September 30, 2014

Alan Boehms, Manager
Denver Field Branch
1999 Broadway, Suite 3320
Denver, Colorado 80202-3050

Subject: September 2014 OSM Compliance Report

Dear Mr. Boehms:

Attached please find the following September 2014 inspection reports, notice of violations, cessation orders, modifications, terminations, vacations, proposed assessments, finalized assessments, conference requests, hearings held, and fines paid.

<table>
<thead>
<tr>
<th>Permit #</th>
<th>Inspection Date</th>
<th>Type</th>
<th>Mine Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>C/007/0001</td>
<td>09/04/2014</td>
<td>Partial</td>
<td>White Oak</td>
</tr>
<tr>
<td>C/007/0005</td>
<td>09/23/2014</td>
<td>Partial</td>
<td>Skyline</td>
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<tr>
<td>C/007/0012</td>
<td>09/29/2014</td>
<td>Complete</td>
<td>Wellington Preparation Plant</td>
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<tr>
<td>C/007/0016</td>
<td>09/15/2014</td>
<td>Complete</td>
<td>Gordon Creek 2, 7 &amp; 8</td>
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<td>C/007/0019</td>
<td>09/02/2014</td>
<td>Partial</td>
<td>Centennial</td>
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<tr>
<td>C/007/0020</td>
<td>09/15/2014</td>
<td>Partial</td>
<td>Horizon</td>
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<tr>
<td>C/007/0020</td>
<td>09/25/2014</td>
<td>Partial</td>
<td>Horizon</td>
</tr>
<tr>
<td>C/007/0022</td>
<td>09/03/2014</td>
<td>Complete</td>
<td>Savage Coal Terminal</td>
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<tr>
<td>C/007/0033</td>
<td>09/09/2014</td>
<td>Complete</td>
<td>Wildcat Loadout</td>
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<td>C/007/0035</td>
<td>09/18/2014</td>
<td>Partial</td>
<td>Sunnyside Refuse</td>
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<td>C/007/0041</td>
<td>09/10/2014</td>
<td>Partial</td>
<td>West Ridge</td>
</tr>
<tr>
<td>C/007/0042</td>
<td>09/18/2014</td>
<td>Partial</td>
<td>Star Point Refuse</td>
</tr>
<tr>
<td>C/007/0045</td>
<td>09/24/2014</td>
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<td>Wellington Dry-Coal Facility</td>
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<tr>
<td>C/015/0007</td>
<td>09/24/2014</td>
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<tr>
<td>C/015/0009</td>
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<td>Trail Mountain</td>
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<tr>
<td>C/015/0015</td>
<td>09/17/2014</td>
<td>Partial</td>
<td>Emery Deep</td>
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<tr>
<td>C/015/0018</td>
<td>09/11/2014</td>
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<tr>
<td>C/015/0019</td>
<td>09/05/2014</td>
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<tr>
<td>C/015/0025</td>
<td>09/03/2014</td>
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<td>C/015/0032</td>
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<td>C/041/0002</td>
<td>08/27/2014</td>
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<td>Sufco</td>
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<td>X/007/0044</td>
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### Proposed Assessments

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<th>Date Issued</th>
<th>NOV/CO #</th>
<th>Mine Name</th>
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<tr>
<td>C/007/0042</td>
<td>08/18/2014</td>
<td>N12148</td>
<td>Star Point Refuse</td>
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### NOV/CO Modification Date

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<th>Permit #</th>
<th>Date Issued</th>
<th>Date Modified</th>
<th>NOV/CO #</th>
<th>Mine Name</th>
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<tbody>
<tr>
<td>C/007/0042</td>
<td>08/18/2014</td>
<td>09/17/2014</td>
<td>N12148</td>
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</table>

### Fines Received

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<tr>
<th>Permit #</th>
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<th>NOV/CO #</th>
<th>Mine Name</th>
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</thead>
<tbody>
<tr>
<td>C/007/0042</td>
<td>09/24/2014</td>
<td>N12148</td>
<td>Star Point Refuse</td>
</tr>
</tbody>
</table>

All of the listed inspection reports, modifications, terminations, vacations, assessments and correspondence, included in this envelope have been verified by one of the Permit Supervisors.

Sincerely,

Suzanne Steab
Engineering Technician II
Permit Number: C0070001
Inspection Type: PARTIAL
Inspection Date: Thursday, September 04, 2014
Start Date/Time: 9/4/2014 1:00:00 PM
End Date/Time: 9/4/2014 3:00:00 PM
Last Inspection: Friday, August 29, 2014
Inspector: Priscilla Burton
Weather: partly cloudy
InspectionID Report Number: 3958
Accepted by:

Permittee: LODESTAR ENERGY INC  
Operator: WHITE OAK MINE
Address:  
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: RECLAIMED

<table>
<thead>
<tr>
<th>Current Acres</th>
<th>Mineral Ownership</th>
<th>Types of Operations</th>
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</thead>
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<td>✔️ Federal</td>
<td>✔️ Underground</td>
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<tr>
<td>8.00</td>
<td>✔️ State</td>
<td>✔️ Surface</td>
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<tr>
<td></td>
<td>✔️ County</td>
<td>✔️ Loadout</td>
</tr>
<tr>
<td>Phase I</td>
<td>✔️ Fee</td>
<td>□ Processing</td>
</tr>
<tr>
<td>Phase II</td>
<td></td>
<td>□ Reprocessing</td>
</tr>
<tr>
<td>Phase III</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Met DWR representatives Justin Hart and ?? at the White Oak mine site access pad on Eccles Creek to discuss plans for removing the culvert from the Creek. Ended the inspection at the Loadout where the DWR staff was interested in the potential of Pond 01A as an overflow structure for Mud Creek.

Inspector's Signature: Priscilla Burton,  
Inspector ID Number: 37

Date: Monday, September 08, 2014

Note: This inspection report is not an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS**

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
   a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
   b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

<p>| | | | | |</p>
<table>
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<tr>
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<td>1.</td>
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<tr>
<td>2.</td>
<td>Signs and Markers</td>
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<tr>
<td>3.</td>
<td>Topsoil</td>
<td></td>
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<tr>
<td>4.a</td>
<td>Hydrologic Balance: Diversions</td>
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<td></td>
<td></td>
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<tr>
<td>4.b</td>
<td>Hydrologic Balance: Sediment Ponds and Impoundments</td>
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<tr>
<td>4.c</td>
<td>Hydrologic Balance: Other Sediment Control Measures</td>
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<tr>
<td>4.d</td>
<td>Hydrologic Balance: Water Monitoring</td>
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<tr>
<td>4.e</td>
<td>Hydrologic Balance: Effluent Limitations</td>
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<td>Explosives</td>
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<td>6.</td>
<td>Disposal of Excess Spoil, Fills, Benches</td>
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<td>7.</td>
<td>Coal Mine Waste, Refuse Piles, Impoundments</td>
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<td>8.</td>
<td>Noncoal Waste</td>
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<td>9.</td>
<td>Protection of Fish, Wildlife and Related Environmental Issues</td>
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<td>10.</td>
<td>Slides and Other Damage</td>
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<td>11.</td>
<td>Contemporaneous Reclamation</td>
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<td>12.</td>
<td>Backfilling And Grading</td>
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<td>13.</td>
<td>Revegetation</td>
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<td>14.</td>
<td>Subsidence Control</td>
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<td>15.</td>
<td>Cessation of Operations</td>
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<td>16.a</td>
<td>Roads: Construction, Maintenance, Surfacing</td>
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<td>16.b</td>
<td>Roads: Drainage Controls</td>
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<tr>
<td>17.</td>
<td>Other Transportation Facilities</td>
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<td>18.</td>
<td>Support Facilities, Utility Installations</td>
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<tr>
<td>19.</td>
<td>AVS Check</td>
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<td>20.</td>
<td>Air Quality Permit</td>
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<tr>
<td>21.</td>
<td>Bonding and Insurance</td>
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<td>22.</td>
<td>Other</td>
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</table>
Inspection Continuation Sheet

Permit Number: C0070001
Inspection Type: PARTIAL
Inspection Date: Thursday, September 04, 2014
Permit Number: C0070005
Inspection Type: PARTIAL
Inspection Date: Tuesday, September 23, 2014
Start Date/Time: 9/23/2014 7:30:00 AM
End Date/Time: 9/23/2014 1:30:00 PM
Last Inspection: Tuesday, August 26, 2014
Inspector: Karl Houskeeper
Weather: Clear Skies, Temp. 48 Deg. F.
InspectionID Report Number: 3967
Accepted by:

Permittee: CANYON FUEL COMPANY
Operator: CANYON FUEL COMPANY
Site: SKYLINE MINE
Address: HC 35 BOX 380, HELPER UT 84526
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

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<tr>
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<tbody>
<tr>
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<td>Phase II</td>
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<tr>
<td>Phase III</td>
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</tbody>
</table>

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Inspector's Signature: Karl Houskeeper
Inspector ID Number: 49
Date: Tuesday, September 23, 2014
**REVIEW OF PERMIT, PERFORMANCE STANDARDS  PERMIT CONDITION REQUIREMENTS**

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
   a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
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<table>
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<tr>
<th>Element</th>
<th>Evaluated</th>
<th>Not Applicable</th>
<th>Comment</th>
<th>Enforcement</th>
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<td>1. Permits, Change, Transfer, Renewal, Sale</td>
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<td>2. Signs and Markers</td>
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<td>3. Topsoil</td>
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<tr>
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</table>
2. Signs and Markers

The mine identification signs through out the mine site are posted at points of contact from public access into the mining permit area. The signs contained the company name, address, permit number and phone contact number. In accordance with the Utah R645 Coal Rules.

4.a Hydrologic Balance: Diversions

The diversions are open and functional.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The main sediment pond and the load out sediment pond both contained water during the inspection.

5. Explosives

The powder and cap magazines were both viewed during the partial inspection. Both storage units are properly signed and grounded as required by law.

8. Noncoal Waste

Ancillary areas of the site, pad areas and roadways were free of noncoal waste items.
State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

Inspection Report

Permit Number: C0070012
Inspection Type: COMPLETE
Inspection Date: Monday, September 29, 2014
Start Date/Time: 9/29/2014 9:00:00 AM
End Date/Time: 9/29/2014 1:00:00 PM
Last Inspection: 9/29/2014 1:00:00 PM

Inspector: Karl Houskeeper,
Weather: Cloudy, Temp. 54 Deg. F.
InspectionID Report Number: 3976
Accepted by:

Permitee: PRICE RIVER TERMINAL, LLC
Operator: WATCO TRANSLOADING, LLC
Site: WELLINGTON PREPARATION PLANT
Address: PO BOX 337, SPRINGVILLE UT 84663
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1,573.50</td>
<td>Federal</td>
<td>Underground</td>
</tr>
<tr>
<td>392.00</td>
<td>State</td>
<td>Surface</td>
</tr>
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<td></td>
<td>County</td>
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</tr>
<tr>
<td></td>
<td>Fee</td>
<td>Processing</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>Reprocessing</td>
</tr>
</tbody>
</table>

Representatives Present During the Inspection:
- Company: Patrick Collins
- OGM: Karl Houskeeper

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Inspector's Signature: Karl Houskeeper,
Date: Monday, September 29, 2014
Note: This report represents a complete inspection of the site and activities. It is a summary of the inspection with the results.

This report is an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

Phone (801) 538-5340 • Fax (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov
**REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS**

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<tbody>
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<td>☐</td>
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<tr>
<td>Signs and Markers</td>
<td>✓</td>
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1. **Permits, Change, Transfer, Renewal, Sale**


2. **Signs and Markers**

   Mine identification signs are posted at all access points into the mining permit area from a public access. The signs contain the required information.

4.c **Hydrologic Balance: Other Sediment Control Measures**

   Silt fences and straw bales observed were in good and functional condition.

4.e **Hydrologic Balance: Effluent Limitations**

   August 2014 No Discharge.

7. **Coal Mine Waste, Refuse Piles, Impoundments**

   The refuse pile last inspection was June 28, 2014. The report is Utah P.E. certified and stamped.
Permit Number: C0070016
Inspection Type: COMPLETE
Inspection Date: Monday, September 15, 2014
Start Date/Time: 9/15/2014 1:00:00 PM
End Date/Time: 9/15/2014 1:45:00 PM
Last Inspection: Tuesday, August 26, 2014

Inspector: Amanda Daniels,
Weather: Sunny, 80F

Representatives Present During the Inspection:
OGM, Amanda Daniels

Permittee: CANYON FUEL COMPANY
Operator: CANYON FUEL COMPANY
Site: GORDON CREEK 2, 7 & 8 MINES
Address: HC 35 BOX 380, HELPER UT 84526
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: RECLAIMED

<table>
<thead>
<tr>
<th>Current Acreages</th>
<th>Mineral Ownership</th>
<th>Types of Operations</th>
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<td>✔ Underground</td>
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<td>✔ Fee</td>
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<td>0.73 Phase III</td>
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Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The entire site was walked during the September complete inspection. The site has had a number of large storms late this summer, and except for some erosion taking place in the lower diversion channels, the site has held up well.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS**

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1. **Permits, Change, Transfer, Renewal, Sale**

   There are no MRP amendments pending. Phase 1 bond release was granted in Oct. 2003 and phase 2 was approved in March 2007.

2. **Signs and Markers**

   The site information is displayed on signs at the gate.

4.b **Hydrologic Balance: Sediment Ponds and Impoundments**

   Jacob's pond was full but not discharging.

19. **AVS Check**

   An AVS check was performed in September by the Division.

21. **Bonding and Insurance**

   General liability insurance is renewed annually and is in effect through February 1, 2015. The facility is bonded for $641,443.00.
Checked in at the main office located at the West Ridge Mine. Met with Jay Marshall, David Hibbs and Karin Odendahl. Proceeded to the Centennial mine site for the partial inspection un-attended. Upon arrival at the Centennial mine checked in with the security guard.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS**

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2. **Signs and Markers**

   The mine identification sign is in place at the entrance to the mining permit area. The sign contains all of the required information listed in the Utah R645 Coal Rules.

4.a **Hydrologic Balance: Diversions**

   The diversions throughout the mine site are all open and functional.

4.b **Hydrologic Balance: Sediment Ponds and Impoundments**

   Observed the various sediment pond located throughout the mine site. All of the ponds are functional with some containing a small race of water from recent storm events.

5. **Explosives**

   No explosives are currently being stored on site.

8. **Noncoal Waste**

   The mine site is free of noncoal waste items.
A partial inspection was done to evaluate whether any abatement work had been done for citation #12147, a failure to abate cessation order that was issued on August 5, 2014 after the permittee failed to abate NOV #10141. There didn't appear to be any progress made towards abating the citation. Mike Herkimer and Woody Campbell from the Division of Water Quality were also present during the inspection to evaluate the condition of the pond and outfall included in the Horizon UPDES permit.

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Amanda Daniels,
Inspector ID Number: 67

Note: This inspection report is not to be used as an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

Inspector's Signature: Amanda Daniels
Date: Wednesday, September 24, 2014

Inspector ID Number: 3968
Accepted by: JHELFRIC
9/25/2014
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<td>22.</td>
<td>Other</td>
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</table>
4.b **Hydrologic Balance: Sediment Ponds and Impoundments**

The pond was full but wasn’t discharging, although there was evidence of recent discharge. Both inlets need to be armored to prevent further erosion. The outlet structure is not as it should be according to the designs in the approved MRP. There is not currently a decant pipe. Although the pond was full of water, there was still evidence of substantial sediment build up in the pond.
Inspection Report

Permit Number: C0070020
Inspection Type: PARTIAL
Inspection Date: Thursday, September 25, 2014
Start Date/Time: 9/25/2014 9:30:00 AM
End Date/Time: 9/25/2014 12:30:00 PM
Last Inspection: Thursday, August 21, 2014

Inspector: Karl Houskeeper
Weather: Clear Skies, Temp. 66 Deg. F
InspectionID Report Number: 3974
Accepted by:

Permittee: HIDDEN SPLENDOR RESOURCES
Operator: HIDDEN SPLENDOR RESOURCES
Site: HORIZON MINE
Address: 57 WEST 200 SOUTH, SUITE 400, SALT LAKE CITY UT 84101
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: INACTIVE

Current Acreages

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<td>Phase III</td>
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Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Inspector's Signature: Karl Houskeeper
Inspector ID Number: 49
Date: Thursday, September 25, 2014

Note: This inspection report is not an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS**

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
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4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

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<td>4.d Hydrologic Balance: Water Monitoring</td>
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</table>
2. **Signs and Markers**

   The mine identification sign is in place at the point of entry prior to the mining permit area.

4.a **Hydrologic Balance: Diversions**

   The culvert inlet at the base of the main diversion is obstructed. Maintenance is required. (see item 22.)

4.b **Hydrologic Balance: Sediment Ponds and Impoundments**

   The sediment pond still contains water. No pond discharge occurring at the time of the inspection.

22. **Other**

   The loose hanging belt has been pulled off the conveyor structure. Demolition activities is scheduled to begin next week. At present it is not know what equipment will be mobilized. That information is to be provided to the Division inspector next week. Specific equipment (back hoe or Track hoe) will be required to perform diversion maintenance.
The trans-loading oil is taking place at Savage Coal terminal. There is a possibility that this could be expanded in the near future. The road expansion for loading crude oil is completed and is use.

The coal storage facilities was receiving trucks for loading or unloading of coal during the inspection.

The shipping and loading of coal on to unit trains should increase slightly.

The wash plant was idle.

The wash plant will be used this month. The coal is coming from SUFCO.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS**

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<td>22</td>
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</table>
1. **Permits, Change, Transfer, Renewal, Sale**

   The permittee received a permit renewal. The permit will expire on August 7, 2019. The SPCC plan was last certified by Mr. Dan Guy, P.E., in March of 2010. The SPCC Plan will most likely need to be modified since there is a trans-loading of oil onto rail cars. The Air Quality Permit is DAQE-AN11793000-7-08.

2. **Signs and Markers**

   Identification sign was at gate to permit area. The information meets the minimum requirements of the R645 Coal Rules.

3. **Topsoil**

   The topsoil piles are stable. There were no signs of wind or water erosion. The berms and silt fences were in good condition surrounding the topsoil piles. The diversion around the topsoil pile was recently clean and the culvert open.

4.a **Hydrologic Balance: Diversions**

   The majority of the diversions and culvert were clean since the last inspection. All diversions and culvert were functioning as designed.

4.b **Hydrologic Balance: Sediment Ponds and Impoundments**

   The sediment ponds were inspected for the second quarter of 2014 on June 28, 2014. No hazardous conditions were reported. No sediment pond was discharging during the inspection. The embankments were stable. I did not see any hazardous conditions.

4.d **Hydrologic Balance: Water Monitoring**

   The quarterly water information is submitted by the permittee on a quarterly basis.

4.e **Hydrologic Balance: Effluent Limitations**

   The UPDES sampling points did not discharge for the second quarter of 2014.

7. **Coal Mine Waste, Refuse Piles, Impoundments**

   The refuse pile was inspected for the second quarter of 2014. No refuse was on site. All material was removed to the Co-Gen Plant.

8. **Noncoal Waste**

   The site was clear from non-coal waste materials.

16.a **Roads: Construction, Maintenance, Surfacing**

   Roads were water for dust control. The permittee was compacting road base material near oil truck unloading area.
18. **Support Facilities, Utility Installations**

There was no new support facilities since the last inspection.

21. **Bonding and Insurance**

The Permittee provided the Division with a general liability insurance re-newal form on April 1, 2014 from Marsh USA Risk and Insurance Services. The coverage will automatically re-new on April 1, 2015. Coverage amounts for each occurrence and general aggregate categories are adequate. Coverage for explosives damage is not specifically excluded. The cancellation clause meets the Division notification requirements contained within the policy. The posted bond amount to ensure reclamation of this site is $2,525,000. The surety (Liberty Mutual Insurance Company) has an A.M. Best rating of "A", as of December 31, 2010.
Inspector's Signature: 
Amanda Daniels, 
Inspector ID Number:  67
Date  Wednesday, September 17, 2014

Joe Helfrich met with representatives from EIS regarding the vegetation reference area. No problems were observed while on site. The ditch around the refuse pile was planned to be re-established, and the work had been completed by a site visit on September 15th.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS**

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</table>
1. **Permits, Change, Transfer, Renewal, Sale**
   The DOGM permit was recently renewed and now expires on May 5, 2019.

3. **Topsoil**
   All of the topsoil piles were clearly marked and appeared stable.

4.b **Hydrologic Balance: Sediment Ponds and Impoundments**
   Ponds had been inspected by Tom Paluso, a P.E., on June 19, 2014. No significant problems were reported.

4.c **Hydrologic Balance: Other Sediment Control Measures**
   The excelsior logs on the east side of the facility were inspected. After recent storm, the northmost set of logs need to be cleaned of debris. This was discussed with Kit Pappas during the inspection.

4.e **Hydrologic Balance: Effluent Limitations**
   Copies DMRs through July were filed on site. The coal UPDES permit expires August 31, 2018.

7. **Coal Mine Waste, Refuse Piles, Impoundments**
   The ditch around the refuse pile needed to be re-established. It was completed by a site visit on September 15th.

8. **Noncoal Waste**
   The site was clear of noncoal waste.

20. **Air Quality Permit**
   The air quality permit was expanded and approved January 5, 2000.

21. **Bonding and Insurance**
   The facility is bonded for $1,144,00 and is self-insured.
Permit Number: C0070035
Inspection Type: PARTIAL
Inspection Date: Thursday, September 18, 2014
Start Date/Time: 9/18/2014 12:00:00 PM
End Date/Time: 9/18/2014 3:00:00 PM
Last Inspection: Wednesday, August 13, 2014

Inspector: Karl Houskeeper
Weather: Clear Skies, Temp. 80 Deg. F.
InspectionID Report Number: 3965

Representatives Present During the Inspection:
- Company: Rusty Netz
- OGM: Karl Houskeeper

Permittee: SUNNYSIDE COGENERATION ASSOCIATES
Operator: SUNNYSIDE COGENERATION ASSOCIATES
Site: SUNNYSIDE REFUSE & SLURRY
Address: PO BOX 159, SUNNYSIDE UT 84539
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

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Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Inspector's Signature: Karl Houskeeper
Inspector ID Number: 49
Date: Thursday, September 18, 2014

Note: This report reflects the results of an inspection conducted under the regulatory program of the Division of Oil, Gas and Mining.
	telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov
**REVIEW OF PERMIT, PERFORMANCE STANDARDS  PERMIT CONDITION REQUIREMENTS**

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2. **Signs and Markers**

   The mine identification sign is in place at the entrance into the mining permit area. The sign contained the required information.

4.a **Hydrologic Balance: Diversions**

   The diversions are open and functional.

4.b **Hydrologic Balance: Sediment Ponds and Impoundments**

   The sediment ponds still have water in them from storm events.

6. **Disposal of Excess Spoil, Fills, Benches**

   Excess spoil pile #1 has a smoker on it that needs to be extinguished. Personnel were dispatched to take care of the problem.
The mine was producing coal during the inspection.

Coal trucks were in the process of get loaded with coal.

I checked the outlet of mine water monitoring book at the foreman's office. The reports were up to date as required. A new book will be needed in the near future.
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</table>
2. **Signs and Markers**

   The Identification sign is located at the main gate to the property. The sign meets the minimum requirements of the R645 Coal Rules.

3. **Topsoil**

   There were no signs of wind or water erosion.

4.a **Hydrologic Balance: Diversions**

   I inspected the diversions. The diversions and culverts were performing as designed. The diversions have been clean out recently.

4.b **Hydrologic Balance: Sediment Ponds and Impoundments**

8. **Noncoal Waste**

   The mine site was clear of non-coal waste materials.

16.a **Roads: Construction, Maintenance, Surfacing**

   Roads were damp and free from dust.

18. **Support Facilities, Utility Installations**

   No new support facilities since the last inspection.
Inspection Report

Permit Number: C0070042
Inspection Type: PARTIAL
Inspection Date: Thursday, September 18, 2014
Start Date/Time: 9/18/2014 8:00:00 AM
End Date/Time: 9/18/2014 12:00:00 PM
Last Inspection: Wednesday, August 13, 2014

Inspector: Karl Houskeeper
Weather: Clear Skies, Temp. 80 Deg. F.
Accepted by:

Representatives Present During the Inspection:
- Company: Rusty Netz
- OGM: Karl Houskeeper

Permitee: SUNNYSIDE COGENERATION ASSOCIATES
Operator: SUNNYSIDE COGENERATION ASSOCIATES
Site: STAR POINT REFUSE
Address: PO BOX 159, SUNNYSIDE UT 84539
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

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Mineral Ownership:
- Federal
- State
- County
- Fee
- Other

Types of Operations:
- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Inspector's Signature: Karl Houskeeper
Inspector ID Number: 49
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2. **Signs and Markers**

   The mine identification signs are in place at points of public access into the mining permit area. The signs contain the required information.

4.a **Hydrologic Balance: Diversions**

   NOV # 12148 has been extended until October 17, 2014 to allow for an amendment to be reviewed and approved by the Division allowing the removal of culverts. The diversions identified in the amendment will now function as ditches without culverts.

   Extensive work has been performed on all of the diversions throughout the mine site since the prior inspection.

7. **Coal Mine Waste, Refuse Piles, Impoundments**

   The refuse pile appeared stable. No visible hazards were observed during the inspection.
The site remains unchanged.
Mr. Brent Davies of C & P Coal Associates, SLC is the responsible party.
The Division has pressed Mr. Davies to proceed with final reclamation and plugging of this well. Mr. Davies indicated he would like the well to remain in its present status.
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4.c Hydrologic Balance: Other Sediment Control Measures

The gouge depressions implemented for sediment control at this site are functioning well. Nearly all have some species of vegetation sprouting in them. No water was seen in any of the depressions.

4.d Hydrologic Balance: Water Monitoring

Horse Canyon Creek was dry from the Emery County bridge up to the Range Creek / Turtle Canyon road junction. A small flow was seen above this under road culvert from the drainage above; there is always a small amount of flow from inside this culvert. No water samples were collected.

7. Coal Mine Waste, Refuse Piles, Impoundments

The Geneva Mine upper pond (36 inch half-round open channel spillway) along the road was dry.

9. Protection of Fish, Wildlife and Related Environmental Issues

No wildlife was observed during today's inspection.

16.a Roads: Construction, Maintenance, Surfacing

The Horse Canyon access road was in good condition. There were no signs of erosive action along the ditch lines, although the Carbon / Emery area had seen several events over the past several weeks.
Mr. Kyle Edwards, plant manager, represented the Permittee during today's inspection. High ash coal was being processed during today's inspection.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS**

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4.a Hydrologic Balance: Diversions

All of the sites diversions were capable of functioning as designed. The two items which were noted by the Division representatives on August 21, 2014 had been addressed prior to today's inspection.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Both the East and West ponds contained water. Both open channel spillways were capable of functioning. Neither of these ponds has ever discharged.

4.d Hydrologic Balance: Water Monitoring

No water monitoring is required during the operational phase.

5. Explosives

There are no explosive storage magazines at this site.

20. Air Quality Permit

The operational haul roads at the site were being watered during today's inspection. Although no trucks were seen accessing the site, the Permittee has a good supply of material on hand to be processed.
Inspection Report

Permit Number: C0150007
Inspection Type: PARTIAL
Inspection Date: Wednesday, September 24, 2014
Start Date/Time: 9/24/2014 8:15:00 AM
End Date/Time: 9/24/2014 1:30:00 PM
Last Inspection: Wednesday, August 20, 2014

Inspector: Karl Houskeeper,
Weather: Clear Skies, Temp. 57 Deg. F,
InspectionID Report Number: 3971
Accepted by:

Permittee: CONSOL MINING COMPANY, LLC
Operator: CONSOL MINING COMPANY, LLC
Site: HIDDEN VALLEY MINE
Address: 1000 CONSOL ENERGY DRIVE, CANONSBURG PA 15317
County: EMERY

Permit Type: PERMANENT COAL PROGRAM
Permit Status: RECLAIMED

Current Acreages

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<td>Phase II</td>
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Mineral Ownership

- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Inspector's Signature: Karl Houskeeper,
Inspector ID Number: 49
Date: Wednesday, September 24, 2014

Note: This inspection report is an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS**

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2. **Signs and Markers**

   The mine identification sign is posted at the end of the county road and start of the mining permit area. The sign is a hand made sign, white background with black writing from a magic marker. The sign contained the required information.

4.c **Hydrologic Balance: Other Sediment Control Measures**

   There is only one other sediment control measure on site. The control measure is a silt fence. The silt fence is adjacent to the mine identification sign. The silt fence structure was checked during the inspection and was found to be functional.
The conveyor tunnel was recently removed connecting Trail Mountain and Cottonwood Mines. Maintenance is required on siltation structures around the topsoil stockpile and at the undisturbed inlet above the topsoil stockpile. Disturbance associated with the conveyor tunnel will either be reclaimed or sediment controls will be replaced.

Inspector's Signature: Priscilla Burton
Inspector ID Number: 37
Date: Monday, September 08, 2014

Note: This inspection report is not an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
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Permit Number: C0150009
Inspection Type: COMPLETE
Inspection Date: Friday, September 05, 2014
Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Stopped by the office located at the Emery Deep Mine. Office was open, but couldn't find anyone. Left a note and proceed on inspection un-attended.
REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS

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</table>
2. **Signs and Markers**

   The mine identification signs at the main facility and the 4th East facility were examined as part of the inspection. Both signs were found at a point of contact between public access and the mining permit area. The signs contained all of the necessary information required in the Utah R645 Coal Rules.

4.c **Hydrologic Balance: Other Sediment Control Measures**

   Several sections of silt fence have been replaced on the North side of the permit area in the 4th East Portal Area. These areas were identified as needing maintenance on prior inspections.

5. **Explosives**

   All Explosive's have been removed from the mine site, including the magazines used to store explosives.

7. **Coal Mine Waste, Refuse Piles, Impoundments**

   The refuse pile appeared stable. No visible hazards were observed during the inspection.

8. **Noncoal Waste**

   The mine site appeared free of noncoal waste items outside of an approved storage facility.
State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
Michael R. Styler  
Executive Director  
Division of Oil, Gas and Mining  
John R. Baza  
Division Director

Inspection Report

<table>
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<tr>
<th>Permit Number:</th>
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<tr>
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Inspector: Steve Demczak.  
Weather: Sunny, 80's  
Acceptance Code: 3973  
Accepted by: JHLEFRIC  
9/25/2014

Representatives Present During the Inspection:  
| Company | Dennis Oakley | OGM | Steve Demczak |

Permittee: PACIFICORP  
Operator: ENERGY WEST MINING CO  
Site: DEER CREEK MINE  
Address: PO BOX 310, HUNTINGTON UT 84528  
County: EMERY  
Permit Type: PERMANENT COAL PROGRAM  
Permit Status: ACTIVE

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<td>□ Reprocessing</td>
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</table>

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The mine was operating. It is rumored that November the longwall will be moved to Wy.
## REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
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3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

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<th>1. Permits, Change, Transfer, Renewal, Sale</th>
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<td>3. Topsoil</td>
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Thunderstorm activity in August plugged the undisturbed inlet which then overflowed into the mine site, down the access road and out the gate. The water tore through berms, eroded the asphalt road and scattered rip rap across the road. All silt fences and down drains need maintenance.

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Thunderstorm activity in August plugged the undisturbed inlet which then overflowed into the mine site, down the access road and out the gate. The water tore through berms, eroded the asphalt road and scattered rip rap across the road. All silt fences and down drains need maintenance.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS**

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22. Other
Checked in at the Office at the r Canyon Mine. Jaren Jorgensen was underground and Kenny Defa had MSHA. Conducted the partial inspection un-attended.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS**

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</table>
2. **Signs and Markers**

   The mine ID sign is located at the entrance into the mining permit area. The sign contains the required information.

4.a **Hydrologic Balance: Diversions**

   The diversions through-out the mine site have been cleaned and brought back to design standards from the recent storm events.

5. **Explosives**

   Powder and cap magazines are properly signed and grounded.
Permit Number: C0150032
Inspection Type: PARTIAL
Inspection Date: Monday, September 15, 2014
Start Date/Time: Monday, September 15, 2014 8:30:00 AM
End Date/Time: Tuesday, August 19, 2014 1:00:00 PM
Last Inspection: Monday, September 15, 2014 8:30:00 AM

Inspector: Karl Houskeeper,
Weather: Partly Cloudy, Temp. 60 Deg. F.
InspectionID Report Number: 3961

Representatives Present During the Inspection:
OGM Karl Houskeeper

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Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Jay Marshall and Karin Odendahl came by the Price Field Office to meet with Priscilla Burton about a site visit to East Mountain. Informed Jay and Karin that I was going to the Crandall Canyon Mine site for a Partial inspection. Proceeded to the Crandall Canyon Mine un-attended.

Inspector's Signature: Karl Houskeeper, Inspector ID Number: 49
Date: Monday, September 15, 2014
### REVIEW OF PERMIT, PERFORMANCE STANDARDS  PERMIT CONDITION REQUIREMENTS

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</table>
2. **Signs and Markers**

   The Mine identification signs at the Burma Pond and Main Facility were checked as part of the partial inspection. Both signs are placed at a point of public access into the mining permit area. Both of the signs contained the required information.

4.a **Hydrologic Balance: Diversions**

   The diversions at the mine site were checked and found to be functional.

4.b **Hydrologic Balance: Sediment Ponds and Impoundments**

   The sediment pond contains some water. The markers within the pond are clearly visible.

4.d **Hydrologic Balance: Water Monitoring**

   Water samples were pulled from 002 and Pre-002.

   Mine water flow was 340.9 gpm  
   Coagulant 7.69 ppm  
   Flocculent 4.24 ppm

   The iron treatment pond was being cleaned during the inspection and at the time that the water samples were pulled.
Represents Present During the Inspection:

<table>
<thead>
<tr>
<th>Company</th>
<th>Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kirk Nicholas</td>
<td>OGM Karl Houskeeper</td>
</tr>
</tbody>
</table>

Permit Number: C0250005
Inspection Type: PARTIAL
Inspection Date: Tuesday, September 09, 2014
Start Date/Time: 9/9/2014 8:00:00 AM
End Date/Time: 9/9/2014 2:00:00 PM
Last Inspection: Tuesday, August 05, 2014

Inspector: Karl Houskeeper
Weather: Moderate to Heavy Rain, Temp. 55 Deg. F
InspectionID Report Number: 3959
Accepted by:

Permittee: ALTON COAL DEVELOPMENT LLC
Operator: ALTON COAL DEVELOPMENT LLC
Site: COAL HOLLOW
Address: 463 North 100 West, Suite 1, CEDAR CITY UT 84720
County: KANE
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

<table>
<thead>
<tr>
<th>Current Acreages</th>
<th>Mineral Ownership</th>
<th>Types of Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>721.00 Total Permitted</td>
<td>✔ Federal</td>
<td>□ Underground</td>
</tr>
<tr>
<td>329.00 Total Disturbed</td>
<td>□ State</td>
<td>✔ Surface</td>
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<td></td>
<td>□ County</td>
<td>□ Loadout</td>
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<tr>
<td>Phase I</td>
<td>✔ Fee</td>
<td>□ Processing</td>
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<tr>
<td>Phase II</td>
<td>□ Other</td>
<td>□ Reprocessing</td>
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<tr>
<td>Phase III</td>
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</tbody>
</table>

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The high wall miner head remains stuck in panel #9. A different head has been acquired and high wall mining has occurred in Pit #22. Mining and shipment of coal was not taking place on the day of the inspection do to the quantity of rain received.

Inspector’s Signature: Karl Houskeeper
Inspector ID Number: 49
Date: Tuesday, September 09, 2014

Note: The contents of this report are verified, and reflect the best knowledge of the representative of the permit holder with respect to the operations of the permit. The information in this report is to be used for the regulatory program of the Division of Oil, Gas and Mining.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS**

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
   a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
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3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

<table>
<thead>
<tr>
<th>Element</th>
<th>Evaluated</th>
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<th>Enforcement</th>
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<td>1. Permits, Change, Transfer, Renewal, Sale</td>
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<tr>
<td>2. Signs and Markers</td>
<td>✓</td>
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<td>3. Topsoil</td>
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<td>✓</td>
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<tr>
<td>4.a Hydrologic Balance: Diversions</td>
<td>✓</td>
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<tr>
<td>4.b Hydrologic Balance: Sediment Ponds and Impoundments</td>
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<td>4.c Hydrologic Balance: Other Sediment Control Measures</td>
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<td>4.d Hydrologic Balance: Water Monitoring</td>
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<td>4.e Hydrologic Balance: Effluent Limitations</td>
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<td>6. Disposal of Excess Spoil, Fills, Benches</td>
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<td>16.a Roads: Construction, Maintenance, Surfacing</td>
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<td>22. Other</td>
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</table>
2. Signs and Markers

The mine identification signs were observed during the inspection. The signs are located at the points of access into the permit area from a public road and they contained the required information.

4.a Hydrologic Balance: Diversions

Robinson Creek was flowing. See Photo attached to the PDF version of this report.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Pictures of Ponds 1, 1B, 2 & 4 were taken. Pond #1 and #2 were discharging during the inspection.

8. Noncoal Waste

Site was free of noncoal waste items.
Permit Number: C0410002
Inspection Type: PARTIAL
Inspection Date: Wednesday, August 27, 2014
Start Date/Time: 8/27/2014 3:00:00 PM
End Date/Time: 8/27/2014 4:00:00 PM
Last Inspection: Wednesday, July 30, 2014

Inspector: Joe Helfrich
Weather: cool windy 70

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of this site visit was to conduct a partial inspection. The undersigned met with Amanda Richard at approximately 3:00 PM on the 27th of August at the waste rock sight.
**REVIEW OF PERMIT, PERFORMANCE STANDARDS, PERMIT CONDITION REQUIREMENTS**

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   a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
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</tbody>
</table>
1. **Permits, Change, Transfer, Renewal, Sale**

A short discussion included notification to Amanda of the scheduled site visit to the rock shelter cultural resource on the 28th of August with Charmaine Thompson (FS Archaeologist).

3. **Topsoil**

Topsoil excavated from the waste rock expansion had been added to the lower stockpile. At some point in the near future an as built drawing of the pile will need to be submitted to the Division.
September 11, 2014

CERTIFIED RETURN RECEIPT
7012 3460 0002 9559 6052

Gerald Hascall, Plant Manager
Sunnyside Cogeneration Associates
P. O. Box 159
Sunnyside Utah 84539

Subject: Proposed Assessment for State Violation No. N 12148. Star Point Refuse, C/007/0042. Task ID #4653

Dear Mr. Hascall:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Karl Housekeeper, on August 18, 2014. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.
2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment. Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,

[Signature]
Joseph C. Helfrich
Assessment Officer

Enclosure
cc: OSM Compliance Report
Suzanne Steab, DOGM
Sheri Sasaki, DOGM
O:\007042.SWF\WG4653\PRO ASSESSMENT 12148 WG4653.DOC
WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING

COMPANY / MINE  Star Point Refuse

PERMIT  C/007/0042   NOV / CO #  N 12148   VIOLATION  1  of  1

ASSESSMENT DATE  September 11, 2014

ASSESSMENT OFFICER  Joe Helfrich

I.  HISTORY  (Max. 25 pts.)

A.  Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

PREVIOUS VIOLATIONS   EFFECTIVE DATE   POINTS

-----------------------------------  --------------------  --------

1 point for each past violation, up to one (1) year
5 points for each past violation in a CO, up to one (1) year
No pending notices shall be counted

TOTAL HISTORY POINTS  0

II.  SERIOUSNESS  (Either A or B)

NOTE:  For assignment of points in Parts II and III, the following apply:

1.  Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.

2.  Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation?  Event

A.  EVENT VIOLATION  (Max 45 pts.)

1.  What is the event which the violated standard was designed to prevent?

Water Pollution
2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<table>
<thead>
<tr>
<th>PROBABILITY</th>
<th>RANGE</th>
</tr>
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<tbody>
<tr>
<td>None</td>
<td>0</td>
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<tr>
<td>Unlikely</td>
<td>1-9</td>
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<tr>
<td>Likely</td>
<td>10-19</td>
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<tr>
<td>Occurred</td>
<td>20</td>
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</tbody>
</table>

ASSIGN PROBABILITY OF OCCURRENCE POINTS __5__

PROVIDE AN EXPLANATION OF POINTS:
***The probability of this occurrence is unlikely.***

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

ASSIGN DAMAGE POINTS __0__

PROVIDE AN EXPLANATION OF POINTS:
***According to the information in the inspector statement, No damage occurred as a result of the violation.***

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS ______

PROVIDE AN EXPLANATION OF POINTS:
***

TOTAL SERIOUSNESS POINTS (A or B) __5__

III. NEGLIGENCE (Max 30 pts.)

A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee
to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>No Negligence</td>
<td>0</td>
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<tr>
<td>Negligence</td>
<td>1-15</td>
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<tr>
<td>Greater Degree of Fault</td>
<td>16-30</td>
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</tbody>
</table>

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

ASSIGN NEGLIGENCE POINTS 12

PROVIDE AN EXPLANATION OF POINTS:

*** According to the information in the inspector statement, the permittee failed to maintain constructed diversions and had been issued a similar violation (10139) on May 2nd, 2014.

IV. GOOD FAITH (Max 20 pts.)

(Either A or B)
(Does not apply to violations requiring no abatement measures)

A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?
   IF SO--EASY ABATEMENT

   Easy Abatement Situation
   X Immediate Compliance -11 to -20*  
      (Immediately following the issuance of the NOV)
   X Rapid Compliance -1 to -10  
      (Permittee used diligence to abate the violation)
   X Normal Compliance 0  
      (Operator complied within the abatement period required)  
      (Operator complied with condition and/or terms of approved Mining and Reclamation Plan)

*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?
   IF SO--DIFFICULT ABATEMENT

   Difficult Abatement Situation
   X Rapid Compliance -11 to -20*  
      (Permittee used diligence to abate the violation)
   X Normal Compliance -1 to -10*
(Operator complied within the abatement period required)

Extended Compliance 0

(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)
(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)

EASY OR DIFFICULT ABATEMENT? The inspector statement did not indicate that plans were required to abate the violation.

ASSIGN GOOD FAITH POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

***Good faith will be evaluated upon termination of the violation

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # N 12148

I. TOTAL HISTORY POINTS 0

II. TOTAL SERIOUSNESS POINTS 5

III. TOTAL NEGLIGENCE POINTS 12

IV. TOTAL GOOD FAITH POINTS 0

TOTAL ASSESSED POINTS 17

TOTAL ASSESSED FINE $374
<table>
<thead>
<tr>
<th>Postage</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Fee</td>
<td></td>
</tr>
<tr>
<td>Return Receipt Fee (Endorsement Required)</td>
<td></td>
</tr>
<tr>
<td>Restricted Delivery Fee (Endorsement Required)</td>
<td></td>
</tr>
</tbody>
</table>

Total Post.

Gerald Hascall, Plant Manager
Sunnyside Cogeneration Assoc
P.O. Box 159
Sunnyside, UT 84539

PS: Form 3810, August 2006
Action Taken on Existing Citation
Utah Coal Regulatory Program

1594 West North Temple, Salt Lake City, UT 84114
Phone: (801) 538-5285 Fax: (801) 359-3940

Action on Citation#: 12148
Permit Number: C0070042
Date Cit. Issued: 08/18/2014

MODIFICATION of TERMINATION of VACATION of

NOTICE OF VIOLATION CESSATION ORDER (CO) FAILURE TO ABATE CO

Permittee Name: SUNNYSIDE COGENERATION ASSOCIATES
Mine Name: STAR POINT REFUSE
Certified Return Receipt Number: Mailed Regular Mail

Inspector Number and ID: 49 KHOUSKEE
Date and Time of Action: 09/17/2014 4:00 pm
Date and Time of Service: 09/18/2014 3:15 pm

In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:

☑ Modified as follows:
The abatement date is extended until October 17, 2014.

Reason for modification:
To allow the Division to review and approve an amendment associated with the violation, allowing the removal of several culverts.

☒ Terminated because:

☒ Vacated because:

RUSTY NETZ
(Print) Permittee Representative
Regular mail 9/18/14
Permittee Representative's Signature - Date

KARL HOUSKEEPER
(Print) DOGM Representative
9/18/14
DOGM Representative's Signature - Date

Refer to the “Citation For Non-Compliance” for additional information.

Original – DOGM Files Copy – Permittee Form DOGM Citation Action Last Revised – August, 2006
PAY TO THE ORDER OF  Utah Division of Oil, Gas, & Mining

THREE HUNDRED SEVENTY-FOUR DOLLARS 374.00

 Original Check
Routed to Accounting

DIV. OF OIL, GAS & MINING

004995

9/17/14

11-26-1210

121000248 120014748

#607542 Incoming
#4653

SEP 24 2014

Wells Fargo Bank, N.A.

N 12148

Stapoint Violation
WORKSHEET FOR ASSESSMENT OF PENALTIES
DIVISION OF OIL, GAS & MINING

COMPANY / MINE  Star Point Refuse

PERMIT  C/007/0042   NOV / CO #  N 12148   VIOLATION   1   of   1

ASSESSMENT DATE  September 11, 2014

ASSESSMENT OFFICER  Joe Helfrich

I.  HISTORY (Max. 25 pts.)

A.  Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

<table>
<thead>
<tr>
<th>PREVIOUS VIOLATIONS</th>
<th>EFFECTIVE DATE</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 point for each past violation, up to one (1) year
5 points for each past violation in a CO, up to one (1) year
No pending notices shall be counted

TOTAL HISTORY POINTS 0

II. SERIOUSNESS (Either A or B)

NOTE:  For assignment of points in Parts II and III, the following apply:

1.  Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.

2.  Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation?  Event

A.  EVENT VIOLATION (Max 45 pts.)

1.  What is the event which the violated standard was designed to prevent?

Water Pollution
2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<table>
<thead>
<tr>
<th>PROBABILITY</th>
<th>RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
</tr>
<tr>
<td>Unlikely</td>
<td>1-9</td>
</tr>
<tr>
<td>Likely</td>
<td>10-19</td>
</tr>
<tr>
<td>Occurred</td>
<td>20</td>
</tr>
</tbody>
</table>

ASSIGN PROBABILITY OF OCCURRENCE POINTS _5_

PROVIDE AN EXPLANATION OF POINTS:
*** The probability of this occurrence is unlikely.

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

ASSIGN DAMAGE POINTS __0__

PROVIDE AN EXPLANATION OF POINTS:
*** According to the information in the inspector statement, No damage occurred as a result of the violation.

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS _________

PROVIDE AN EXPLANATION OF POINTS:
***

TOTAL SERIOUSNESS POINTS (A or B) _5_

III. NEGLIGENCE (Max 30 pts.)

A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee
to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No Negligence</td>
<td>0</td>
</tr>
<tr>
<td>Negligence</td>
<td>1-15</td>
</tr>
<tr>
<td>Greater Degree of Fault</td>
<td>16-30</td>
</tr>
</tbody>
</table>

STATE DEGREE OF NEGLIGENCE  Greater Degree of Fault

ASSIGN NEGLIGENCE POINTS  12

PROVIDE AN EXPLANATION OF POINTS:
***According to the information in the inspector statement, the permittee failed to maintain constructed diversions and had been issued a similar violation (10139) on May 2nd, 2014.

IV. GOOD FAITH  (Max 20 pts.)

(Either A or B)
(Does not apply to violations requiring no abatement measures)

A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area? IF SO--EASY ABATEMENT

Easy Abatement Situation
X Immediate Compliance -11 to -20*
(Immediately following the issuance of the NOV)
X Rapid Compliance -1 to -10
(Permittee used diligence to abate the violation)
X Normal Compliance 0
(Operator complied within the abatement period required)
(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)

*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance? IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation
X Rapid Compliance -11 to -20*
(Permittee used diligence to abate the violation)
X Normal Compliance -1 to -10*

Page 5 of 6
(Operator complied within the abatement period required)

X Extended Compliance 0
(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)
(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)

EASY OR DIFFICULT ABATEMENT? *The inspector statement did not indicate that plans were required to abate the violation.*

ASSIGN GOOD FAITH POINTS 0

PROVIDE AN EXPLANATION OF POINTS:
***Good faith will be evaluated upon termination of the violation

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # N 12148

| I. TOTAL HISTORY POINTS | 0 |
| II. TOTAL SERIOUSNESS POINTS | 5 |
| III. TOTAL NEGLIGENCE POINTS | 12 |
| IV. TOTAL GOOD FAITH POINTS | 0 |

TOTAL ASSESSED POINTS 17

TOTAL ASSESSED FINE $374