

C/007/006, C/007/011,
C/015/009, C/007/039

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United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
Western Region Office
1999 Broadway, Suite 3320
Denver, CO 80202-3050



April 3, 2012

Dear Mr. Haddock,

Enclosed for your records are copies of the Office of Surface Mining's (OSM) inspection reports for the Star Point, Hiawatha, Trail Mountain, and Dugout Mines conducted the week of May 5, 2012.

April 5/05

If you have any questions regarding the inspection reports, please contact me at eshaeffer@osmre.gov or (303) 293-5025.

Sincerely,

Elizabeth Shaeffer
Environmental Protection Specialist
Denver Field Division

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APR 09 2012
DIV. OF OIL, GAS & MINING



U.S. DEPT. OF THE INTERIOR
OFFICE OF SURFACE MINING
Mine Site Evaluation
State Program



1. Permittee/Person U. S. FUEL CO.		9. Permit Number UT-007-011	10. Permit Type PP
2. Address P. O. BOX 887		11. Field Visit Date 3/6/2012 <small>mm - dd - yyyy</small>	12. Purpose OP
3. City PRICE		13. SRA Present Y	14. Permit Status A
4. State UT		15. Site Status AN	16. Facility Type BEG
5. Zip Code 84501	6. Phone Number (801) 637-1071	17. OSM Office # 141	18. CCID #
7. Operator Name, if Different than Permittee		19. Land Code F	20. M.S.H.A. ID # 42-01599
8. Mine Name HIAWATHA COMPLEX		21. State Abbrev. UT	22. County/Burrough CARBON
		23. AVS Permittee Entity ID Number 060089	24. State Office

25. Hours	2.0	a. Permit Review	26. Signature Block Signature: Elizabeth Shaeffer, ID#377 Printed Name: Date: 4/3/2012	27. Reviewing Official: Signature: Review Date: 4/3/12 <small>mm - dd - yyyy</small> Is Supplemental MSE Page Used Y/N <input checked="" type="checkbox"/> Y
	2.0	b. Site Visit Time		
	8.0	c. Travel Time		
	3.0	d. Report Writing		

Permit Type - Item 10 IP = Interim Program PP = Permanent Program NP = No Permit

Purpose Type Codes - Item 12
 Oxx...Oversight RFX...Reclamation Fees CCR...Citizen Complaint Referral (non-site visit)
 Axx...Assistance Fxx...Federal Actions CC...Citizen Complaint (initial site visit)
 CCF...Assistance

Joint Inspection - Item 13 A joint inspection is when a state inspector accompanies an OSM inspector at any time during the review of the mine site

Permit Status - Item 14
 A Active: Coal mining activities occurring or permitted but not yet disturbed.
 AB Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840:11(g).
 AB1 Bond Forfeiture: Bond forfeiture officially in process or completed and reclamation in progress or not yet commenced.
 AB2 Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.
 AB3 Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.
 NA Not Applicable: When site is unpermitted.

Site Status - Item 15
 ND No Disturbance: No coal mining and reclamation operations have been started.
 MC Mining Complete: No mining activity on site, site regraded and awaiting bond release.
 NS Non-Site Visit: Status of site not determined.
 EX Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.
 TC Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817:13(b).
 FP Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
 AP Active Coal Producing: Coal surface mining activities are occurring.
 P1 Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.
 FR Forfeited and Reclaimed: Forfeiture reclamation completed.
 AN Active Non-Producing: Active non-producing facility such as tippie or preparation plant.
 P2 Phase II Release: At least Phase II bond release for the entire permitted area.
 FO Abandoned Site: Abandoned site that is permitted but there is no bond.
 NM No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.
 P3 Phase III Release: Reclamation completed and the RA has released all bond.
 WC Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes - Item 16
 A...Surface D...Ancillary (Haulroad, Conveyor, and/or Rails H...Exploration Permits K...Government Financed Construction Exemption
 B...Underground E...Refuse and/or Impoundment I...Notice of Intent to Explore L...Remining site permitted under 30 CFR 785.25
 C...Preparation Plant F...Loading Facility and/or Tippie J...Exempt 16 and 2/3

Small Business Regulatory Enforcement Fairness Act (SBREFA)
Your Comments are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

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U.S. DEPT. OF THE INTERIOR
OFFICE OF SURFACE MINING
Mine Site Evaluation

Permittee/ Person <u>U. S. FUEL CO.</u>	Permit Number <u>UT-007-011</u>	Field Visit Date <u>3/6/2012</u>	State Program Continuation Page
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28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited, 7=Permit Defect

<p>A. Administrative</p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Mining within Valid Permit 2. <input type="checkbox"/> Mining within Bonded Area 3. <input type="checkbox"/> Terms & Conditions of Permit 4. <input type="checkbox"/> Liability Insurance 5. <input type="checkbox"/> Ownership and Control 6. <input type="checkbox"/> Temporary Cessation 7. <input type="checkbox"/> AML Rec. Fees - Non-Respondent 8. <input type="checkbox"/> AML Rec. Fees - Failure to Pay <p>B. Hydrologic Balance</p> <ol style="list-style-type: none"> 1. <u>1</u> Drainage Control 2. <input type="checkbox"/> Inspections & Certifications 3. <input type="checkbox"/> Siltation Structures 4. <input type="checkbox"/> Discharge Structures 5. <input type="checkbox"/> Diversions 6. <input type="checkbox"/> Effluent Limits 7. <input type="checkbox"/> Ground Water Monitoring 8. <input type="checkbox"/> Surface Water Monitoring 9. <input type="checkbox"/> Drainage - Acid-Toxic Materials 10. <input type="checkbox"/> Impoundments 11. <input type="checkbox"/> Stream Buffer Zones <p>C. Topsoil & Subsoil</p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Removal 2. <input type="checkbox"/> Substitute Materials 3. <u>1</u> Storage and Protection 4. <input type="checkbox"/> Redistribution 	<p>D. Backfilling & Grading</p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Exposed Openings 2. <input type="checkbox"/> Contemporaneous Reclamation 3. <input type="checkbox"/> Approximate Original Contour 4. <input type="checkbox"/> Highwall Elimination 5. <input type="checkbox"/> Steep Slopes (includes downslope) 6. <input type="checkbox"/> Handling of Acid and Toxic Materials 7. <input type="checkbox"/> Stabilization (rills and gullies) <p>E. Excess Spoil Disposal</p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Placement 2. <input type="checkbox"/> Drainage Control 3. <input type="checkbox"/> Surface Stabilization 4. <input type="checkbox"/> Inspections & Certifications <p>F. Coal Mine Waste (Refuse Piles/Impoundments)</p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Drainage Control 2. <input type="checkbox"/> Surface Stabilization 3. <input type="checkbox"/> Placement 4. <input type="checkbox"/> Inspections & Certifications 5. <input type="checkbox"/> Impounding Structures <p>G. Use of Explosives</p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Blaster Certification 2. <input type="checkbox"/> Distance Prohibitions 3. <input type="checkbox"/> Blast Survey/Schedule 4. <input type="checkbox"/> Warnings & Records 5. <input type="checkbox"/> Control of Adverse Effects 	<p>H. <input type="checkbox"/> Subsidence Control Plan</p> <p>I. Roads</p> <ol style="list-style-type: none"> 1. <input type="checkbox"/> Road Construction 2. <input type="checkbox"/> Certification 3. <input type="checkbox"/> Drainage 4. <input type="checkbox"/> Surfacing and Maintenance 5. <input type="checkbox"/> Reclamation <p>J. Signs & Markers</p> <ol style="list-style-type: none"> 1. <u>1</u> Signs 2. <u>1</u> Markers <p>K. <input type="checkbox"/> Distance Prohibitions</p> <p>L. Revegetation</p> <ol style="list-style-type: none"> 1. <u>1</u> Vegetative Cover 2. <u>1</u> Timing <p>M. <input type="checkbox"/> Postmining Land Use</p> <p>N. Other</p> <p>General Performance Category</p> <p>_____</p> <p>_____</p> <p>_____</p>
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Performance Standard Categories 30 CFR Counterparts

<p>A. Administrative 773.11</p> <ol style="list-style-type: none"> 1. Valid Permit 773.11 2. Mining within Bonded Area 773.11 3. Terms & Conditions of Permit 773.17 4. Liability Insurance 800.60 5. Ownership and Control 778.13 6. Temporary Cessation 842.11(e) & 816/817.131 7. AML Rec. Fees - Non-Respondent 870.13(b) 8. AML Rec. Fees - Failure to Pay 870.13(a) <p>B. Hydrologic Balance (816/817.41-57)</p> <ol style="list-style-type: none"> 1. Drainage Control 45 2. Inspections & Certifications 49(a)(10) 3. Siltation Structures 46 4. Discharge Structures 47 5. Diversions 43 6. Effluent Limits 42 7. Ground Water Monitoring 41(c) 8. Surface Water Monitoring 41(e) 9. Drainage - Acid - Toxic Materials 41(f) 10. Impoundments 49 11. Stream Buffer Zones 57 <p>C. Topsoil & Subsoil (816/817.22)</p> <ol style="list-style-type: none"> 1. Removal 22(a) 2. Substitute Materials 22(c) 3. Storage and Protection 22(c) 4. Redistribution 22(d) <p>D. Backfilling & Grading 816/817.95-107</p> <ol style="list-style-type: none"> 1. Exposed Openings 816/817.13, 14, 15, & 823.11 & 21 2. Contemporaneous Reclamation 100 3. Approximate Original Contour 102(a)(1) 4. Highwall Elimination 102(a)(2) 5. Steep Slopes (includes downslope) 107 6. Handling of Acid & Toxic Materials 102(c) 7. Stabilization (rills and gullies) 95(b) 	<p>E. Excess Spoil Disposal (816/817.71-74)</p> <ol style="list-style-type: none"> 1. Placement 71(e) 2. Drainage Control 71(f) 3. Surface Stabilization 71(g) 4. Inspections & Certifications 71(h) <p>F. Coal Mine Waste (Refuse Piles/Impoundments) 816/817.81-84</p> <ol style="list-style-type: none"> 1. Drainage Control 83(a) 2. Surface Stabilization 83(b) 3. Placement 83(c) 4. Inspections and Certifications 83(d) 5. Impounding Structures 84 <p>G. Use of Explosives (816/817.61-68)</p> <ol style="list-style-type: none"> 1. Blaster Certification 61(c) 2. Distance Prohibitions 61(d) 3. Blast Survey/Schedule 62-64 4. Warnings & Records 66 & 68 5. Control of Adverse Effects 67 <p>H. Subsidence Control Plan (817.121-122)</p> <p>I. Roads (816/817.150-151)</p> <ol style="list-style-type: none"> 1. Road Construction 150(c) 2. Certification 151(a) 3. Drainage 150(b)-151(d) 4. Surfacing and Maintenance 150(e)-151(d) 5. Reclamation 150(f) <p>J. Signs & Markers 816/817.11)</p> <ol style="list-style-type: none"> 1. Signs 11(a),(b),(c) 2. Markers 11(a),(b),(d),(e),(f) <p>K. Distance Prohibitions (761.11)</p> <p>L. Revegetation (816/817.111-116)</p> <ol style="list-style-type: none"> 1. Vegetative Cover 111 & 116 2. Timing 113 <p>M. Postmining Land Use (816/817.133)</p>
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Hiawatha Mine Partial Oversight Inspection
Utah Division of Oil, Gas, and Mining (DOGM) Permit ID # UT-007-011
Tuesday, March 6, 2012 8:30-10:30

Operator: Hiawatha Coal Company, Inc (Hiawatha)

Participants:

Steve Demczak, DOGM
Elizabeth Shaeffer, OSM, Badge # 377
Dana Jenkins, Hiawatha
Charles Reynolds, Hiawatha

Weather conditions: upper 40's, partly cloudy
Ground conditions: partially snow-covered, especially at higher elevations in the canyon

This was a partial oversight inspection of the Hiawatha Mine conducted jointly by Steve Demczak of the DOGM Price Field Office and Elizabeth Shaeffer of OSM's Denver Field Division. Dana Jenkins and Charles Reynolds, representing Hiawatha, joined us for the inspection. This site is in temporary cessation.

This mine is under new ownership, and I was told by Mr. Reynolds that the new company rejected an agreement for the mine to continue water monitoring. A Notice of Violation was issued by DOGM on January 23, 2012 (#10094) for failure to conduct water monitoring. This NOV was terminated on February 1, 2012. Additionally, an NOV was issued on November 29, 2011 (# 10091).

We began our inspection at the South Fork Canyon Loadout. The loadout is currently offline. The area was partially snow-covered at the time of inspection (Photo 6686). The facilities area and substation are located in Middle Fork Canyon (Photos 6687 and 6688). This canyon was mostly mined out in the 1980's; a small amount of reserves remain.

Signs and Markers

The mine ID sign was intact and contained all of the necessary information. The signs identifying the topsoil stockpiles were intact.

Reclamation

There are 290 acres disturbed at this mine site. Approximately 96 acres have received Phase I bond release. Refuse Pile Four and Slurry Pond Five are reclaimed. Slurry Pond 5 has received Phase I bond release. Slurry Pond 5A is not yet reclaimed. Mr. Reynolds stated that the refuse pile will no longer be needed once Phase II bond release is granted for Slurry Ponds 5, 5A, and the facilities area.

Topsoil

The topsoil stockpile sign was intact and clearly visible for the stockpile located in South Fork Canyon. Vegetation was well-established and there were no signs of erosion or instability (Photo 6689).

Hydrology/Drainage Control

The sedimentation pond near the entrance to South Fork Canyon was snow-covered.

Roads

There were some areas on the roads where potholes have formed. The roads were not well maintained.

Please see attachment for inspection photos.

I&E Inspection Photos

Permit: UT-007-011 Inspection Date: 3/6/2012

Permittee: U. S. FUEL CO.



Notes:

Empty notes box for photo 6686.

Photo ID: 6686

Photographer: SMESHAEFFER

Date Taken: 3/6/2012

State: UT

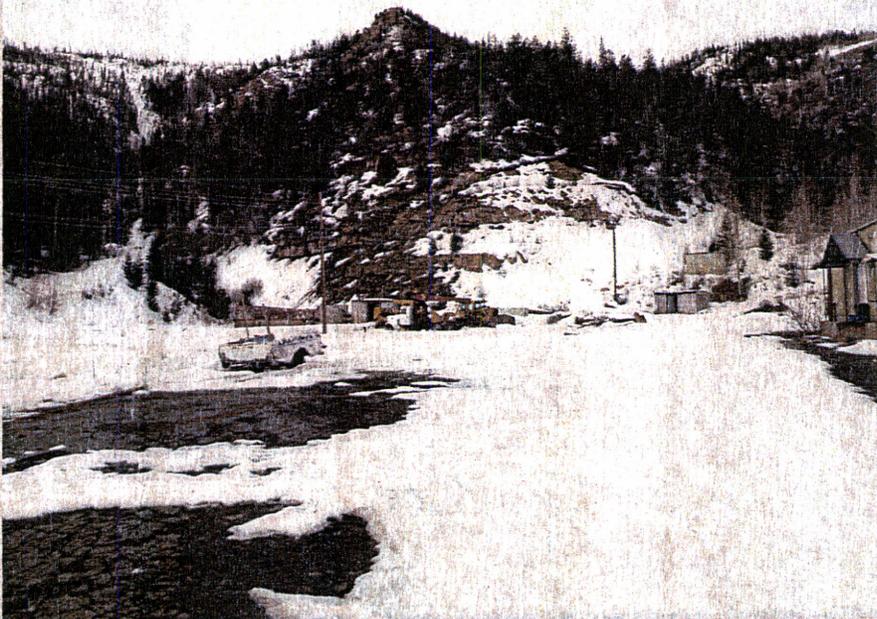
County: CARBON

Latitude: 0000000

Longitude: 0000000

Subject: SOUTH FORK CANYON LOADOUT

Mine Name: HIAWATHA COMPLEX



Notes:

Empty notes box for photo 6687.

Photo ID: 6687

Photographer: SMESHAEFFER

Date Taken: 3/6/2012

State: UT

County: CARBON

Latitude: 0000000

Longitude: 0000000

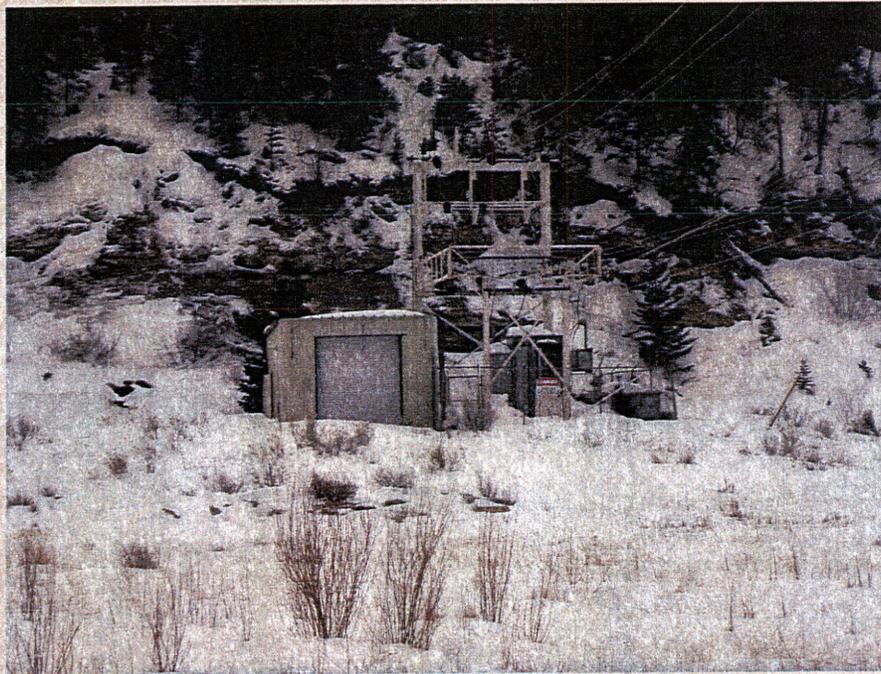
Subject: FACILITIES AREA

Mine Name: HIAWATHA COMPLEX

I&E Inspection Photos

Permit: UT-007-011 Inspection Date: 3/6/2012

Permittee: U. S. FUEL CO.



Notes:

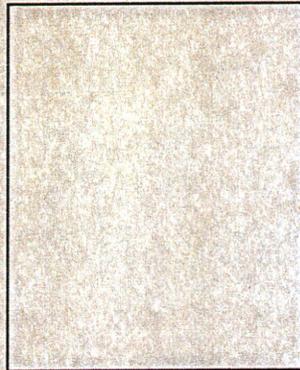


Photo ID: 6688

Photographer: SMESHAEFFER

Date Taken: 3/6/2012

State: UT

County: CARBON

Latitude: 0000000

Longitude: 0000000

Subject: SUBSTATION

Mine Name: HIAWATHA COMPLEX



Notes:

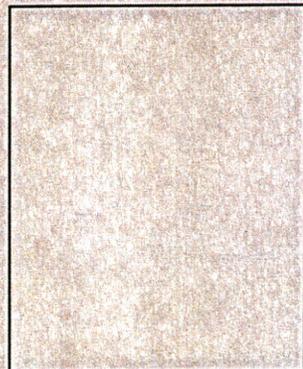


Photo ID: 6689

Photographer: SMESHAEFFER

Date Taken: 3/6/2012

State: UT

County: CARBON

Latitude: 0000000

Longitude: 0000000

Subject: TOPSOIL STOCKPILE

Mine Name: HIAWATHA COMPLEX