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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 2, 2018

John Byars, General Manager
Canyon Fuel Company, LLC
597 South SR24
Salina, Utah 84654

Subject: Conditional Approval of Revisions to General Chapter 1, Canyon Fuel Company, LLC, Sufco Mine, C/041/0002, Task #5668

Dear Mr. Byars:

The above-referenced amendment is approved conditioned upon receipt of 2 clean copies prepared for incorporation. Please submit these copies by June 1, 2018. Once we receive these copies, final approval will be granted.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan.

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

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0410002
TaskID: 5668
Mine Name: SUFCO MINE
Title: GENERAL CHAPTER 1 UPDATE

General Contents

Identification of Interest

Analysis:

The amendment meets the State of Utah R645 requirements for Identification of Interests.

On April 13th, 2018, Canyon Fuel Company, LLC (the Permittee) provided revisions to General Chapter 1. General Chapter 1 contains the ownership and control information for all of the Permittees properties. The Permittee has revised the text within General Chapter 1 to reflect recent changes in ownership and control. On page 1-3, the Permittee identifies Canyon Fuel Company, LLC as the operator of the Dugout Canyon Mine, Banning Loadout, Sufco Mine, Gordon Creek Mines, Skyline Mine and Soldier Canyon Mine. Canyon Fuel Company, LLC presently holds the permits for the aforementioned properties. Page 1-3 further identifies Canyon Fuel Company, LLC as the applicant of the properties. Corporation Service Company is identified as the resident agent. On page 1-4, Eugene DiClaudio is identified as the contact person as well as the individual responsible for the payment of abandoned mine reclamation fees.

In Section 112.300, the Permittee provides the name, address and employer identification numbers for Bowie Holdings, LLC, Bowie Resource partners, LLC and Bowie Resource Holdings, LLC. The officers and directors of these entities are responsible for day to day control and management of the mining operations of all the Canyon Fuel Company, LLC properties.

Section 113 provides a discussion of the violation history/information for the Permittee. The Permittee states, "Neither Canyon Fuel Company, LLC nor any major stockholder of the company having any interest, either legal or equitable, in Canyon Fuel Company, LLC have had a State or Federal mining permit suspended or revoked or a security deposited in lieu of bond revoked. Neither Canyon Fuel Company, LLC, any of its mining operations, nor any person who owns or controls Canyon Fuel Company has any unabated cessation orders or unabated air or water quality violation notices". Table 1-2 provides a list of past violations issued to Canyon Fuel Company, LLC and its operations within the last 3 years (i.e. Sufco Mine, Skyline Mine, Soldier Canyon Mine, Banning Loadout, Gordon Creek Mines, Fossil Rock Mine and Dugout Canyon Mine).

Two organizational charts are provided: Figure 1-1 and Figure 1-1B. Figure 1-1 identifies ownership and control information (including percent ownership) for all entities up to and including the ultimate parent entity. Figure 1-1B identifies the ownership and control structure for Bowie Resource Holdings, LLC.

Appendix 1-1, Organizational Ownership, Officers and Directors provides detailed information for all of the entities identified in Figures 1-1 and 1-1B including the names, addresses, position title and date the position was assumed Per R645-112.230-112.330.