



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

RR24 OK

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INSPECTION REPORT

Partial: XXX Complete: ___ Exploration: ___
Inspection Date & Time: 11/21/2001 / 10:30 AM-1:30 PM
Date of Last Inspection: 10/26/2001

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, UEI
State Official(s): Dave Darby and Karl Houskeeper Federal Official(s): None
Weather Conditions: Clear, cool-Mid 60's
Existing Acreage: Permitted 6032.07 Disturbed 71.26 Regraded 54.56 Seeded 54.56
Status: Horse Canyon Mine - Active Reclamation, Lila Canyon Mine SR - Operational

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 4 columns: 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.

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

UtahAmerican Energy Incorporated (UEI) submitted revisions to the Horse Canyon Mine plan on October 9, 2001. The amendment contains changes to the reclamation plans for Sediment Pond #1, for conditioned Phase II Bond release, and a change in resident agent. The plans proposed removing only the spillway of and the decant structure of the sedimentation pond to minimize disturbance. The Division expressed concerns that the intent of the regulations for approximate original contour (AOC) would be circumvented, leaving the remains of an obvious structure (sedimentation pond embankments).

The amendment was withdrawn on November 20, 2001 by the operator, opting to implement the approved plans so that reclamation for Phase II bond release could be conducted while weather permitted this fall. The operator initiated reclamation operations on the same day. As of this writing, both the Refuse Pile Channel and #1 Sedimentation Pond have been reclaimed. The site still needs to be inspected and approved before Phase II bond can be recommended for release. The numbers of acres disturbed, reclaimed, and seeded have been adjusted above to reflect the reclamation activities.

The Mining and Reclamation Plan for the Lila Canyon Mine was approved by OSM on November 5, 2001. The BLM had conditioned their approval of the Rights of Way on Federal approval of the mine plan. With OSM's approval, the BLM's approval is conditioned on giving a notice to proceed and obtaining approval for their cultural resource plan. Jay mentioned UEI has a pre-construction meeting on December 11, 2001. The cultural resource plan has been approved, it still has to be approved by SHPO. In accordance with the party stipulation between the litigants, UEI has committed to delay development activities until after the preconstruction meeting. Jay is currently working on a letter to address the Division's conditions.

While on site, a logger stopped by and asked Jay what process and contacts would have to be made to store logs on the disturbed area adjacent to the buildings. His company was planning to log some timber in Range Creek. Jay asked the what procedures we would require for that type of temporary operation. I mentioned it may be conducive to the post-mining plans in the MRP, but he would have to submit a notice to Pam to see if there were any conflicts with the proposal.

Since the Lila Canyon Mine's significant revision has been approved, it makes the operation a functioning, operational mine again. Operational mines are inspected by the Price Field Office. Karl Houskeeper will begin inspecting the mine site in December. The next inspection will be a complete inspection.

4A. HYDROLOGIC BALANCE: DIVERSIONS

Jay had called earlier on November 20, 2001 to inform the Division he intended to withdraw the amendment and would be moving equipment on site to adhere to the conditions for Phase II bond release. When we reached the Horse Canyon mine site, the refuse pile culvert had already been removed and the trench buried. The new extension channel was being constructed. It connects the existing channel to Horse Canyon Creek, but angles downstream more than the culvert had, to insure flows in Horse Canyon Creek didn't erode the embankment.

All other disturbed and undisturbed drainages appeared to be intact and functioning. Jay mentioned he had cleaned some of the dirt out of the excluded disturbed area drainage below the buildings.

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4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

Both sediment ponds were dry and appeared stable. Jay and I walked around sedimentation pond #1 to identify the reclamation requirements as outlined in the MRP. Jay didn't think they would start working on the pond until the following Monday, since the operator thought about taking the Thanksgiving holiday and Friday off.

It turned out that reclamation construction of the pond was conducted on Friday, because Jay was worried about snow storms delaying activities. The reconstruction was completed on Monday morning. Karl Houskeeper visited the site on Monday and took some photographs of the reclaimed sedimentation pond. Silt fences were installed and seeds were spread on Tuesday.

4D. HYDROLOGIC BALANCE: WATER MONITORING

UEI is required to submit all water monitoring data into the Utah Coal Water Quality Database. UEI has submitted the second and third quarter water monitoring data. Jay mentioned he had entered the fourth quarter water quality data into the database. He identified that sites L-11-G and L-12-G had not been placed into the database because their site format had not been established. This was done on November 28, 2001, so the data can now be entered. Sites L-11-G and L-12-G will be added to the water monitoring plan and sites L-6-G and L-10-G will be removed from it.

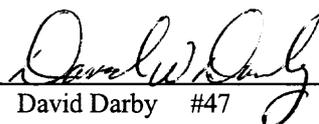
Water was flowing in both the left and the right forks of Horse Canyon Creeks at the spring sources. The frozen channel caused the flows to migrate farther down the channel.

We drove to HC-1 where we observed the channel at the monitoring site to be wet with very little flow.

11. CONTEMPORANEOUS RECLAMATION

The disturbed and reclaimed figures were changed to reflect the reclamation of the sedimentation pond and refuse pile culvert. Three acres were regraded and reseeded on the two sites, therefore the disturbed area was reduced by three acres and the regraded and reseeded acreage increased by three acres. The total permit area increased by 1327.75 acres as the Lila Canyon SR was added to the Horse Canyon Permit Area.

Inspector's Signature: _____


David Darby #47

Date: November 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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