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List of Appendixes

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CONFIDENTIAL Appendix 4-2  Zoning Information
CONFIDENTIAL Appendix 4-3  Air Quality Permit

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MAY 18, 2007
Div. of Oil, Gas & Mining
CHAPTER 4

400 LAND USE AND AIR QUALITY

410. Premining and Postmining Land Use: Pre-mining land use of the Lila Canyon permit area includes grazing, wildlife habitat, coal mining, and limited recreation, such as hunting. Other than grazing no agricultural activities have been or are currently being performed in the permit area. Post-mining land use will not differ from land use as defined prior to the construction of the mine. Post-mining land use will include grazing, wildlife habitat, and recreational activities.

411. Environmental Description

411.100 Pre-mining land use of the Lila Canyon permit area includes grazing, wildlife habitat, coal mining, and limited recreation, such as hunting. Other than grazing no agricultural activities have been or are currently being performed in the permit area.

411.110 Pre-mining land use of the Lila Canyon permit area includes grazing, wildlife habitat, coal mining, and limited recreation, such as hunting. Other than grazing, limited agricultural activities have been or are currently being performed in the permit area. The mine permit area has not been conducive to agricultural practices due to lacking water sources, the steep, rugged terrain, and poor soil types.

To help minimize confusion a summary of Lila Canyon Permit Extension acreage is listed below:

Total federal coal held by the permittee:
5,549.01 acres. Shown on Table 1-1.

Total Permitted surface acres:
5,992.07 acres combination of federal, state and private lands.
Shown in Table 4-2, 4-2A and described in Section 116.100.

Surface disturbance area:
40.26 acres discussed is Section 116.100, Section 542.200,
Appendix 5-8. Includes areas of undisturbed within the disturbed area.

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Top Soil removal / Actual Disturbance:
37.02 Acres discussed in Section 232.100. This is the actual area anticipated to be disturbed for the life of the mine.

The permit area for the Lila Canyon mine is depicted on Plate 4-1. Included in this map are: the boundary of the permit area, the area which will include surface facilities, and the new portals. Existing roads, power lines, and railroads are identified. Private, federal, and state ownership are also identified on this plate. Wildlife habitats have been identified on Plate 3-1 and grazing allotment boundaries are depicted on Plate 4-2.

Table 4-1 lists the various owners of land within and around the permit area. The permit area is approximately 5992.07 acres. Within the permit area, 1446.64 acres comprise private land and 289.06 acres comprise state lands. The remaining 4,256.37 acres is federal land owned and managed by the United States Bureau of Land Management (BLM). Table 4-2 describes the surface ownership and Table 4-2A describes the coal ownership of the permit and surrounding area.

Lila Canyon lies within a region identified by the BLM as the Range Valley Mountain Habitat Management Plan Area (U-6-WHA-T4). This region was designated as such by a technical committee comprising state, federal, local government agencies and private citizens. This Habitat Management Plan area was established in September 1991 to provide management for the wildlife species of the area, including federally protected wildlife and plant species, big game, upland and small game waterfowl, unique and limited high value wildlife habitat, and access management. Big game and raptor habitat within the Lila Canyon Mine permit area, along with the Range Valley Mountain HMA, have been identified on Plate 3-1.
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<td>Josiah and Etta Marie Eardley</td>
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<td>Brent Davies*</td>
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*Close proximity to permit area
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<td>60.70 (2)</td>
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GRAND TOTAL | | | | | 5992.07 |
### Table 4-2A

Coal Ownership Permit Area Both Horse Canyon and Lila Canyon By Lease

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Federal coal leases relative to the Lila Canyon Mine permit area are depicted on Plate 5-4. There are six federal coal leases comprising the permit area, all of which are assigned to Utah American Energy, Inc. The acreage for each lease is presented on Table 1-1.

Grazing allotments in the Lila Canyon Mine permit area are depicted on Plate 4-2. These grazing allotments have remained unchanged for the past 10 years. The permit area is located primarily within the Little Park Allotment and to a lesser extent within the Cove Allotment. Table 4-3, along with Plate 4-2, describes the allotments, owners, acreage, and animal unit month (AUM's).

The boundary of the Turtle Canyon Wilderness Study Area (WSA) in relation to the permit area is shown on Plate 4-4.
Table 4-3 Grazing Allotments

<table>
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<tr>
<th>ALLOTMENT#</th>
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<th>AUM's</th>
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<td>750</td>
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<td>6,879</td>
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<td>437039</td>
<td>Icelander</td>
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<td>43,897</td>
<td>3016</td>
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<td></td>
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<td>Dix Jensen</td>
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<td>18,473</td>
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<td>24096</td>
<td>Range Creek</td>
<td>Waldo Wilcox</td>
<td>43,900</td>
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</tbody>
</table>
Land use Description

The Lila Canyon Mine permit area has not and does not support a diversity of land uses due to soil types, topography, and hydrology of the area. The land surface of the permit area consists of rugged, southwest facing cliffs of the Book Cliffs. Many of which are deeply dissected by steep ephemeral drainages. The elevation in the mine permit area ranges from approximately 5,600 feet to 5,800 feet near and around the surface facilities site, to approximately 6,500 feet at the proposed portals location. The elevations along the ridge top predominantly range between 8,800 feet and 9,300 feet. The elevation at the top of Lila Canyon, near the mouth of the creek, is 8,530 feet. Large boulders and sandstone slabs clutter the sides and bottoms of cliff areas, as a result of cliff weathering. The base of the Book Cliffs consists of Mancos Shale Lowlands, of numerous southwesterly oriented ridges and drainages.

Three noteworthy drainages lie within and around the permit area. Grassy Wash originates in the area between Horse Canyon and Lila Canyon and flows southwest and south toward the Price River. The transportation and utility corridor will depart from Highway 191, Route 6 at the northeast corner of Section 1, Township 17S Range 13E and progress in the northeast direction to the mine permit area. The new road will cross the Grassy Wash drainage near the southwest corner of section 29, Township 16S Range 14E. The Marsh Flat drainage originates within close proximity of the mine permit area at Township 16S Range 14E Section 35. This drainage flows in the southwest direction toward the Price River. The Little Park Wash bisects the permit area in the north-south direction. This drainage enters the north boundary of the permit area at an approximate elevation of 7,600 feet and leaves the southern bound of the permit area at an approximate elevation of 6,200 feet. This drainage essentially parallels the western edge of the Book Cliffs and flows throughout the permit area at elevations of above 6,400 feet. Little Park Wash eventually drains into the Price River about eight miles down gradient of the southern bound of the mine permit area.
Water uses within the mine permit area are limited to stock watering, mining, and domestic uses at mine sites. Sources for water within and around the Mine Permit area include various springs, ephemeral washes, Little Park Wash, Horse Canyon Creek, and one underground water well historically used for sprinkling purposes for operation and maintenance of the mine. A water rights search was conducted for the mine permit area and is included within Table 7-2.

Due to topography, limited available water resources, soil types, limited access, and remote location, it is evident that the land within the mine permit area historically has not been capable of supporting a diversity of uses. The greatest variety of compatible uses for this land is a combination of recreation, wildlife habitat, grazing, and coal mining.

411.130 According to Bryant Anderson, administrator of Emery County Planning and Zoning (Anderson, 1998), all land within the Mine Reclamation Permit area is zoned M&G-1 for mining and grazing. Grazing is the most pervasive existing use of the land in the Lila Canyon area.

The BLM is the land manager for most of the area within the permit. The permit area consists of 5,992.07 acres of which the BLM manages 4256.37 of the acres. Within the permit area, there are 1446.64 privately owned acres, and 289.06 State owned acres. Refer to Plate 4-1 for ownership boundaries.

The Turtle Canyon Wilderness Study Area (WSA) overlaps a small portion of the permit area. No surface facilities or associated impacts will occur within the WSA.

411.140. Cultural and historical resources investigations have been performed in the vicinity of the permit area in the past. Significant studies include "An Archaeological/Historical Inventory of Kaiser Steel corporation Horse Canyon Mine Lease, East Carbon
County, Utah". This report was written in March 1986 by Don Southworth and Asa S. Nielson for the Mining and Reclamation Plan submitted to the Division by Intermountain Power Agency. A cultural Resource Inventory of the Kaiser Steel Corporation South Lease Mine Property and a Test Excavation (42EM1343 in Emery County, East Central Utah conducted by Rebecca Rauch (1981). These and additional survey reports of the area are included in Appendix 4-1.

Detailed archeological ground surveys were conducted at the Lila Canyon mine site and associated disturbed area, by Montgomery Archaeological personnel. These surveys were conducted in 1998, 1999, and 2006 and is included within Appendix 4-1.

Within the Horse and Lila Canyon Permit areas and the nearby Southern portion of the Kaiser Steel Corporation South Lease mine property, there are five known historic resources that are either on or eligible for listing on the National register. There is one listed site (42EM1222) 2.5 miles from the facility area. One eligible site (42EM1343) has been recovered and another (42EM2517) will be recovered prior to construction. The other two eligible sites (42EM2255 and 42EM2256) are not expected to be impacted by operations.

411.141. Historic resources are depicted on Plate 4-3.

411.141.1 The locations of listed or eligible cultural and historical resources in the area are discussed in Appendix 4-1 and shown on Plate 4-3.

There are no publicly owned parks.

411.141.2 No cemeteries are located in or within 100 feet of the proposed permit area.

411.141.3. No land within the proposed permit area is within the boundaries of any units of the National System of Trails or the Wild and Scenic Rivers System.

411.142. Consultation efforts for cultural and historical resources
are in process. Final concurrence from the SHPO will be included in this MRP prior to permit approval.

UEI will also include measures to prevent or minimize adverse impacts to listed sites within the permit area, if sites are discovered during the consultation process.

411.143. The Operator has provided archeology survey reports. Three of these surveys included intensive survey and analysis of areas that would be directly impacted by the Lila Canyon mining operations.

Two other surveys include spot surveys and analysis of areas that are expected to have a low probability of indirect mining impacts to the surface.

411.144 Of the 22 cultural and historical sites identified in the area, only one, 42EM1222, is listed on the National Register of Historic Places. This site is approximately 2.5 miles from the Lila Canyon surface facility and therefore, impacts are not expected to occur at this site.

BLM will develop a recovery plan for 42EM2517 that will occur after mine plan approval and before construction.

411.200. Previous mining and exploration activities have occurred within the proposed permit area within the last twenty years. In the mid-1950's, the road along the bottom of Lila Canyon was constructed to allow exploration of the resources. The road intersects the Horse Canyon Highway approximately 1.4 miles to the north and loops back to the south to intersect Highway 191 and 6 to the south (see Plate 4-1). Two sealed breakouts (Plate II-2 of Horse Canyon Plan) are located in the left fork of Lila Canyon where the Lila Canyon fan was installed in the 1950's. The Lila Canyon fan was used until the closure of Horse Canyon post 1977, and therefore, the current Coal Regulatory Program has jurisdiction over this disturbance and it is included in the permit area.

411.210. Coal was removed from the outcrop of Horse Canyon and transported back through the Horse Canyon Mine.
Excavation indicates only a small amount of coal was previously removed.

411.220. In the past, coal was removed from the Sunnyside Seam.

411.220. Because the old portal has been sealed, it is difficult to ascertain the total amount of coal which had been removed.

411.240. The exact date of the coal outcrop excavations is unknown. It is believed that coal was removed during the late 1950's or early 1960's.

411.250. The land use prior to outcrop excavation was the same as currently exists within the area. Wildlife habitat, grazing, and coal exploration was previously and is currently the predominant land use in the area.

412. Reclamation Plan

412.100. Post mining land use will be the same as currently exists today, that being: wildlife habitat, grazing, and limited recreational activities.

412.110. After all mining activity has been completed and the disturbed area regraded and reseeded, the site will enter a post reclamation phase. During the first ten years, the site will be monitored for vegetative success and erosion control. The reclaimed, revegetated area may be fenced to discourage livestock grazing until final reclamation has been achieved and the reclamation bond released.

Support activities to achieve the post-mining land use plan included: site monitoring, remedial actions including regrading, reseeding, remulching and replanting; and fencing as necessary to restrict access and grazing on the site until the reclamation bond has been released.

412.120. After the reclamation bond has been released, the property will be returned to the care of the surface land...
owners, which, for the most part, is the BLM. Management of the site will be according to the BLM's current range management plan for the region existing at that time.

412.130. Since premining land use is the same as postmining land use this section is not applicable.

412.140. This post-mining program is in accordance with the Emery County and BLM management framework plans. See Correspondence with Emery County Zoning Administrator, Bryant Anderson, and the BLM, regarding the zoning of lands within the Lila Canyon Extension included within Appendix 4-2. A Large Scale Industrial Site Plan was required by the county for any significant mining or industrial operations. A copy of the approval for the Large Scale Industrial Site Plan can be found in Appendix 4-2.

Based on the desire expressed by the BLM and/or Emery County, at the time of reclamation of the mine site, mine personnel would agree to work with the BLM and/or Emery County to achieve future land use objectives.

412.200. A Large Site Plan Approval has been filed with Emery County regarding the plans to mine coal in the Lila Canyon area. The approval process and a copy of this application are included in Appendix 4-2. A copy of the BLM post mine land use determination can be found in Appendix 4-2.

412.300. The mine operator does not propose to leave fills containing excess spoil.

413. Performance Standards

413.100 All disturbed areas will be restored to the conditions equal to or better than existed prior to disturbance.

413.200 Wildlife habitat and grazing will resume following reclamation activities of the mine site. No alternative
postmining land uses, nor higher or better uses are being proposed.

413.300. No alternative post-mining land use is being proposed at this time.

414. Premining Land use: It is the operations intent to return the mine properties to its pre-mine use. The reclamation practices to be implemented as outlined in chapter five have a proven record of success.

420. Air Quality.

421. Compliance with the Clean Air Act: Mining and reclamation operations will be conducted in compliance with the requirements of the Clean Air Act and other applicable state, federal statues.

422. Compliance Efforts: Appendix 4-3 contains the "Intent to Approve" and the actual "Approval Order" for the air quality permit obtained from the Utah Bureau of Air Quality. The initial air quality permit is for 1.5 million tons. Revisions to the air quality permit will be made to accommodate future increases in production.

423. Since Lila Canyon Mine is an underground operation this section is not applicable.

423.100 Since Lila Canyon Mine is an underground operation this section is not applicable.

423.200 Since Lila Canyon Mine is an underground operation this section is not applicable.

424. Since Lila Canyon Mine is an underground operation this section is not applicable.

425. Since Lila Canyon Mine is an underground operation this section is not applicable.
REFERENCES


Division of Water Rights, PLAT program

Emery County Recorder's Office
Appendix 4-1

to the

CONFIDENTIAL FILE
February 5, 2007

Mary Ann Wright
Associate Director
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: Lila Canyon Extension, Horse Canyon Mine, C/007/0013, Task ID #2741

In reply, please refer to Case No. 05-0305

Dear Ms. Wright:

The Utah State Historic Preservation Office received your request for comment on the above referenced project on February 2, 2006. We understand that you are acting on behalf of a federal agency, the Office of Surface Mining (OSM).

We concur with your determinations of eligibility for this project. We concur with your determination of Adverse Effect. We agree that the proposed Programmatic Agreement and Memorandum of Agreement are appropriate measures to address known or unknown effects to known or unknown cultural and historic resources on this project. We look forward to finalizing those documents.

This letter serves as our comment on the determinations you have made on behalf of OSM, within the consultation process specified in §36CFR800.4. Additionally, Utah Code 9-8-404(1)(a) denotes that your agency is responsible for all final decisions regarding cultural resources for this undertaking. Our comments here are provided as specified in U.C.A. 9-8-404(3)(a)(i). If you have questions, please contact me at (801) 533-3555 or mseddon@utah.gov.

Sincerely,

Matthew T. Seddon, Ph.D., RPA
Deputy State Historic Preservation Officer - Archaeology
Subject: Requesting Review And Participation As A Signatory Of A Programmatic Agreement With Attached Memorandum of Agreement For Lila Canyon Extension, UtahAmerican Energy, Inc. (UEI), Horse Canyon Mine, C/007/0013, Task #2741, Outgoing File

Dear Mr. Eddins:

In accordance with 36 CFR Part 800.2 (a), Pete Rutledge, Chief, Program Support Division at the Western Regional Coordinating Center, Office of Surface Mining (OSM), delegated the legal authority to the Utah Division of Oil, Gas & Mining (the Division) to act on behalf of OSM and conduct Section 106 regarding federal undertakings. The Division assumes the role of agency official with the continued assistance from OSM. Accordingly, we are requesting your review and participation as a signatory of the attached Programmatic Agreement (PA) with an Attached Memorandum of Agreement on the proposed Lila Canyon Extension as per Section 106 of the National Historic Preservation Act, as amended, and its implementing regulation at 36 CFR Part 800.

The enclosed map (Attachment 1) illustrates that the proposed Lila Canyon Extension of the Horse Canyon Mine is located in Emery County, Utah (7.5 Minute USGS Quadrangle map is Lila Point). The legal description for the proposed extension is: T16S R14E Sections 10, 11, 12, 15, 14, 13, 22, 23, 24, 26, and 25, and in T16S R15E Sections 19 and 30 (SLBM). The proposed extension area is about 4,660 acres, which includes approximately 42 acres of surface disturbance for the facility site. The Bureau of Land Management (BLM), School and Institutional Trust Lands Administration, and Josiah Eardley are surface landowners and BLM is the subsurface owner.

The Division reviewed reports of archaeological inventories previously conducted of the proposed surface facility site (Montgomery 1998; Attachment 2) and transportation and utility corridors (Montgomery 1998, Attachment 3). The Division then began consultation and advisement communications with Emery and Carbon counties, OSM, BLM, Public Lands Policy Coordination Office, numerous tribes, Southern Utah Wilderness Alliance (SUWA), Dr. Everett Bassett (Transcon Environmental – the Division’s archaeology consultant), and Utah State Historic Preservation Officer (SHPO).
As part of the consultation efforts, the Division identified the area of potential effect (APE I and II; Attachment 4), the course of additional identification efforts, and measures that would avoid, minimize, or mitigate possible adverse effects. The Division determined that it was prudent to conduct an additional surface archaeological inventory of the area of potential subsidence (APE II). Montgomery Archaeological Consultants conducted a Class II inventory during the summer of 2006 (Attachment 5).

In summary, there are three prehistoric sites that were previously determined as eligible for inclusion in the National Register of Historic Places within or adjacent to the proposed extension area. One prehistoric site (42EM2517) may be susceptible to impacts caused by vandalism (Montgomery 1998). The BLM would implement the mitigation plan for 42EM2517 as directed in the Memorandum of Agreement (MOA, 2007) prior to construction of the facility site. The other two eligible sites (42EM2255 and 42EM2256) are subject to potential subsidence (Jendresen et al. 2006; Miller 1991 [Attachment 6]). The Programmatic Agreement (PA, 2007) addresses related protection measures for archaeological resources such as these two sites.

There are four recorded sites within or adjacent to the extension area that were previously determined as not eligible. These sites include one prehistoric site (42EM1121) and three historic sites (42EM1335, 42EM1337, and 42EM1339). There are also five isolated finds that exist within or adjacent to the extension area that were previously recommended as not eligible. The Division concurs with the previously mentioned determinations.

There are three newly recorded sites (42EM3623, 42EM3622, and 42EM3659), which are historic in nature and considered common. These three sites are not eligible because they do not meet any of the National Register Criteria. The Division has not identified other sites within the boundaries of APE I or II.

The Division, BLM, OSM, and SHPO prepared the DRAFT PA (2007; Attachment 7) and DRAFT MOA (2007; Attachment 8) as measures to protect, avoid, or mitigate for known and unknown archaeological resources. The Division has sent these DRAFTS, as well as SHPO’s response to our findings, to the consulting parties.

The Division considers that the proposed Lila Canyon Extension would have an “adverse effect” on cultural resources. We also consider that subsidence may have effects on resources not identified or unexpected effects on resources identified during identification efforts. Furthermore, that the PA and MOA would provide prudent protection measures to address known or unknown effects to cultural and historic resources. Respectfully, we are requesting your review and participation...
APPENDIX 4-2

Zoning Information

Information for Appendix 4-2 is all hard copies no electronic copies exist.
Mr. Jay Marshall  
UtahAmerican Energy Inc.  
P. O. Box 986  
Price, Utah 84501  

Dear Mr. Marshall:

We received your letter requesting information on the post mine land use for the public land within the Lila Canyon Mine permit area. The post mine land use for this area is wildlife habitat, grazing and incidental recreation. If you have any questions please feel free to call me at 435) 636-3600.

Sincerely,

Mark A. Mackiewicz  
Realty Specialist
January 29, 1998

Bryant Anderson
Zoning Officer
Emery County Office of Planning and Zoning
Castledale, Utah 84513

Dear Mr. Anderson:

Our company is currently involved in preparing data for Chapter Four of a Mine and Reclamation Plan. The proposed mine permit area lies within Emery County and is depicted in red on the enclosed map. This map is a copy of the U.S. Bureau of Land Management, Huntington Map at a scale of 1:100,000. The general region can be described as the following sections:

Township 16S Range 14E
Sections 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 35, 36

Township 17S Range 14E
Sections 1, 12

Township 16S Range 15E
Sections 19, 29, 30, 31

Township 17S Range 15E
Sections 5, 6, 7, 8

The proposed portals will be located within the Southeast quarter of Section 15, Township 16S, Range 14E. The transportation and utility corridor is sketched in red on the enclosed map and will depart from Highway 191, Route 6, of the northeast corner of Township 17S, Range 13E, Section 1. We are interested in determining how this land is classified or zoned by Emery County. Please notify us of any additional information regarding this site and Emery County zoning laws.

Please feel free to call me at (435) 472-3814 with questions or concerns. Thank-you for your time and effort.

Sincerely,

Allyson Traficante
Engineer

INCORPORATED
May 18 2007
Div. of Oil, Gas & Mining
June 4, 1999

Jay Marshall
Utah American Energy Inc
P.O. Box 986
Price Utah 84501

Dear Mr. Marshall:

This letter is to confirm that the Emery County Board of Commissioners approved a Large Scale Industrial Site Plan for the Lila Canyon Mine Operation on March 16, 1999. Enclosed is a copy of the Commission Meeting Minutes showing the approval.

If you need any further information, please call our office.

Sincerely,

Bryant Anderson,
Zoning Administrator

Enclosure
forward on this project and seek funding from the State to help with the costs. The Recreation Subcommittee is doing a good job in helping the project move forward. Margaret Swasey should be commended for her efforts in this area.

(6) PUBLIC HEARING - TO RECEIVE PUBLIC COMMENT REGARDING PROPOSED LARGE SCALE SITE PLAN WHICH INCLUDES A COAL MINE IN LILA CANYON.

Mack Huntington, Planning Commission Chairman, informed the Commission that Utah American Energy Inc. has meet with the Planning Commission staff and the Planning Commission Board and both have endorsed their large scale site plan. Jay Marshall representing Utah American Energy Inc. presented a map showing where the proposed mine would be located. Construction is scheduled to begin in the summer of 1999. The site plan encompasses forty acres of land owned by the Bureau of Land Management. Access to the mine would be by Emery County roads. Rosann Fillmore asked how many jobs would be created. Mr. Marshall stated that at full capacity the mine would employ 135 people. Tony Conder asked about the company, where the headquarters were located and if they would be a union or nonunion mine. Mr. Marshall stated that the company is owned by Robert Murray. Mr. Murray is the largest independent coal producer in the United States. The company is incorporated in the State of Utah. The mine would prefer to be union free.

(7) CONSIDERATION AND APPROVAL OF UTAH AMERICAN ENERGY INC.'S PROPOSED LARGE SITE PLAN.

Commissioner Ira Hatch made a motion to approve the large scale site plan of Utah American Energy Inc. The motion was seconded by Commissioner Randy Johnson and approved by all members present.

(8) PLANNING/ZONING REQUESTS THE SETTING OF A PUBLIC HEARING TO RECEIVE PUBLIC COMMENT ON SITE PLAN APPROVAL FOR A GOLD MINING OPERATION.

Planning Commission Chairman Mack Huntington informed the Commission that the Planning Commission Board has finished the preliminary work on a site plan for GoldTerra, Inc. The site plan is for a gold mining operation at the Blue Castle mine site. Mr. Huntington requested that the Commission set a date for a public hearing to receive public comment on the proposed site. Commissioner Ira Hatch made a motion to set a public hearing for April 6, 1999 at 5:30 p.m. to receive public comment on the above proposal. The motion was seconded by Commissioner Randy Johnson and approved by all members present.
February 23, 2000

Jay Marshall
Utah American Energy, Inc.
P.O. Box 986
Price, Utah 84501

Dear Mr. Marshall:

In regards to your recent inquiry, yes Emery County understands that there is a distinct probability that UEI will be performing mining and reclamation activities within a 100' distance from a County Road. This was specifically discussed during the Planning and Zoning Commission phases of your County Permit and is discovered in item seven (7) of the Agreement made between Utah American Energy, Inc. (UEI) and Emery County Dated October 19, 1999.

We have no problem with this issue provided that a 6' chain link fence is installed around UEI's activities at a distance of 100' from the public road as protection from any normal hazards generally associated with your industry. If I can be of further assistance don't hesitate to call.

Sincerely,

[Signature]
Rox Funk,
Road Supervisor

RFUs
The purpose of this letter is to request your response to a couple questions pertinent to the wilderness re-inventory. Because of the "fast track" nature of the public participation component of the re-inventory, I ask that you or your staff provide a response as quickly as possible.

Question 1: I understand that as of February 14, 1999, BLM has managed re-inventory tracts found by the field teams to possess wilderness characteristics as wilderness study areas pending a final agency decision. Is this true?

Question 2: I understand that as of February 14, 1999, BLM has reviewed, or is reviewing, all management decisions that have been made, or which are pending, to determine whether those decisions or pending decisions will result in impairment to tracts found to have wilderness qualities as a result of the wilderness re-inventory. Is this true?

Question 3: If either question #1 or #2 is true, or true in part, would you peruse your files and make available to me, all internal memoranda and, or instructional directives, issued from what ever source, that either discuss or direct such management or review?

I am aware of the demands being placed on your staff above and beyond normal duties and recognize that additional requests from the public only add to the stress that you are currently under. I apologize if the above request adds to that situation. However, the importance of the decisions are about to be made and the pace that has been set by the department have created the urgency with which I present this request.

I sincerely appreciate your prompt response to this request.

Sincerely,

William D. Howell
Executive Director
Dear Mr. Howell:

Here are the answers to the three questions raised in your letter of April 29, 1999:

Question 1: Your understanding is incorrect. BLM will not manage any of the inventory areas as wilderness study areas (WSAs) until the current statewide planning project is completed, and at that time WSA management will only apply to those areas formally established as WSAs in approved amendments to land use plans.

Question 2: Your statement is partially correct. BLM decided about 10 days ago to make a statewide list of all applications for activities within inventory areas found to have wilderness characteristics. Such activities include permits, rights-of-ways, etc., which have been approved since February 14, 1999, are pending, or may be forthcoming (according to advance information BLM may have received from prospective applicants). Such a list will enable BLM to consider actions within the inventory areas on a consistent basis statewide. On April 26, 1999, BLM field office managers were requested by telephone to compile information for this list and send it to the BLM State Office within the next few days.

Question 3: Management to be applied on Inventory lands during the planning process of one of the Question-Answer Items on the BLM internet site. A copy from that site is enclosed. The only other written material regarding this subject is the memorandum of April 15, also enclosed.

Sincerely,

Richard L. Manus
Field Manager

2 Enclosures
1. Q&A Reprint from Internet
2. Leshy Memo of April 15
Memorandum

To: Utah State Director, Bureau of Land Management
From: John Leisy, Solicitor
Subject: Land Use Planning and the Utah Wilderness Inventory—1999

On February 4, 1999, the BLM completed a comprehensive field examination and document review under the authority of section 201 of the Federal Land Policy and Management Act (FLPMA) regarding wilderness characteristics of certain lands in Utah (the 1999 Wilderness Inventory). On March 18, 1999, BLM began a statewide planning effort to determine whether additional Wilderness Study Areas (WSAs) should be established under section 202 of FLPMA on the public lands identified as having wilderness characteristics in the 1999 Wilderness Inventory. These events have given rise to questions regarding management standards and processes applicable to these lands, including compliance with FLPMA and the National Environmental Policy Act (NEPA).

While the planning process is being completed on lands found to have wilderness characteristics in the 1999 Wilderness Inventory, the management prescriptions of existing land management plans do not change. For example, if current land management plans have designated lands open for mineral leasing, they remain open for leasing. Management prescriptions may be changed only through amendment of the land management plans, following the procedures of section 202 of FLPMA and implementing regulations at 43 CFR Subpart 1610.

As you may recall, the Secretary of the Interior had asked the Director of the BLM on November 1, 1993 to give “careful attention” to development proposals that could limit Congress’ ability to designate certain BLM areas in Utah (H.R. 1500 lands) as wilderness. State Director Matt Millembach elaborated on this policy in his letter to Representative Hansen on March 29, 1995 by outlining the standard NEPA review and public involvement process to be followed on these lands. Attached are copies of this guidance. This same policy should continue, but the area covered should be modified to concomitant with public lands identified as having wilderness characteristics in the 1999 Wilderness Inventory.

Specifically, in completing its Environmental Assessment (EA) or Environmental Impact Statement (EIS) on any proposed actions within inventory areas, the BLM should address whether the approval of the proposed action would harm existing wilderness characteristics so as to negate the eligibility of the lands for wilderness designation in the future. Proposed actions may be modified by appropriate protective stipulations, relocations, or redesigns to reduce the...
effect on wilderness characteristics. If the BLM determines that the proposed action would harm
wilderness characteristics so as to negate the eligibility of the lands for wilderness designation,
the BLM must consider among its alternatives in its EA or EIS the no action alternative, which
would preserve the land's eligibility for wilderness designation.

It is permissible to conduct the required NEPA analysis through the NEPA compliance that will
accompany the plan amendment process being conducted to consider the results of the 1999
Wilderness Inventory, rather than through an action-specific NEPA process.

c: Director, Bureau of Land Management
   Associate Solicitor for Land and Water
   Counselor to the Secretary Molly McUnic
APPENDIX 4-3

Air Quality Permit

Information for Appendix 4-3 is all hard copies no electronic copies exist.
October 23, 2008

R. Jay Marshall
UtahAmerican Energy, Inc.
P.O. Box 910
Price, Utah 84520

Dear Mr. Marshall:

Re: Approval Order: Approval Order Modification to Increase Coal Production from 1.5 to 4.5 Million Tons Per Year, Emery County – CDS SM; ATT; NSPS; TITLE V Minor
Project Code: N012185-0002

The attached document is the Approval Order for the above-referenced project.

Future correspondence on this Approval Order should include the engineer’s name as well as the DAQE number as shown on the upper right-hand corner of this letter. Please direct any questions you may have on this project to Mr. Maung Maung. He may be reached at (801) 536-4153.

Sincerely,

M. Cheryl Heying, Executive Secretary
Utah Air Quality Board

MCH:MM:sa

cc: Southeastern Utah District Health Department
Mike Owens, EPA Region VIII
STATE OF UTAH
Department of Environmental Quality
Division of Air Quality

APPROVAL ORDER: Approval Order Modification to Increase Coal Production from 1.5 to 4.5 Million Tons Per Year

Prepared By: Maung Maung, Engineer
(801) 536-4153
Email: mmaung@utah.gov

APPROVAL ORDER NUMBER
DAQE-AN0121850002-08
Date: October 23, 2008

UtahAmerican Energy, Inc.
Source Contact
R. Jay Marshall
(435) 888-4000

M. Cheryl Heying
Executive Secretary
Utah Air Quality Board
Abstract

UtahAmerican Energy, Inc. has requested a modification to their existing Approval Order DAQE-702-99, dated August 27, 1999, to effect the following changes:

1) The corporate office location should be changed to:

   Physical Address: UtahAmerican Energy, Inc.
   794 “C” Canyon Road
   East Carbon, Utah 84520

   Mailing Address: P.O. Box 910
                  Price, Utah 84520

   Phone Number: (435) 888-4000
   Fax Number: (435) 888-4002

2) The anticipated maximum coal production level has been increased from 1.5 million to 4.5 million tons per year.

3) The mine traffic road will be paved. In the approved plan this road was gravel.

4) The coal haul road has been shortened from 0.68 miles (3590 feet) to 0.154 (815 feet).

5) The coal stockpile has been enlarged to a maximum of 4.5 acres to reflect the increased production.

6) By lengthening the run of mine conveyor the company eliminated the belt transfer.

7) A new coal screen to screen all the produced coal has been proposed.

8) By installing the screen, only a portion of the coal will go through the crusher approximately 50%.

9) The refuse pile has been eliminated. All the refuse will be either buried or transported off site. The pile is no longer needed.

Emery County is an Attainment area of the National Ambient Air Quality Standards (NAAQS) for all pollutants. New Source Performance Standards (NSPS) 40 CFR subpart Y applies to this source. Therefore, Title V applies to this source. National Emission Standards for Hazardous Air Pollutants (NESHAP) and Maximum Achievable Control Technology (MACT) regulations do not apply to this source.

The emissions, in tons per year, will change as follows: $PM_{10} = 2.75$, $NO_x = 3.71$, $SO_2 = 0.24$, $CO = 6.40$, $VOC = 0.57$.

The changes in emissions will result in the following, in tons per year, potential to emit totals: $PM_{10} = 7.72$, $NO_x = 23.10$, $SO_2 = 1.52$, $CO = 10.58$, $VOC = 2.15$. 
The project has been evaluated and found to be consistent with the requirements of the Utah Administrative Code Rule 307 (UAC R307). A public comment period was held in accordance with UAC R307-401-7 and no comments were received. This air quality Approval Order authorizes the project with the following conditions, and failure to comply with any of the conditions may constitute a violation of this order.

**General Conditions:**

1. This Approval Order applies to the following company:

   **Site Office**
   UtahAmerican Energy, Inc.
   794 “C” Canyon Road
   East Carbon, Utah

   Phone Number (435) 888-4000
   Fax Number (435) 888-4002

   The equipment listed in this Approval Order shall be operated at the following location:

   From Price go East on Highway 6/191 approximately 40 miles to Horse Canyon turnout (Highway 125). Turn left on 125 and travel east approx. 4.5 miles to the junction of 125/126. Turn right on 126 and travel south on 126 approx 2.3 miles to the site.

   Universal Transverse Mercator (UTM) Coordinate System: UTM Datum NAD27
   4,364.4 kilometers Northing, 557.0 kilometers Easting, Zone 12

2. All definitions, terms, abbreviations, and references used in this Approval Order (AO) conform to those used in the UAC R307 and Title 40 of the Code of Federal Regulations (40 CFR). Unless noted otherwise, references cited in these AO conditions refer to those rules.

3. The limits set forth in this AO shall not be exceeded without prior approval in accordance with R307-401.

4. Modifications to the equipment or processes approved by this AO that could affect the emissions covered by this AO must be reviewed and approved in accordance with R307-401.

5. All records referenced in this AO or in applicable NSPS standards, which are required to be kept by the owner/operator, shall be made available to the Executive Secretary or Executive Secretary's representative upon request. Records shall be kept for the following minimum periods:

   A. Emission inventories  Five years from the due date of each emission statement or until the next inventory is due, whichever is longer
   B. All other records  Five years
6. UtahAmerican Energy, Inc. shall operate the Lila Canyon Mine in accordance with the terms and conditions of this AO as requested in the Notice of Intent (NOI) submitted to the Division of Air Quality (DAQ) on February 29, 2008, and additional information submitted to the DAQ on June 9, 2008 and September 2, 2008.

7. This AO shall replace the AO (DAQE-702-99) dated August 27, 1999.

8. The approved installations shall consist of the following equipment or equivalent*:
   A. One enclosed crusher* rated at 500 tons per hour
   B. One screen* model #45, manufactured by Jeffery
   C. One truck loading facility* with enclosed 450 tons surge bin and sprays as needed
   D. One stacking tube with associated coal stockpile
   E. One under-pile reclaim system
   F. Associated conveyors, mobile diesel equipment

   * Equivalency shall be determined by the Executive Secretary.

9. UtahAmerican Energy, Inc. shall notify the Executive Secretary in writing when the installation of the equipment listed in Condition #8.B has been completed and is operational. To insure proper credit when notifying the Executive Secretary, send your correspondence to the Executive Secretary, attn: Compliance Section.

   If the construction and/or installation has not been completed within 18 months from the date of this AO, the Executive Secretary shall be notified in writing on the status of the construction and/or installation. At that time, the Executive Secretary shall require documentation of the continuous construction and/or installation of the operation and may revoke the AO in accordance with R307-401-18.

10. Visible emissions from the following emission points shall not exceed the following values:
    A. Enclosed crusher exhaust - 20% opacity
    B. All conveyor transfer points - 20% opacity
    C. All diesel engines - 20% opacity
    D. Conveyor drop points - 20% opacity
    E. All other points - 20% opacity

   Opacity observations of emissions from stationary sources shall be conducted according to 40 CFR 60, Appendix A, Method 9.
For sources that are subject to NSPS, opacity shall be determined by conducting observations in accordance with 40 CFR 60.11(b) and 40 CFR 60, Appendix A, Method 9.

11. Visible emissions from any stationary point or fugitive emission source associated with the source or with the control facilities shall not exceed 20% opacity. Opacity observations of emissions from stationary sources shall be conducted in accordance with 40 CFR 60, Appendix A, Method 9. For sources that are subject to NSPS, opacity shall be determined by conducting observations in accordance with 40 CFR 60.11(b) and 40 CFR 60, Appendix A, Method 9.

12. Visible fugitive dust emissions from haul-road traffic and mobile equipment in operational areas shall not exceed 20% opacity at any point. Visible emission determinations shall use procedures similar to Method 9. The normal requirement for observations to be made at 15-second intervals over a six-minute period, however, shall not apply. Visible emissions shall be measured at the densest point of the plume but at a point not less than 1/2 vehicle length behind the vehicle and not less than 1/2 the height of the vehicle.

13. The following production and/or consumption limits shall not be exceeded:
   A. 4,500,000 tons of coal per rolling 12-month period
   B. 75,970 gallons of diesel fuel consumed per rolling 12-month period
   C. 1,383 gallons of gasoline consumed per rolling 12-month period

To determine compliance with a rolling 12-month total, the owner/operator shall calculate a new 12-month total by the twentieth day of each month using data from the previous 12 months. Records of consumption/production shall be kept for all periods when the plant is in operation. Production of coal shall be determined by sales records of final product shipped. Diesel fuel and gasoline consumptions shall be determined by fuel purchase records. The records of consumption/production shall be kept on a daily basis.

**Roads and Fugitive Dust**

14. All unpaved roads and other unpaved operational areas that are used by mobile equipment shall be water sprayed and/or chemically treated to control fugitive dust. The application of water or chemical treatment shall be used. Treatment shall be of sufficient frequency and quantity to maintain the surface material in a damp/moist condition. The opacity shall not exceed 20% during all times the areas are in use or unless it is below freezing. Records of water and chemical treatment shall be kept for all periods when the plant is in operation. The records shall include the following items:
   A. Date
   B. Number of treatments made, dilution ratio, and quantity

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C. Rainfall received, if any, and approximate amount

D. Time of day treatments were made

Records of treatment shall be made available to the Executive Secretary upon request.

15. The haul road limitations shall be:
   A. 0.68 miles in length of paved road
   B. 15 miles per hour

The haul road speed shall be posted.

16. Control of disturbed or stripped areas is required at all times for the duration of the project/operation until the area is reclaimed. Records of treatment and/or reclamation shall be kept for all periods when the plant is in operation. Records of treatment and/or reclamation shall be made available to the Executive Secretary or Executive Secretary’s representative upon request.

17. The 0.68 miles of haul road shall be paved and shall be swept or sprayed clean daily or as determined necessary by the Executive Secretary. Records of cleaning paved roads shall be kept and shall be made available to the Executive Secretary or the Executive Secretary’s representative upon request.

18. Water sprays or chemical dust suppression sprays shall be installed at the following points to control fugitive emissions:
   A. Enclosed crusher exhaust
   B. All conveyor transfer points

The sprays shall operate whenever dry conditions warrant or as determined necessary by the Executive Secretary. Water sprays are not required during freezing weather conditions.

19. The moisture content of the material passing a #40 U.S. Standard Sieve shall be maintained at a minimum of 7.0% by weight. The moisture content shall be tested if directed by the Executive Secretary using the appropriate American Society of Testing and Methods (ASTM) method.

20. The storage piles shall be watered to minimize generation of fugitive dusts, as dry conditions warrant or as determined necessary by the Executive Secretary. Records of water and/or chemical treatment shall be kept for all periods when the plant is in operation. Records of water and/or chemical treatment shall be made available to the Executive Secretary or Executive Secretary’s representative upon request.
21. The coal fines content of the stored coal shall not exceed 5.1% by weight and that of the haul roads and pile area shall not exceed 10% by weight. The coal fines content shall be determined if directed by the Executive Secretary using the appropriate ASTM method. The coal fines content is defined as all material passing a #200 U. S. Standard Sieve.

Fuels

22. The owner/operator shall use only #2 fuel oil as a primary fuel.

23. The sulfur content of any fuel oil or diesel burned shall not exceed 0.5 percent by weight. Sulfur content shall be decided by ASTM Method D2880-71 or D-4294-89, or approved equivalent. The sulfur content shall be tested if directed by the Executive Secretary. The percent by weight of the sulfur contained in the fuel can be obtained from the fuel oil certifications. Certification of fuels shall be either by Utah American Energy, Inc.'s own testing or test reports from the fuel marketer. Records of test reports on sulfur content shall be available on-site for each load delivered.

Federal Limitations and Requirements

24. In addition to the requirements of this AO, all applicable provisions of 40 CFR 60, NSPS\(^1\) Subpart A, 40 CFR 60.1 to 60.18 and Subpart Y, 40 CFR 60.250 to 60.254 (Standards of Performance for Coal Preparation Plants) apply to this installation. The facility must operate in accordance with the most current version of 40 CFR 60 applicable to this plant.

25. For sources that are subject to NSPS, opacity standards shall be determined by conducting observations in accordance with 40 CFR 60.11(b) and 40 CFR 60, Appendix A, Method 9. For purposes of determining initial compliance, the minimum total time of observations shall be three hours (thirty six-minute averages) for the performance test or other set of observations (meaning those fugitive-type emission sources subject only to an opacity standard). It is the responsibility of the owner/operator of the source to supply these observations to the Executive Secretary. A currently certified observer must be used for these observations. Emission points that are subject to the initial observations are:

A. Enclosed crusher exhaust
B. Coal processing and conveying equipment
C. Coal storage systems
D. Coal transfer and loading systems
E. All conveyor transfer points

\(^1\) NSPS = New Source Performance Standards
Records & Miscellaneous

26. At all times, including periods of startup, shutdown, and malfunction, owners and operators shall, to the extent practicable, maintain and operate any equipment approved under this AO, including associated air pollution control equipment, in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on the information available to the Executive Secretary which may include, but is not limited to, monitoring results, opacity observations, review of operating and maintenance procedures, and inspection of the source. All maintenance performed on the equipment authorized by this AO shall be recorded.

27. The owner/operator shall comply with R307-150 Series. Inventories, Testing and Monitoring.


The Executive Secretary shall be notified in writing if the company is sold or changes its name.

This AO in no way releases the owner or operator from any liability for compliance with all other applicable federal, state, and local regulations including R307.

A copy of the rules, regulations and/or attachments addressed in this AO may be obtained by contacting the DAQ. The UAC R307 rules used by DAQ, the NOI guide, and other air quality documents and forms may also be obtained on the Internet at the following web site:

http://www.airquality.utah.gov/

The annual emissions estimations below include point source, fugitive emissions, fugitive dust, road dust, etc. and do not include tail pipe emissions, grandfathered emissions, etc. These emissions are for the purpose of determining the applicability of Prevention of Significant Deterioration, non-attainment area, Maintenance area, and Title V source requirements of the R307. They are not to be used for determining compliance.

The Potential To Emit (PTE) emissions for this source (the Lila Canyon Mine) are currently calculated at the following values:

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>Tons/yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. PM$_{10}$</td>
<td>7.72</td>
</tr>
<tr>
<td>B. SO$_2$</td>
<td>1.52</td>
</tr>
<tr>
<td>C. NO$_x$</td>
<td>23.10</td>
</tr>
<tr>
<td>D. CO</td>
<td>10.58</td>
</tr>
<tr>
<td>E. VOC</td>
<td>2.15</td>
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