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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

Inspection Report

Permit Number:	C0070011
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, April 02, 2008
Start Date/Time:	4/2/2008 10:00:00 AM
End Date/Time:	4/8/2008
Last Inspection:	Thursday, March 06, 2008

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny; clear but cold in AM.

InspectionID Report Number: 1604

Accepted by: jhelfric
4/14/2008

Representatives Present During the Inspection:	
OGM	Jim Smith Environmental Scientist III
Company	Mark Reynolds Resident Agent
BLM	Sue Berger Mining Engineer Technician
OGM	Priscilla Burton Environmental Scientist III
OGM	Daron R. Haddock Environmental Manager
OGM	Wayne Western Environmental Scientist III
OGM	Joe Helfrich Environmental Scientist III
OGM	Dave Darby Environmental Scientist III
OGM	Pete Hess Environmental Scientist III
BLM	Steve Rigby Mining Engineer

Permitee: **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

- [x] Federal
- [x] State
- [ ] County
- [x] Fee
- [ ] Other

Types of Operations

- [x] Underground
- [ ] Surface
- [ ] Loadout
- [ ] Processing
- [ ] Reprocessing

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

The Division conducted a pre-Phase 1 bond release inspection (95.92 acres) as well as a quarterly complete inspection at the Hiawatha Mine complex on April 2 and April 8, 2008. The Permitte has submitted a application for Phase 1 to the Division (Task ID #2895) and the review of that application has generated nine deficiencies. The 2895 document has been returned to the Permittee as deficient. The areas being considered within the application are slurry pond 5, slurry pond 4 (refuse pile #2), a portion of the prep plant area, and borrow areas "A" (east of pond 5) and "F" (north side of Utah State highway 122).
Virtually all of the snowpack has melted at the lower elevations of the Complex adjacent to the town. The middle fork facilities were accessible; south fork was not.
The DOGM will conduct a site visit on February 15, 2008, as part of the mid term permit review process.

Inspector's Signature: Pete Hess **Date** Wednesday, April 09, 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 performace 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	☑	☐	☐	☐
2. Signs and Markers	☑	☐	☐	☐
3. Topsoil	☑	☐	☑	☐
4.a Hydrologic Balance: Diversions	☑	☐	☑	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☑	☐	☑	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☑	☐	☐	☐
4.d Hydrologic Balance: Water Monitoring	☑	☐	☑	☐
4.e Hydrologic Balance: Effluent Limitations	☑	☐	☐	☐
5. Explosives	☐	☑	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☐	☑	☐	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☑	☐	☑	☐
8. Noncoal Waste	☑	☐	☑	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☑	☐	☐	☐
10. Slides and Other Damage	☐	☑	☐	☐
11. Contemporaneous Reclamation	☐	☑	☐	☐
12. Backfilling And Grading	☑	☐	☑	☐
13. Revegetation	☑	☐	☑	☐
14. Subsidence Control	☐	☑	☐	☐
15. Cessation of Operations	☐	☑	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	☑	☐	☑	☐
16.b Roads: Drainage Controls	☑	☐	☐	☐
17. Other Transportation Facilities	☑	☐	☐	☐
18. Support Facilities, Utility Installations	☑	☐	☐	☐
19. AVS Check	☑	☐	☐	☐
20. Air Quality Permit	☐	☑	☐	☐
21. Bonding and Insurance	☑	☐	☑	☐
22. Other	☐	☑	☐	☐

3. Topsoil

Replaced topsoil depths were checked in several locations on the reclaimed Slurry pond 5 area (SE slope and East slope).

4.a Hydrologic Balance: Diversions

The Permittee has tried to redefine the ditch along the east toe of the pond 5/5A. Soil conditions were too wet at the time, and the equipment operator had a difficult time in extracting the machine. When soil moisture conditions improve, the maintenance will be re-addressed.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Sediment ponds 004 and 005 were observed from the east slope of reclaimed slurry pond #5. Both contained water; the group discussed whether the Permitte will reclaim these or allow them to remain with a post mining land use change as stock / wildlife watering ponds. The depression area in slurry pond 5 (referred to as pond 5A), is being considered for storm water runoff collection and treatment for the Hiawatha town area. The Permittee is considering building a subdivision within the town limits. MSHA does not recognize pond 5A, only recognizing pond 5 (including the backfilled/reclaimed/resoiled area) as still having the impounding capacity sufficient to meet MSHA pond requirements. The Permittee must breach the impounding embankment on the east side of 5A, certify the work (P.E), and then notify MSHA such that they can confirm that the basin no longer meets the requirements of 30 CFR 77.216(a) and R645-301-533.600, 742.222 and 742.223. The group instructed the Permittee to properly notify the Division as to their intent for future use of the impoundment in a post-mining land use change application. The first quarter of 2008 impoundment inspections for ponds 004, 006, 007, and 008 were conducted on March 28, 2008. Ponds 009 and 011 located at the south fork facilities were noted as not inspectable due to snow depths. As noted this day, south fork remains inaccessible.

4.d Hydrologic Balance: Water Monitoring

The Permittee notified the Division on March 7, 2008 that the fourth quarter of 2007 surface and ground water monitoring data for the Hiawatha Mine Complex was in the OGM data base pipeline, and that same was acceptable for uploading.

7. Coal Mine Waste, Refuse Piles, Impoundments

Refuse pile #1has had the most recently placed volumes of coal waste from the Bear Canyon #4 Mine spread, leveled and compacted. Noncoal waste was not visible in the freshly spread material. The Permittee anticipates that the recovery of fines from the #1 slurry cell will be re-initiated during 2008.

8. Noncoal Waste

No activity is occurring at the site relative to the disposal of derelict machinery. The Permittee anticipates that a scrapper will be mobilized onto the site shortly.

12. Backfilling And Grading

The regraded / resoiled coal mine waste areas (Slurry ponds 4 and 5) were inspected by the DOGM / BLM group. The areas were reclaimed between 1995 and 2001, and cover is re-establishing. The contours of the reshaped areas appear to meet approximate original contour requirements. One of the deficiences aired within the Task 2895 review is that the Permittee has not provieded "as-built" maps of the reclaimed areas.

13. Revegetation

The Permittee did not provide vegeation information as part of the Task ID # 2895 application. This is also listed as a deficiency.

16.a Roads: Construction, Maintenance, Surfacing

At least one road was identified on the East slope of slurry pond #5 which still needs to be reclaimed.

21. Bonding and Insurance

The Permittee was notified by the Division on December 21, 2007, February 21, 2008 and April 3, 2008 that adequate bond coverage for the Hiawatha Mine Complex in the amount of 3.7 million dollars must be posted by April 15, 2008. The Permittee has made arrangements through J.P. Morgan Chase to extend the letter of credit for the existing in place bond amount on the two previous dates noted. The current general liability insurance is in effect through March 3, 2009. Coverage amounts for the each occurrence and general liability categories are adequate. Coverage for damages incurred from the use of explosives is provided. The cancellation clause has been modified to meet the requirements of R645-301-890.300.