



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Representative Name, Title. Includes Jay Marshall (Resident Agent) and Joe Helfrich (Environmental Scientist III).

Inspection Report

Table with 2 columns: Field Name, Value. Includes Permit Number (C0070013), Inspection Type (COMPLETE), Inspection Date (Wednesday, December 14, 2005), Start Date/Time (12/14/2005 9:30:00 AM), End Date/Time (12/14/2005 4:00:00 PM), Last Inspection (Tuesday, September 13, 2005).

Inspector: Joe Helfrich, Environmental Scientist III

Weather: Sunny 35

InspectionID Report Number: 820

Accepted by: whedberg
12/21/2005

Permittee: UTAHAMERICAN ENERGY INC
Operator: UTAHAMERICAN ENERGY INC
Site: HORSE CANYON MINE
Address: PO BOX 986, PRICE UT 84501
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

Table with 2 columns: Acreage, Category. Includes Total Permitted (6,032.07), Total Disturbed (122.49), Phase I (61.65), Phase II, Phase III.

Mineral Ownership

- Checked boxes for Federal, State, County, Fee. Unchecked for Other.

Types of Operations

- Checked box for Underground. Unchecked for Surface, Loadout, Processing, Reprocessing.

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of this site visit was to conduct a complete inspection of the Horse Canyon reclaimed site. The permittee has submitted an application for development of the Lila Canyon mine. The application has undergone several reviews. The most current response to the technical analyses was received by the Division on December 9, 2005. The remaining buildings and associated property have been turned over to the College of Eastern Utah as an industrial post mining land use. The permittee will also need to file an application for phase three bond release.

Inspector's Signature

Date Monday, December 19, 2005

Joe Helfrich, Environmental Scientist III

Inspector ID Number: 1

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

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 Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference 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, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
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.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: 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 checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input checked="" 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

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

- Certificate of Insurance terminates 06/01/2006.
- 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.

2. Signs and Markers

The ID signs list the required information including the phone number of the resident agent. Perimeter markers viewed accurately reflect the permit boundary.

4.a Hydrologic Balance: Diversions

It should also be noted that there was a flash flood in September that did not erode the channel. As of the date of this inspection, the channel and associated diversion remained in good repair.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The quarterly sediment pond inspection for pond #2 was done and P.E. Certified on 8/15/05. No problems were noted and the pond was dry.

4.c Hydrologic Balance: Other Sediment Control Measures

September storms further up the canyon from the reclaimed site resulted in flash flooding in the main stream channel above and below the mine.

4.d Hydrologic Balance: Water Monitoring

Third quarter 2005 water monitoring data was available for inspection. The data has been uploaded into the data base. Fourth quarter samples were taken on 11/02/2005 where there was flow, they included BHC2, RF1, HC1, and RF1. Field parameters included flow, PH, conductivity, and temperature.

4.e Hydrologic Balance: Effluent Limitations

DMR's were current through November of 2005. There were no discharges recorded.

8. Noncoal Waste

The buildings and reclaimed areas did not contain any waste materials.

9. Protection of Fish, Wildlife and Related Environmental Issues

Bronco Energy is drilling an exploration hole in Horse Canyon inside the permit area just past the turn off to Range Creek. The hole was drilled several hundred feet at the time of the site visit. The Geologist on site, Jim Sage, estimated several more weeks of drilling before completion. The drill hole will be cased to collect base line water monitoring data.

10. Slides and Other Damage

No slides or damage have occurred as a result of the September flash flooding.

13. Revegetation

Additional seeding at the diversion below the reclaimed refuse pile has been completed; the area was seeded with the approved seed mix.

16.a Roads: Construction, Maintenance, Surfacing

The road through the property is maintained and draining run off adequately. The two six-foot culverts that transport water under the county road have been cleaned of debris from the September flash flood.

19. AVS Check

The ownership and control information was updated in the AVS and 2004 annual report.

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 06/01/2005 and expires on 06/01/2006. 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.