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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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SLO
by
JHO

INSPECTION REPORT

Partial Complete XXX Exploration
Inspection Date: 02/21/2002 / Time: 10:00 - 15:00
Date of Last Inspection: 01/29/2001

Mine Name: Horse Canyon Mine County: Carbon Permit Number: C/007/013
Permittee and/or Operator's Name: UtahAmerican Energy, Inc.
Business Address: PO Box 986, Price, Utah 84501 / 56854 Pleasant Ridge Rd, Alledonia, OH 43902
Company Official(s): R. Jay Marshall
State Official(s): Karl R. Houskeeper Federal Official(s): None
Weather Conditions: Clear, Temp 41°F
Type of Mining Activity: Underground XXX Surface Prep Plant Other
Existing Acreage: Permitted 1327.75 Disturbed 74.26 Regraded Seeded
Status: Active Reclamation

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - 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.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/013

DATE OF INSPECTION: 02/21/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The DOGM permit expires 05/06/06. Other documents include the following:

- Certificate of Insurance terminates 04/30/2003.
- UPDES permit UTG040013 expires midnight 04/30/2003. (Horse Canyon Mine)
- UPDES permit UTG040024 expires midnight 04/30/2003. (Lila Canyon Mine)
- Air Quality permit DAQE-702-99.

2. SIGNS AND MARKERS

Spot-checked the disturbed markers, no problems were noted. New ID signs are available and will be installed. The signs and markers met the coal rules.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The lowering of the diversion below the reclaimed refuse pile to meet the natural drainage still needs to be done. The operator plans to accomplish this task when the ground thaws.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

Sediment pond 001 has been reclaimed. The operator still needs to remove the rebar that is located where the discharge point of pond 001 existed before reclamation.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The water monitoring is current, fourth quarter 2001 is in the EDI pipeline. The operator continues to monitor the established points for the Lila Canyon Extension. ID posts were installed at monitoring points L1, L2 & L3 to make sure that the same monitoring location is used every time. Monitoring points L4 (sediment pond) & L5 (mine water) are not applicable at this time, since the area needs to be permitted and constructed.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

Reviewed the DMR's (Discharge Monitoring Reports) for 001 (reclaimed sediment pond) and 002 (sediment pond). No discharge took place.

13. REVEGETATION

Identified two areas where the barbwire fence was cut and/or broken. The barbwire is fence installed to protect the revegetated areas on the site. The operator committed to repair the fences.

20. AIR QUALITY PERMIT

Air quality permit DAGE-702-99 was issued on August 27, 1999 and remains in effect.

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/013

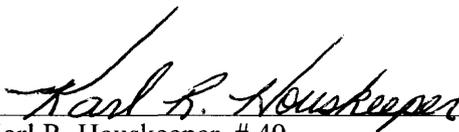
DATE OF INSPECTION: 02/21/2002

21. BONDING AND INSURANCE

Bond number SUR004892 for \$1,137,726 was increased to \$1,253,000 on January 24, 2001 and remains in place.

Insurance is through Federal Insurance Company. The insurance was issued on 06/01/2001 and expires on 06/01/2002. Explosive coverage is noted. The minimum coverage is met and the certificate holder is listed as the Division of Oil, Gas and Mining.

Inspector's Signature: _____


Karl R. Houskeeper # 49

Date: February 22, 2002

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, UEI
R. Jay Marshall, UEI
Price Field office

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