

INSPECTION REPORT

Partial Complete Exploration
 Inspection Date: 08/29/2003/ Time: 8:30 – 14:00
 Date of Last Inspection: 07/ /2003

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: Cloudy, Temp 72°F
 Type of Mining Activity: Underground XXX Surface Prep Plant Other
 Existing Acreage: Permitted 1327.75 Disturbed 74.26 Regraded Seeded
 Status: Phase II Bond Release

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.

	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 checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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: 08/29/2003

(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 06/01/2003.
- UPDES permit UTG040013 expires midnight 04/30/2008, (Horse Canyon Mine).
- UPDES permit UTG040024 expires midnight 04/30/2008, (Lila Canyon Mine).
- Air Quality Permit DAQE-702-99.

The status of the mine site is Phase II Bond Release. The inspection frequency for this mine site is quarterly.

The operator has an application submitted to the Division for a Post Mining Land Use (PMLU) change, Task ID #1630. The proposed PMLU would change 16.18 acres from Wildlife habitat to Residential/Recreational usage.

2. SIGNS AND MARKERS

Checked the ID sign at the public accesses to the facilities area. The ID signs give the phone number of the new resident agent. The other signs and markers viewed meet the coal rules.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

Viewed sediment pond #2 during the inspection. Sediment pond #2 is the only remaining impoundment at the mine site. The annual P.E. certification of this sediment pond was done on 08/15/2002. The last quarterly inspection was done on 03/24/2003.

No structural hazards or instability were noted.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The silt fence along the drainage diversion below the reclaimed area where the culvert was removed has been replaced. The area is on the western portion of the permit area next to the natural drainage channel.

4D. HYDROLOGIC BALANCE: WATER MONITORING

Water monitoring is current. Water levels on two wells were checked during the inspection. Several water-monitoring locations were checked during the inspection, but all were dry.

Second quarter 2003 water monitoring has been submitted to the EDI website.

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4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

Reviewed the July 2003 DMR's for Horse Canyon 002a and Lila Canyon 001A & 002A. No discharge occurred from any of the referenced outfalls.

20. AIR QUALITY PERMIT

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

21. BONDING AND INSURANCE

Bond number SUR004892 for \$1,137,726 was increased to \$1,253,000 on January 24, 2001. Phase II Bond Release was approved on February 12, 2003, which dropped the bond by \$191,672. The current bond is now \$1,061,328. 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 policy # 37104410. The insurance was issued on 06/01/2003 and expires on 06/01/2004. Explosive coverage is noted. The minimum coverage is met and the certificate holder is listed as the State of Utah, Division of Oil, Gas and Mining. Reminded the operator of the expiration date.

Inspector's Signature: _____ Date: August 29, 2003
Karl R. Houskeeper #49

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, via email
R. Jay Marshall, UEI, via email
Price Field office
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