



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Company, Name, Title. Row 1: Mark Reynolds, Resident Agent. Row 2: OGM, Joe Helfrich, Environmental Scientist III.

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070011), Inspection Type (COMPLETE), Inspection Date (Tuesday, March 14, 2006), Start Date/Time (3/14/2006 10:00:00 AM), End Date/Time (3/14/2006 2:00:00 PM), Last Inspection (Tuesday, February 14, 2006).

Inspector: Joe Helfrich, Environmental Scientist III

Weather: sunny, partly cloudy, 35, 8" of snow in town

InspectionID Report Number: 906

Accepted by: whedberg
4/5/2006

Permittee: HIAWATHA COAL CO INC
Operator: HIAWATHA COAL CO INC
Site: HIAWATHA MINE COMPLEX
Address: PO BOX 1245, HUNTINGTON UT 84528
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

Table with 2 columns: Value, Description. Rows: 12,177.00 Total Permitted, 290.00 Total Disturbed, Phase I, Phase II, Phase III.

Mineral Ownership

- Checked: Federal, State, Fee. Unchecked: County, Other.

Types of Operations

- Checked: Underground. Unchecked: Surface, Loadout, Processing, Reprocessing.

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

The purpose of this site visit was to conduct a complete inspection of the Hiawatha complex. Recent snows limited access to the slurry ponds and shop area. There are no amendments pending.

Inspector's Signature:

Joe Helfrich, Environmental Scientist III
Inspector ID Number: 1

Date Monday, March 20, 2006

Note: This inspection report does not constitute 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.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The DOGM permit was issued on March 14, 2002 and expires on March 14, 2007. Other documents include the following:

- Certificate of Insurance by Scottsdale Insurance Co. Policy # CLS0668789 effective 01/27/2004 and expires 1/27/2006.
- UPDES Permit UT-0023094 issued 10/01/2004 and expires 09/30/2009 at midnight.
- Air Quality Permit BAQE-502-89 issued 07/25/1989 and remains in effect.
- Bond is an irrevocable letter of credit issued by Bank One in the amount of \$2,838,000.

2. Signs and Markers

Signs containing the required information were posted at points of access to the mining facilities. At the time of this inspection, the only point of access was from the town of Hiawatha.

4.a Hydrologic Balance: Diversions

Although partially filled with snow, the diversions associated with the slurry ponds were functioning adequately. Diversions associated with the other disturbed areas were inaccessible.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The slurry ponds were inspected on 2/2/2006 showing no signs of erosion or instability. Fourth quarter inspections for the sediment ponds were conducted on 12/22/2005. The ponds were also in good repair and showed no signs of structural weakness or hazards.

4.d Hydrologic Balance: Water Monitoring

Hard copies of the water monitoring data for the fourth quarter were available for inspection. The sites were sampled on 10/26/2005. The data was uploaded into the Division's database on 3/16/2006. There were no inconsistencies or anomalies noted in the data.

4.e Hydrologic Balance: Effluent Limitations

DMR's were current through February of 2006; reporting no discharge.

7. Coal Mine Waste, Refuse Piles, Impoundments

Comments noted under Item #4b.

9. Protection of Fish, Wildlife and Related Environmental Issues

Deer and elk have been wintering on the lower portions of the property near the slurry ponds.

15. Cessation of Operations

The operation is inactive with the exception of the slurry removal from the #1 slurry pond.

16.a Roads: Construction, Maintenance, Surfacing

The roads to the slurry ponds were in good repair and snow packed.

21. Bonding and Insurance

The bond is an irrevocable letter of credit issued by Bank One in the amount of \$2,838,000. The insurance is current through 1/27/2007. A copy of the Insurance was available for inspection at the office located in Hiawatha.