17-19, all
Sec. 20, NE1/4, W1/2SE1/4, SW1/4, NW1/4
Sec. 21, W1/2NW1/4, W1/2E1/2NW1/4
Sec. 26, W1/2NW1/4SW1/4, SW1/4SW1/4
Sec. 27, NE1/4, SE1/4, S1/2SW1/4, S1/2N1/2SW1/4
Sec. 28, S1/2SE1/4, S1/2N1/2SE1/4, S1/2N1/2SW1/4, SE1/4SW1/4
Sec. 29, S1/2NE1/4SE1/4
Sec. 30, lot 1, N1/2NE1/4
Sec. 33, NE1/4, E1/2NW1/4, NE1/4SW1/4, N1/2SE1/4
Sec. 34, NW1/4NE1/4, NW1/4, NW1/4SW1/4

Tract 3:

T. 21 S., R. 4 E., SLM, Utah

Sec. 26, E1/2, E1/2SW1/4
Sec. 35, NW1/4, W1/2SW1/4

Federal Coal Lease UTU-76195 - (4,148.15 acres)

T.21 S., R. 5 E., SLM

Sec. 2, lots 3, 4, S1/2SW1/4, SW1/4SE1/4

Sec. 10, NE1/4NE1/4
Sec. 11, NE1/4, SE1/4, NW1/4NW1/4, NE1/4NW1/4, SE1/4NW1/4, N1/2SW1/4NW1/4, SW1/4SW1/4NW1/4, E1/2SW1/4, E1/2NW1/4SW1/4, SE1/4SW1/4NW1/4
Sec. 12, S1/2SW1/4, NW1/4SW1/4
Sec. 13, NW1/4, Sl/2
Sec. 14, NE1/4, E1/2NW1/4, E1/2E1/2SE1/4
Sec. 22, S1/2S1/2SE1/4
Sec. 23, SE1/4, E1/2SW1/4, S1/2SW1/4SW1/4, S1/2SE1/4NW1/4, SE1/4NW1/4NE1/4, S1/2NE1/4NE1/4, NE1/4NE1/4NE1/4, S1/2SW1/4NE1/4, NE1/4SW1/4NE1/4, SE1/4NE1/4
Sec. 24, all
Sec. 25, N1/2, Nl/2Sl/2
Sec. 26, N1/2, NE1/4SW1/4, E1/2NW1/4SW1/4, SE1/4

T.21 S., R. 6 E., SLM

Sec. 19, lots 3-4, E1/2SWl/4
Sec. 30, lots 1-3, E1/2NW1/4, NE1/4SW1/4

Federal Coal Lease UTU-84102 – (6,175.39 acres)

T.20 S., R. 4 E., SLM

Sec. 36, lot 4, E1/2NE1/4, NE1/4SE1/4

T.20 S., R. 5 E., SLM

Sec. 19, lots 5-8, E/2SW1/4, SE1/4
Sec. 20, S1/2
Sec. 21, W1/2SW1/4
Sec. 28. W1/2
Sec. 29, all
Sec. 30, all
Sec. 31, all
Sec. 32, N1/2, N1/2S1/2
Sec. 33, NW1/4NW1/4

T. 21 S., R. 4 E., SLM

Sec. 1, all
Sec. 2, SE1/4
Sec. 11, E1/2, E1/2W1/2
Sec. 12, NE1/4, W1/2, W1/2SE1/4
Sec. 13, W1/2NE1/4, NW1/4
Sec. 14, NE1/4, E1/2NW1/4

T. 21 S., R. 5 E., SLM

Sec. 6, all

BLM Right of Way UTU-91108 (70 acres)

T.21 S., R. 4 E. SLB&M

Sec. 1, E1/2SE1/4SE1/4, SE1/4NE1/4SE1/4
Sec. 12, E1/2E1/2NE1/4

State of Utah Coal Lease ML 49443-OBA - (2,294.19 acres)

T.21 S., R. 5 E., SLB&M

Sec. 4: Lots 1 - 4, Sl/2Sl/2
Sec. 5: Lots 1 - 4, Sl/2Sl/2
Sec. 7: Lots 1 - 4, NE1/4, SE1/4
Sec. 8: All
Sec. 9: All

Fee lands owned by Canyon Fuel Company, LLC as follows:

T.21 S., R. 5 E., SLB&M, Utah

Sec. 29, SW1/4, NW1/4, W1/2NE1/4, W1/2SE1/4
Sec. 30, S1/2NE1/4, E1/2SE1/4
containing 640.00 acres

T. 22 S., R. 4 E,, SLB&M, Utah

Sec. 18, NE1/4, SE1/4NW1/4, NE1/4SE1/4
containing 240 acres

U. S. Forest Service special use permit areas

T. 22 S., R. 4 E,, SLB&M, Utah

Sec. 12, S1/2
containing 28.5 acres

This legal description is for the authorized mining area of the Sufco Mine included in the mining and reclamation plan on file at the Division. The permittee is authorized to conduct coal mining and reclamation operations connected with underground mining on the foregoing described property subject to the conditions of the leases, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

Sec. 4 **COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

Sec. 5 **PERMIT TERM** - This permit expires on May 21, 2022.

Sec. 6 **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. 7 **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. 8 **SCOPE OF OPERATIONS** - The permittee shall conduct surface disturbing activities only on those lands specifically designated as within the permit area (in section 2 above) 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. All coal mining and reclamation operations are to be conducted within the bounds of the authorized mining area.

Sec. 9 **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. 10 **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 and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 11 **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 and the Federal Lands Program.

Sec. 12 **EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 13 **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. 14 **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. 15 **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. 16 **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 and Federal lands program.

Sec. 17 **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. 18 **APPEALS** - The permittee shall have the right to appeal as provided for under R645-300.

Sec. 19 **SPECIAL CONDITIONS** - There are special conditions associated with this permitting action as described in Attachment A.

The above conditions (Secs. 1-19) 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: John R. Baza

Date: 4/23/18

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: 5/1/18

ATTACHMENT A

1) Canyon Fuel Company, LLC must submit water quality data for the Sufco Mine in an electronic format through the Electronic Data Input web site, http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi.

2) Underground coal mining and reclamation activities in federal coal lease UTU-84102 (Green's Hollow) may not commence until a mining plan approval is authorized by the Secretary of the Interior.

3) To protect sage-grouse habitat, Canyon Fuel Company, LLC will locate new appurtenant surface facilities outside priority habitat management areas, unless no technically feasible alternative exists, If new appurtenant surface facilities cannot be located outside of priority habitat management areas, locate them within any existing disturbed areas, if possible. If location within an existing disturbed area is not possible, then construct new facilities to minimize disturbed areas while meeting mine safety standards and requirements in the established mine-plan approval process and locate the facilities in an area least harmful to greater sage-grouse habitat based on vegetation, topography, or other habitat features.