



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 Steve Demczak (Environmental Scientist III).

Inspection Report

Table with 2 columns: Field Name, Value. Includes Permit Number (C0070013), Inspection Type (COMPLETE), Inspection Date (Tuesday, February 21, 2006), Start Date/Time (2/21/2006 10:00:00 AM), End Date/Time (2/21/2006 4:00:00 PM), Last Inspection (Wednesday, December 14, 2005).

Inspector: Steve Demczak, Environmental Scientist III

Weather: Cold, Windy, 30's

InspectionID Report Number: 885

Accepted by: whedberg
3/3/2006

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: Value, Description. Includes Total Permitted (1,327.75), Total Disturbed (87.00), 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.

The permittee must enter the water monitoring information into the Division's electronic data system is a permit condition.

Inspector's Signature:

Date Thursday, March 02, 2006

Steve Demczak, Environmental Scientist III
Inspector ID Number: 39

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 type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<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 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 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.

**3. Topsoil**

There are no topsoil piles at Horse Canyon.

**4.a Hydrologic Balance: Diversions**

The diversion ditches were dry but would function as designed during a storm event.

**4.b Hydrologic Balance: Sediment Ponds and Impoundments**

No hazardous conditions were noticed during the inspection.

**4.d Hydrologic Balance: Water Monitoring**

Water Monitoring has been taken for the third quarter.

**4.e Hydrologic Balance: Effluent Limitations**

There were no discharges from UPDES 001A and 002A for the quarter.

**7. Coal Mine Waste, Refuse Piles, Impoundments**

No waste pile is on site.

**8. Noncoal Waste**

The area was clear of non-coal waste material.

**15. Cessation of Operations**

The permittee is seeking phase 3 bond release.

**18. Support Facilities, Utility Installations**

All buildings are boarded up. CEU now owns this property.

## **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.