



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Pal...

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INSPECTION REPORT

Partial _____ Complete XXX Exploration _____
Inspection Date: 05/29/2002 / Time: 9:30 - 14:30
Date of Last Inspection: 04/19/2002

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: Partly Cloudy, Temp 85 - 90°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 type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 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: 05/29/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The DOGM permit expires 05/06/2006. Other documents include the following:

- Certificate of Insurance terminates 06/01/2002.
- 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 have been installed that give the phone number of the new resident agent. The signs and markers viewed met the coal rules.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The water monitoring is current. First quarter 2002 is in the EDI pipeline and is in the process of being approved. The operator is committed to monitoring the established points for the Lila Canyon Extension. Several monitoring points were viewed during the inspection and were dry. The points viewed were as follows: 001, HC-2/B-1, L-1-S, L-2-S, L-3-S, Lila Road Crossing and below L-12-G.

Monitoring points L4 (sediment pond) & L5 (mine water) are not monitored at this time, since they are associated with the permit approval and have not been constructed.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

Reviewed the March 2002 DMR's (Discharge Monitoring Reports) for 001 (reclaimed sediment pond) and 002 (sediment pond), no discharge took place.

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: 05/29/2002

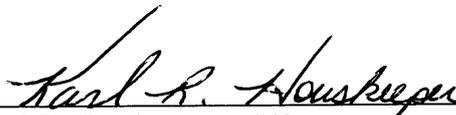
21. **BONDING AND INSURANCE**

Bond number SUR004892 for \$1,137,726 was increased to \$1,253,000 on January 24, 2001 and remains in place. The bond is through Lincoln General Insurance Co. This Bond is for Part A (Horse Canyon).

Bond number SB9905586 is for Part B (Lila Canyon Extension). The Bond amount is \$1,556,000 from XL Specialty Insurance. The Lila Canyon Extension has been submitted to the Division and is currently under review.

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. The operator was reminded of the expiration date.

Inspector's Signature: _____


Karl R. Houskeeper #49

Date: May 30, 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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