Division of Oil, Gas, and Mining Permitting Processes

John Baza, Director
Utah Division of Oil, Gas and Mining

Unconventional Fuels Conference

May 17, 2011
Utah Department of Natural Resources

Forestry, Fire and Sovereign Lands

Oil, Gas and Mining

Geological Survey

Parks and Recreation

Water Resources

Water Rights

Wildlife Resources

Michael R. Styler
Executive Director
Utah Division of Oil, Gas, and Mining

John R. Baza
Director

Oil and Gas
Coal
Minerals
Abandoned Mine Reclamation

Board of Oil, Gas and Mining
James T. Jensen, Chair
Ruland J. Gill
Jake Y. Harouny
Kelly L. Payne
Jean Semborski
(Two members yet to be confirmed)
Utah Extractive Industries Production Sales Value

![Bar chart showing production sales value for different years. The chart compares Oil & Gas, Minerals, and Coal categories. The data for each year is as follows:

- **2004**:
  - Oil & Gas: $4.3 B
  - Minerals: $1.95 B
  - Coal: $386

- **2005**:
  - Oil & Gas: $5.9 B
  - Minerals: $2.918 B
  - Coal: $475

- **2006**:
  - Oil & Gas: $7.5 B
  - Minerals: $4.013 B
  - Coal: $588

- **2007**:
  - Oil & Gas: $7.1 B
  - Minerals: $3.895 B
  - Coal: $612

- **2008**:
  - Oil & Gas: $9.3 B
  - Minerals: $4.192 B
  - Coal: $674

- **2009**:
  - Oil & Gas: $7.0 B
  - Minerals: $3.788 B
  - Coal: $691

- **2010**:
  - Oil & Gas: $8.2 B
  - Minerals: $3.310 B
  - Coal: $564

The values are in Millions $, and the chart includes a range from $0 to $10,000 on the y-axis. The chart visually represents the sales value of extractive industries in Utah for each year.
Utah Oil and Gas Conservation Act

- Established in 1955
- Utah Code §40-6-2, Definitions (mod. At various times)
- “Oil” means crude oil, condensate, or any mixture of them.
- “Gas” means natural gas, natural gas liquids, other gas, or any mixture of them.
- “Oil” or “Gas” does not include any gaseous or liquid substance processed from coal, oil shale, or tar sands.
Utah Mined Land Reclamation Act

- Established in 1975
- Utah Code §40-8-4, Definitions
- “Mining operation” means activities conducted on the surface of the land for the exploration for, development of, or extraction of a mineral deposit, including, but not limited to, surface mining and the surface effects of underground and in situ mining, on-site transportation, concentrating, milling, evaporation, and other primary processing.
- “Mining operation” does not include: . . . (ii) the extraction of oil and gas as defined in Title 40, Chapter 6, Board and Division of Oil, Gas and Mining.
Coal Mining and Reclamation

- Established in 1979 – in response to federal enactment of the Surface Mining Control and Reclamation Act of 1977 (SMCRA).
- Utah Code §40-10-1
- “In recognition of the innate differences between coal and other mineral deposits and between surface and underground mining, the Legislature perceives a need for a separate chapter for effective and reasonable regulation of such operations.”
Utah Division of Oil, Gas, and Mining

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Minerals Regulatory Permits

- **Exploration** – 1 to 2 year activity
  - Drill roads, drill holes & surface sampling
  - Most applications are 6-7 pages in length
  - Two maps are required
  - Bond – standardized unit cost of disturbance

- **Small Mines** – less than 10 acres (in unincorporated areas)
  - Mining, hauling, and processing
  - Applications are 6-7 pages in length
  - Minimum of two maps are required
  - Bond – standardized unit cost of disturbance

- **Large mines** – greater than 10 acres
  - Mining, hauling, and processing
  - Application is 50+ pages
  - Bond – detailed calculation based upon specific operations and disturbance
Minerals (cont.)

- Annual permit fees
- Operation and reclamation plans must be maintained and approval sought for modification
- Coordination with other government agencies
  - Land management – BLM, USFS, SITLA, private
  - Other state agencies – DEQ, SHPO
A Tale of Two Permits

• Chronological comparison of the Alton Coal Development LLC – Coal Hollow Mine permit (Coal Regulatory Program), and

• Earth Energy Resources – PR Springs Mine permit (Minerals Regulatory Program)
Alton Coal Development LLC – Coal Hollow Mine

- **June 27, 2006** – Talon Resources Inc. submits a new permit application for the Coal Hollow surface coal mine near Alton, Kane County, Utah

- **August 2006 and August 2007** – DOGM determined application to be incomplete; required new documents to be filed by applicant

- **March 14, 2008** – Admin. Complete Determination

- **March and April 2008** – Public notice of permit application published

- **May 22, 2008** – Public comment period ended
Coal Hollow Mine -2

• June 16, 2008 – DOGM held informal conference in Alton, Utah
• August 4, 2008 – DOGM sent first list of technical deficiencies to ACD; required additional information from applicant
• April 20, 2009 – DOGM sent Technical Analysis containing deficiencies to ACD
• August 27, 2009 – ACD submitted response to Technical Analysis
• October 19, 2009 – CHIA and Technical Analysis are completed; DOGM approves application; DOGM accrued 271 days technical and administrative review time
Coal Hollow Mine - 3

- November 18, 2009 – Sierra Club, Southern Utah Wilderness Alliance, National Parks Conservation Association, and Natural Resources Defense Council file a petition to appeal DOGM decision to the Board of Oil, Gas, and Mining

- January to May 2010 – BOGM conducts series of hearings to receive testimony and evidence concerning the appeal

- **August 2, 2010 – BOGM issues order affirming the actions of DOGM and granting the permit at issue**

- November 8, 2010 – After receiving the required reclamation bond from ACD, DOGM issues permanent program permit
Earth Energy Resources – PR Springs

- **September 28, 2007** – Earth Energy Resources submits new permit application for the PR Springs oil sands mine in southern Uintah County

- **October 2007 to April 2009** – DOGM conducts four reviews defining certain administrative and technical deficiencies; requiring additional submitted information from applicant

- **May and June 2009** – DOGM sends tentative approval to applicant; publishes public notice of tentative approval shortly thereafter in Salt Lake County and Uintah County newspapers

- **July and August 2009** – DOGM receives comments from Western Resource Advocates; attempts to reconcile concerns
PR Springs Mine - 2

- **September 21, 2009** – DOGM issues approval of NOI
- **November 23, 2009** – DOGM holds informal conference based on request from Western Resource Advocates
- **December 22, 2009** – Director upholds DOGM approval of NOI from informal conference
- **January to March 2010** – Petition for appeal filed with Board; settlement agreement established; matter withdrawn
- **March 30, 2010** – Additional public notice of tentative approval published for benefit of Grand County
PR Springs Mine - 3

- April 29, 2010 – Combined protest filed by Living Rivers, Center for Biological Diversity, Peaceful Uprising, and Red Rock Forests
- July 27, 2010 – DOGM holds second informal conference
- **September 13, 2010 – Director upholds DOGM approval from second informal conference**
- September 27, 2010 – Living Rivers files an appeal of DOGM approval with the Board of Oil, Gas, and Mining
December 2010 to present – the matter has been scheduled for various monthly hearings of BOGM and continued; the protestants have also filed an appeal to DEQ Division of Water Quality permit; further action by BOGM has been suspended awaiting the results of the DEQ-DWQ appeal.
## Summary

<table>
<thead>
<tr>
<th>Project</th>
<th>Coal Hollow</th>
<th>PR Springs</th>
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</thead>
<tbody>
<tr>
<td>Commodity</td>
<td>Coal</td>
<td>Oil sands</td>
</tr>
<tr>
<td>Acres of disturbance</td>
<td>635</td>
<td>213</td>
</tr>
<tr>
<td>Time from initial application to mining</td>
<td>4 years, 6 months</td>
<td>Not yet – 3 years, 8 months and counting</td>
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</tbody>
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Thank You

Utah Division of Oil, Gas & Mining
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