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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

Representatives Present During the Inspection:

Company Mark Reynolds Resident Agent

OGM Pete Hess Environmental Scientist III

Inspection Report

Permit Number:	C0070011
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, January 08, 2008
Start Date/Time:	1/8/2008 11:00:00 AM
End Date/Time:	1/8/2008 11:50:00 AM
Last Inspection:	Thursday, December 18, 2008

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, cold; teens Fahrenheit.

InspectionID Report Number: 1519

Accepted by: dhaddock
2/1/2008

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

12,177.00	Total Permitted
290.00	Total Disturbed
	Phase I
	Phase II
	Phase III

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:

The permit area has received several snow accumulations since the December inspection. The paved access roads to South Fork and Middle Fork have not been plowed, and an eight inch accumulation is in place on the road surface. No attempt was made to access these areas. Similarly, none of the areas east of the town which are under R645 jurisdiction were accessible due to snow depths.

There is no activity occurring at the site.

The Permittee is current relative to the Special Condition contained in Attachment "A" of the current State permit, (quarterly electronic submittal of surface and ground water monitoring data). Third quarter of 2007 data had been inserted into the OGM database pipeline prior to December 31, 2007.

Inspector's Signature:

Date Tuesday, January 08, 2008

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input 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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input 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"/>

4.a Hydrologic Balance: Diversions

All diversions are snow covered.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Mr. Reynolds conducted the fourth quarter of 2007 impoundment inspections for sediment pond #'s 3, 4, 5, 6, 7, 8, 9 and 10 on December 15, 2007. All ponds remain unchanged and continue to function as designed. All ponds are snow covered and access to them was not possible this day.

4.e Hydrologic Balance: Effluent Limitations

The Permittee's current UPDES permit remains in effect until September 30, 2009.

5. Explosives

The general liability insurance for the Hiawatha Mine Complex provides for damage incurred from the use of explosives. There are no explosive or detonator storage magazines in place at the Hiawatha Mine Complex.

7. Coal Mine Waste, Refuse Piles, Impoundments

The Permittee's qualified individual performed the fourth quarter of 2007 waste rock disposal area inspection on December 15, 2007. There were no hazardous conditions or signs of instability noted by Mr. Mark Reynolds, P.E. Some new material (from Bear Canyon coal processing) has been placed on the active lift. This is noted in Mr. Reynolds inspection report.

8. Noncoal Waste

The Permittee has contracted a scrapper to come on to the site to evaluate the derelict mining equipment located adjacent to the town site, as well as the equipment left in the South Fork and Middle Fork areas. Of primary concern to the Division is the out-of-service electrical substation which provided power for the now dismantled coal processing tipple. Several of the transformers in this installation are large and contain several hundred gallons of cooling oil. Mr. Reynolds has sampled these oils and tested them for PCB contamination, and has reported that the transformers are clean. Greases in transformer bushings have been noted as possibly having PCB contamination; these have also been sampled for analyses.

21. Bonding and Insurance

The Division informed the Permittee on December 21, 2007 that the posted bond amount for the Hiawatha Mine Complex must be increased to \$ 3.7 million dollars. This is required to be in place by February 19, 2008. The current general liability insurance coverage for the Hiawatha Mine Complex will remain in effect until January 27, 2008. Mr. Reynolds is aware of this.