

UtahAmerican Energy Inc.

P.O. Box 986
Price, Utah 84501
+1 (435) 613 0393
Fax: +1 (435) 613 0393

December 7, 1999

RECEIVED

DEC 10 1999

DIVISION OF OIL, GAS & MINING

Pam Grubaugh-Littig
DOGM
1594 West North Temple, Suite 1210
Salt Lake, Utah 84114-5801

Dear Pam:

Please find enclosed the Third Quarter report for Horse Canyon Mine ACT/007/013. #6

The NPDES reports have been submitted to Ken Wyatt under separate cover. In addition I have submitted the third quarter water quality electronically.

The third quarter report does not include an inspection and certification form for the Road Junction Refuse Pile. After discussions with your staff it was concluded that the Road Junction Refuse Pile did not require future quarterly inspections and certifications by a Professional Engineer. This refuse pile was constructed prior to the MSHA regulations requiring specific criteria for refuse pile construction and inspections and therefore was never assigned an MSHA identification number. Since the pile was not an MSHA refuse pile, the DOGM requirements for quarterly inspection and certifications did not apply.

UEI will continue to inspect both the Upper and Lower sediment ponds quarterly. Both sediment ponds will be inspected and certified by a Professional Engineer annually as per DOGM regulations.

Should you have any questions please feel free to give me a call.

Sincerely,



R. Jay Marshall P.E.

APPLICATION FOR PERMIT PROCESSING

Permit Change New Permit Renewal Transfer Exploration Bond Release

Permit Number: ACT/007/013

Title of Proposal: **3rd Quarter Report**

RECEIVED

Mine: Horse Canyon

Permittee: UtahAmerican Energy, Inc.

Description, include reason for application and timing required to implement:

DEC 10 1999

DIVISION OF OIL, GAS & MINING

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

- | | | |
|---|--|---|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Change in the size of the Permit Area? acres Disturbed Area? acres <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO # |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 4. Does application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 5. Does application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice/publication? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? Explain: |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?) |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 15. Does application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | 19. Does the application require or include certified designs, maps, or calculations? <i>Pond Certifications</i> |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 21. Have reclamation costs for bonding been provided for? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

Attach 2 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations herein.

R. Lyman Chief Engineer 12/9/99
Signed - Name - Position - Date

Subscribed and sworn to before me this 5th day of Dec, 1999.

Mary B. Dickerson
Notary Public
My Commission Expires: 5-7-2001
Attest: STATE OF Utah COUNTY OF Cannon



MARY B. DICKERSON
NOTARY PUBLIC - STATE OF UTAH
25 EAST 1700 SOUTH
S.L.C., UT 84125
COMM. EXP. 5-7-2001

Received by Oil, Gas & Mining

ASSIGNED TRACKING NUMBER

| | | |
|--|--|------------------|
| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Page 1 of |
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| | | | |
|----------------------------|---------------------------|--------------------------|-----------------|
| Permit Number | ACT/007/013 | Report Date | 13 October 1999 |
| Mine Name | Horse Canyon | | |
| Company Name | UtahAmerican Energy, Inc. | | |
| Impoundment Identification | Impoundment Name | Sediment Pond #1 (Lower) | |
| | Impoundment Number | Pond #1 | |
| | UPDES Permit Number | UTGO 40013-001A | |
| | MSHA ID Number | 42-00100 | |

IMPOUNDMENT INSPECTION

| | | | |
|--|-------------------|--|--|
| Inspection Date | 16 September 1999 | | |
| Inspected By | R. Jay Marshall | | |
| Reason for Inspection <small>(Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)</small> | Quarterly | | |

1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

No appearance of instability, structural weakness, or any other hazardous condition was observed at the time of inspection.

| | | | | | | | | | | |
|--|--|-----------|---------|-----------|---------|---------|-----------|----------|---------|--|
| Required for an impoundment which functions as a SEDIMENTATION POND. | <p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p style="margin-left: 40px;">Sediment Elevations:</p> <table style="margin-left: 80px;"> <tr> <td>60%</td> <td>6173.7'</td> <td></td> </tr> <tr> <td>100%</td> <td>6174.4'</td> <td>Unchanged</td> </tr> <tr> <td>Existing</td> <td>6173.7'</td> <td></td> </tr> </table> | 60% | 6173.7' | | 100% | 6174.4' | Unchanged | Existing | 6173.7' | |
| 60% | 6173.7' | | | | | | | | | |
| 100% | 6174.4' | Unchanged | | | | | | | | |
| Existing | 6173.7' | | | | | | | | | |
| | <p>3. Principle and emergency spillway elevations.</p> <table style="margin-left: 40px;"> <tr> <td>Principle</td> <td>6178.6'</td> </tr> <tr> <td>Emergency</td> <td>6180.8'</td> </tr> </table> | Principle | 6178.6' | Emergency | 6180.8' | | | | | |
| Principle | 6178.6' | | | | | | | | | |
| Emergency | 6180.8' | | | | | | | | | |

4. **Field Information.** Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

Pond is dry and there is no evidence of recent discharge. No water samples were taken. Vegetation is abundant. No erosion problems evident on in-slopes or out-slopes at time of inspection. Phase I bond release has been achieved and Phase II applied for.

5. **Field Evaluation.** Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

The geometry of the impoundment has not changed. Pond was dry with no recent indication of any water being impounded. Reclamation is essentially complete. Once Phase II bond release is achieved, no further inspections will be required.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature:

R. Jay Marshall

Date:

130 Oct 99

CERTIFIED REPORT

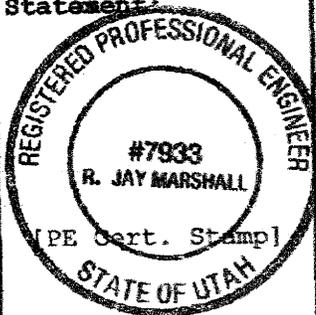
IMPOUNDMENT EVALUATION (If NO, explain under Comments)

| | YES | NO |
|--|-------|----|
| 1. Is impoundment designed and constructed in accordance with the approved plan? | XXXXX | |
| 2. Is impoundment free of instability, structural weakness, or any other hazardous condition? | XXXXX | |
| 3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection? | XXXXX | |

COMMENTS AND OTHER INFORMATION

NONE

Certification Statement:



I hereby certify that: I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.

By: R. Jay Marshall Chief Engineer
 (Full Name and Title)

Signature: R. Jay Marshall Date: 13 OCT 99

P.E. Number & State: 152606 2202 Utah

| | | |
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| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Page 4 of |
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| | | | |
|-----------------------------------|----------------------------|--------------------------|-----------------|
| Permit Number | ACT/007/013 | Report Date | 13 October 1999 |
| Mine Name | Horse Canyon | | |
| Company Name | UtahAmerican Energy, Inc. | | |
| Impoundment Identification | Impoundment Name | Sediment Pond #2 (Upper) | |
| | Impoundment Number | Pond #2 | |
| | UPDES Permit Number | UTGO 40013-002A | |
| | MSHA ID Number | 42-00100 | |

IMPOUNDMENT INSPECTION

| | | | |
|--|-------------------|--|--|
| Inspection Date | 16 September 1999 | | |
| Inspected By | R. Jay Marshall | | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | Quarterly | | |

1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.

No appearance of instability, structural weakness, or any other hazardous condition was observed at the time of inspection.

| | | | | | | | |
|--|---|-----------|---------|-----------|---------|----------|---------|
| Required for an impoundment which functions as a SEDIMENTATION POND. | <p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p style="margin-left: 40px;">Sediment Elevations:</p> <table style="margin-left: 80px;"> <tr> <td>60%</td> <td>6233.1'</td> </tr> <tr> <td>100%</td> <td>6233.5'</td> </tr> <tr> <td>Existing</td> <td>6232.7'</td> </tr> </table> | 60% | 6233.1' | 100% | 6233.5' | Existing | 6232.7' |
| 60% | 6233.1' | | | | | | |
| 100% | 6233.5' | | | | | | |
| Existing | 6232.7' | | | | | | |
| | <p>3. Principle and emergency spillway elevations.</p> <table style="margin-left: 80px;"> <tr> <td>Principle</td> <td>6234.9'</td> </tr> <tr> <td>Emergency</td> <td>6237.8'</td> </tr> </table> | Principle | 6234.9' | Emergency | 6237.8' | | |
| Principle | 6234.9' | | | | | | |
| Emergency | 6237.8' | | | | | | |

4. **Field Information.** Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on out-slopes of embankments, etc.

Pond is dry and there is no evidence of recent discharge. No water samples were taken. Vegetation is abundant. No erosion problems evident on in-slopes or out-slopes at time of inspection. Phase I bond release has been achieved and Phase II applied for.

5. **Field Evaluation.** Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

The geometry of the impoundment has not changed. The bottom of the pond was damp indicating that approximately 1" of water was recently impounded. Pond will again be dry in a couple of days. Reclamation is essentially complete. Once Phase II bond release is achieved, no further inspections will be required.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature:

R. Jay Marshall

Date:

13 Oct 99

CERTIFIED REPORT

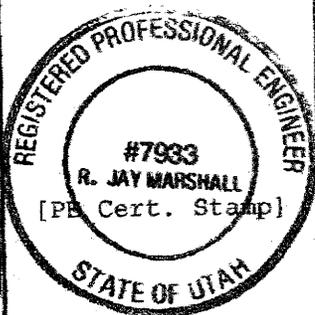
IMPOUNDMENT EVALUATION (If NO, explain under Comments)

| | YES | NO |
|--|-------|----|
| 1. Is impoundment designed and constructed in accordance with the approved plan? | XXXXX | |
| 2. Is impoundment free of instability, structural weakness, or any other hazardous condition? | XXXXX | |
| 3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection? | XXXXX | |

COMMENTS AND OTHER INFORMATION

NONE

Certification Statement:



I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.

By: R. Jay Marshall Chief Engineer
 (Full Name and Title)

Signature: R. Jay Marshall Date: 13 OCT 99

P.E. Number & State: 152606 2202 Utah