

Outgoing *WJG*



Citation for Non-Compliance
Utah Coal Regulatory Program
1594 West North Temple, Salt Lake City, UT 84114
Phone: (801) 538-5340 Fax: (801) 359-3940

Citation #: 10026
Permit Number: C0070011
Date Issued: 07/02/2008

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

Permittee Name: Hiawatha Coal Company, Inc. Inspector Number and ID: 46 PHESS
Mine Name: Hiawatha Mine Complex Date and Time of Inspection: 07/02/2008 5 PM
Certified Return Receipt Number: 7008-0150-0002-0896-5014 Date and Time of Service: 07/02/2008 5 PM

Nature of condition, practice, or violation:
Failure to maintain adequate bond coverage throughout the life of the active permit, C/007/011. (7:50 PM)

Provisions of Act, regulations, or permit violated:
1) R645-301-812.700, Requirement to maintain adequate bond coverage
2) Reclamation Agreement / Bonding Agreement, Exhibit "B", page 4 of 20, condition #4

This order requires Cessation of ALL mining activities. (Check box if appropriate.)

<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.	<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	<input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.

This order requires Cessation of PORTION(S) of mining activities.

Mining activities to be ceased immediately: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Abatement Times (if applicable).
All fines recovery from Slurry Cell #1 will be ceased.	Immediately

Action(s) required: Yes No
The Permittee must post an additional cash bond of \$167,000 payable to the DOGM and OSM in addition to the extended letter of credit received from JP Morgan Chase on June 17, 2008. The total amount of the bond which must be posted is \$ 3,005,000.00.
The Permittee must post the full bond amount by August 2, 2008, (30 days) and prior to re-initiating all activities at the site.

Mr. Mark Reynolds, P.E.
(Print) Permittee Representative
E-mailed 7/2/2008 @ 5:05 PM to Hiawatha Coal Company
Permittee Representative's Signature - Date

PETE HESS
(Print) DOGM Representative
Pete Hess 7/2/2008
DOGM Representative's Signature - Date *5:01 PM*

SEE REVERSE SIDE Of This Form For Instructions And Additional Information

IMPORTANT – READ CAREFULLY

Pursuant to the Utah Coal Mined Land Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the undersigned authorized representative of the Division of Oil, Gas, and Mining (DOGM) has conducted an inspection and found that a Notice of Violation or Cessation Order must be issued.

This order shall remain in effect until it is modified, terminated or vacated by written notice of an authorized representative of DOGM.

1. PENALTIES.

Proposed assessment. DOGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGM to consider regarding the cessation order and proposed fine, please submit that to DOGM within *15 days of the date this notice or order is served on you or your agent*. Such information will be used by the assessment officer in determining facts surrounding the violation(s) and amount of penalty. Once DOGM has determined the proper penalty, it will serve the proposed assessment on you or your agent, no later than 30 days of the issuance of this notice or order. See Utah Admin. Code R645-401-600 et. seq.

The penalty will be final unless you or your agent file, within 15 days of receipt of the proposed assessment, a written request for an informal hearing before the assessment officer.

Assessment. For each violation included in this notice, a penalty of up to \$5,000 may be assessed for each separate day the violation continues.

If you fail to abate any violation within the time set for abatement or for meeting any interim step, you will be assessed an additional minimum penalty of \$750 for each day of continuing violation beyond the time set for abatement. You will be issued a Cessation Order requiring cessation of surface coal mining operations or the portion of the operations relevant to the violation.

2. INFORMAL PUBLIC HEARING.

On the reverse side of this page, an authorized representative has made a finding as to whether or not this notice requires cessation of mining. If this order or notice requires cessation of mining, expressly or in practical effect, you may request that an informal public hearing be held at or near the mine site. If you wish an informal public hearing be held, please contact an authorized representative from DOGM. See Utah Admin. Code R645-400-350 et seq. Once an informal public hearing is scheduled, you will be notified of the date, time, and location of the hearing.

If this notice requires cessation of mining, it will expire within 30 days from the date you are notified unless an informal public hearing is held or waived, or the condition, practice, or violation is abated within the 30-day period.

3. FORMAL REVIEW AND TEMPORARY RELIEF.

You may appeal this notice or order to the Board of Oil, Gas, and Mining by submitting an application for hearing within 30 days of receipt of this notice or order. See Utah Admin. Code R645-300-164.300. Please submit the application for hearing to:

Secretary
Board of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801

If applying for a formal board hearing, you may submit with your petition for review a request for “*temporary relief*” from this notice. Procedures for obtaining a formal board hearing are contained in the Board’s Rules of Practice and Procedure and in Utah Admin. Code R645-401-800 et. seq.

4. EFFECT ON PERMIT.

The permit may be suspended or revoked if it is determined that a pattern of violations of the Act, regulations or permit conditions exists, and that the violations were caused by an unwarranted or willful failure to comply.

For further information, consult Utah Code Ann. § 40-10-20 through 40-10-23 and Utah Admin. Code R645-400-300 et. seq. and R645-401 et. seq., or contact the Division of Oil, Gas, and Mining at (801) 538-5340.

7008 0150 0002 0896 5014

U.S. Postal Service
CERTIFIED MAIL[®] RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

**NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES**

Postage	\$ 40.42	0501
Certified Fee	\$2.70	09
Return Receipt Fee (Endorsement Required)	\$2.20	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 45.32	07/03/2008

Sent To _____
 Street Apt. No.,
 or PO Box No. _____
 City, State, Zip+4 _____
0015

PS Form 3800 August 2006 See Reverse for Instructions