



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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INSPECTION REPORT

Partial: ___ Complete: XXX Exploration: ___
Inspection Date & Time: 09/07/2001 / 9:30AM-3:00 PM
Date of Last Inspection: 08/03/2001

Mine Name: Horse Canyon Mine County: Carbon Permit Number: C/007/013
Permittee and/or Operator's Name: UtahAmerican Energy, Inc.
Business Address: 31 N. Main, Helper, UT 84526 / 56854 Pleasant Ridge Rd., Alledonia, OH 43902
Type of Mining Activity: Underground XXX Surface ___ Prep. Plant ___ Other ___
Company Official(s): Jay Marshall
State Official(s): David Darby Federal Official(s): None
Weather Conditions: Clear, Hot, high 90's
Existing Acreage: Permitted 1327.75 Disturbed 74.26 Regraded 52 Seeded 51.56
Status: Active Reclamation XXX

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 N/A.
b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing 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, Division Orders, and amendments.

Table with 5 columns: Item, EVALUATED, N/A, COMMENTS, NOV/ENF. Rows include categories like PERMITS, CHANGE, TRANSFER, RENEWAL, SALE; SIGNS AND MARKERS; TOPSOIL; HYDROLOGIC BALANCE; EXPLOSIVES; DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES; COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS; NONCOAL WASTE; PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES; SLIDES AND OTHER DAMAGE; CONTEMPORANEOUS RECLAMATION; BACKFILLING AND GRADING; REVEGETATION; SUBSIDENCE CONTROL; CESSATION OF OPERATIONS; ROADS; OTHER TRANSPORTATION FACILITIES; SUPPORT FACILITIES/UTILITY INSTALLATIONS; AVS CHECK; AIR QUALITY PERMIT; BONDING & INSURANCE.

INSPECTION REPORT

(Continuation sheet)

PERMIT NUMBER: C/007/013

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The Division received an appeal to the Division's decision to issue a mine permit to UEI. The appeal was filed by the Southern Utah Wilderness Alliance within the allotted 30-day comment period. The appeal is to be heard at the September Board of Oil, Gas and Mining hearing.

Jay mentioned that he has been busy working issues related to the Lila Canyon Mine. He was looking at another contractor for the Phase II reclamation. No further plans have been finalized to complete the reclamation.

2. SIGNS AND MARKERS

All signs and markers were in-place and visible with the current information.

4A. HYDROLOGIC BALANCE: DIVERSIONS

Thunderstorms moved through the area during the past couple days causing localized rainstorms in the surrounding hills. Many of the stream channels appeared wet, but there was no flow in them.

All of the diversion ditches were dry and appeared to be intact.

Stopped at stream crossing where road intersects the right fork of Redden Spring. There was flow in the channel. We did not measure the flow.

4B. SEDIMENTATION PONDS AND IMPOUNDMENTS

Both sedimentation ponds contained water. Although the bottoms of the ponds were not completely covered with water, each contained up to 6-inches at its deepest point. Runoff must have been intensive and of short duration, because there was no water flowing; however, this is the first time I recall seeing water in the sedimentation ponds caused by a rainstorm. The embankments of both sedimentation ponds appeared stable and intact.

4D. HYDROLOGIC BALANCE: WATER MONITORING

There have been no discharges from sedimentation Ponds #1 and #2 during the past quarter. DMR information submitted through the Electronic Database for June and July, 2001 was downloaded and incorporated.

The latest monitoring data was submitted via the Coal database on July 3, 2001. Second and third quarter water data was entered into the database on September 24, 2001.

INSPECTION REPORT

(Continuation sheet)

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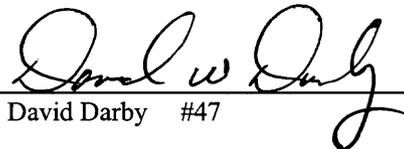
13. REVEGETATION

Cattle were in the reclaimed area. Fences had been knocked down. It was during the inspection in June that we ran across a couple of the adjacent landowners, both asked about grazing the property. Jay explained to them that the area was under reclamation and couldn't allow the area to be grazed until Phase III bond release. Jay was furious about the cattle. He stated he would run the cattle out of the reclaimed area and fix the fences. On Monday, he called to tell me he had chased the cattle out.

16A. ROADS: CONSTRUCTION/MAINTENANCE/SURFACING

The county road was covered with mud and debris just before entering the mine site. As a result of the storm, sediment washed down from the undisturbed area above the railroad tracks was carried across a lower portion of the mine permit area. There is not a distinct channel for the flow that comes from a railroad culvert. The flow crosses the permit area then is suppose to be transported along a ditch adjacent to the road to another culvert. Maintaining the ditch is the responsibility of the County Road Commission. As a result of not maintaining the ditch, the sediments have built up and then flow onto the road to a thickness of about 6-inches. Jay stated he would talk to Rex Funk, County Road Commissioner to resolve the problem.

Inspector's Signature: _____


David Darby #47

Date: September 28, 2001

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Clyde Borrell, UtahAmerican
Mel Coonrod, EIS
Price Field office

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