

**State of Utah****Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

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*Division Director*

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*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

September 29, 2006

Jay Marshall, Resident Agent  
UtahAmerican Energy, Inc.  
P.O. Box 986  
Price, Utah 84501

Subject: Deficiencies for Phase III Bond Release, UtahAmerican Energy, Inc.,  
Horse Canyon Mine, C/007/0013, Task ID #2573

Dear Mr. Marshall:

The Division reviewed your application for Phase III bond release and issues remain that must be addressed before a determination can be made that the requirements of the R645 Coal Mining Rules have been met and an approval granted.

Lila Canyon Remote Portals

One item you are aware of is the final reclamation of the Lila Canyon Remote portals. This was the subject of correspondence by the Division to UEI by letter dated August 17, 2006. The application (which was written prior to August 17, 2006) contains wording that is in opposition to the Division's request, (see Secs. II. A. 6 and II. A. 8 of the application) which must be corrected.

Bridge Abutments

UEI asserts that the bridge abutments were left at the County's request (pg. 3 para. 4; pg. 4 para. 3; and pg. 5 para. 4 of the application) in the Phase III bond release application. The Division records indicate that these bridge abutments were left to facilitate mine activity should the Horse Canyon portals be reopened (see letter from from IPA to the Division, dated September 13, 1996, attached).

Mr. Morris Sorensen, Emery County Road Supervisor, recently evaluated the bridge abutments and determined that one abutment serves to stabilize the channel/road embankment, but the other is free standing and does not provide additional stability. The County has requested that non-functional abutment be removed (see letter from Emery County to the Division dated August 31, 2006, attached). In the same letter, the County requests that all fencing along the County road be removed to facilitate road maintenance. Removal of fencing was identified as a requirement of Phase III bond release during the April 20, 2006 inspection and

must be completed prior to bond release.

Removal of Waste from Facilities Pad Area

Another previously identified issue was removal of waste from the facilities pad area. The Division corresponded with Mr. Ryan Thomas, President of CEU, regarding the status of the metal fan portal collar identified in the April 20, 2006 inspection. MRP Appendix X-4 Exhibit D reveals CEU specified that the metal fan housing was to be removed from the site before the transfer of ownership. The fan collar must be removed prior to Phase III bond release.

Deficiencies with the Phase III bond release application are listed below:

**R645-301-121.200**, The Permittee must correct the public road statements in the application. The application states on page 3 of the submittal that the Horse Canyon road became a public road in 1995 (turned over to Emery County) instead of saying that the road was a public road before SMCRA. The Horse Canyon road is part of the permit area. The Division approved a change in the postmining land use (industrial) for the road, but has not released bond for the road. This bond release application package should must include the road in the acreage requested for bond release and include the road in the public notice. [whw]

**R645-301-121.100**, The Permittee must update the postmining land use information in Section 3.2 of the MRP. The Permittee should divide the bonded areas into subsections and state what the approved postmining land use is and when the Division approved the postmining land use change. •In addition, the Permittee must show on maps, and describe in the text, the pre-SMCRA roads associated with the borrow area and why the roads were not reclaimed, specifically the pre-SMCRA roads nears with the borrow pit that were not reclaimed and the 0.02 acres associated with the bridge abutments and if they were included in the postmining land use change for the Horse Canyon Road. [whw]

**R645-301-553.100**, There are incorrect statements on page 5 of the bond release package, "That since the road is public... the area meets the approximate original contours". The requirements for AOC are a compilation of performance standards, which pertain to backfilling and grading, revegetation, and protection of the hydrologic balance. For the road, a statement describing the condition of road out-slopes and road drainage and the use of the road to support the postmining land use would address the issue. •In addition the Permittee should

indicate that that since the 6.5 acre area was not disturbed, the contours are the original contours, rather than suggesting that the AOC requirements do not apply. [whw]

**R645-301-542.600**, The Permittee must either reclaim all roads not approved for retention under the postmining land use plan or change the postmining land use plan to include their retention. There are several roads or what appear to be roads in the bonded area associated with the borrow pit. The Permittee must either explain why the roads were not reclaimed (document that the roads were never used for mining and reclamation) or reclaim the roads or retain the roads as part of the postmining land use. [whw]

**R645-301-121.200**, The Permittee should be consistent with the name of the public road that goes through the Horse Canyon Mine. The Permittee refers to the road as the Horse Canyon Mine in the bond release package while in the MRP the Permittee refers to the same road as the Range Creek road. Please correct the inconsistency. [whw]

**R645-301-542.200** The Permittee must include or reference the location for the as-built maps and cross sections for the areas that were not part of the Phase II bond release such as the county road and the CEU facilities. [whw]

**R645-301-542.320** The Permittee must label and show all surface and subsurface manmade features that will remain at Phase III bond release (i.e. the remaining bridge abutment and reference maps in Appendix X-4 for facilities transferred to CEU.) [whw]

**R645-301-542.620**, The Permittee must update the MRP and bond release package regarding the bridge abutments. According to documents in the Division's archives, the bridge abutments were left for future expansion during mining and were to be removed after mining (see letter from IPA to the Division dated September 13, 1996). Recent correspondence to the Division from Emery County (letter dated August 31, 2006) requested that the east bridge abutment be removed and the west abutment be left to stabilize the channel/road embankment. Accordingly, the bridge abutment must be removed prior to Phase III bond release.

On page III-3 of the MRP, the Permittee states that the postmining land use for the bridge abutment is wildlife habitat. The Division requests that this statement be changed to indicate that the bridge abutment falls within the county right of way for the Emery County

road and is being left to support the road embankment and as such has an industrial post mining land use. Per the Emery County letter dated August 31, 2006, Emery County is willing to take on the liability of the remaining abutment at the time of bond release. [pwb, whw]

**R645-301-880.120**, The public notice in Ex. III-1-3 must state that the Phase III bond release will not include the Lila Canyon portals (subject of discussion in August 17, 2006 document 0064, 2006 Outgoing folder) and one bridge abutment. Where bond monies are discussed in the public notice, acknowledgement of monies retained for reclamation of the Lila Canyon portals is requested.

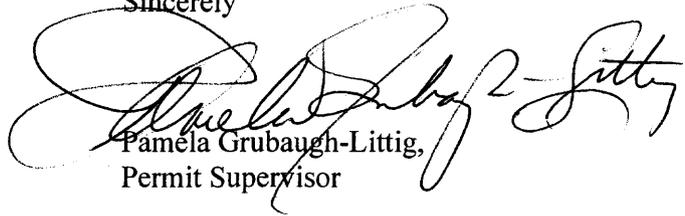
- Only 0.01 acres supporting a bridge abutment will receive bond release, as the east abutment must be removed prior to receiving bond release (per letter dated September 13, 1996 from IPA) and the other will remain (per Emery County request by letter to the Division, dated August 31, 2006). [pwb]
- The legal description in the public notice is missing the SE4 of Section 4. [pwb]
- The list of addressees to receive the notification letter in Exhibit III-1-2 must include the College of Eastern Utah. [pwb]
- Non coal waste such as that photographed and commented upon during the April 20, 2006 inspection (fan portal collar) must be removed before Phase III bond release. (MRP Appendix X-4 Exhibit D reveals that the metal fan housing was specified to be removed from the site by CEU before the transfer of ownership.)  
\*All fencing must be removed from the site, along the Emery County road and around the borrow area and refuse site. Monies should be retained for removing fencing along both sides of the Emery County road through the permit area and around the borrow area. [pwb]

**R645-301-830.140** The Permittee must provide detailed reclamation cost estimates for all areas not included in the Phase III bond release. Those areas include but are not limited to the 0.49 acres channel area, the Lila Canyon remote portal area and the bridge abutment area. The amount of bond retained to insure reclamation must be stated in the public notice.

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Jay Marshall  
September 29, 2006

Please respond to these deficiencies by December 29, 2006 or the bond release application will be returned at that time. If you have any questions, we would be happy to answer them. Please call me at (801) 538-5268 or Wayne Western at (801) 538-5263 or Priscilla Burton at (435) 613-1146, Ext. 207.

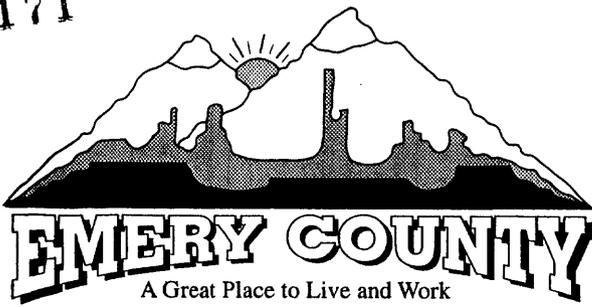
Sincerely



Pamela Grubaugh-Littig,  
Permit Supervisor

PWB/an  
Attachments  
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RECEIVED

SEP 05 2006

DIV. OF OIL GAS & MINING

Road Department

August 31, 2006

Pamela Grubaugh-Littig  
 Utah Division of Oil & Mining  
 1594 West North Temple, Ste 1210  
 P.O. Box 145801  
 Salt Lake City, Utah 84114-5801

*Incoming  
 400710013  
 Copy Priscilla, Wayne  
 Wayne Hand*

Dear Ms. Pamela Grubaugh-Littig:

Commissioners Ira Hatch and Gary Kofford, Public Lands Director Ray Petersen and myself (Morris Sorensen, Road Supervisor) met at the Old Horse Canyon Mine Site near East Carbon City, to determine what things if any should be done to close out the reclamation on this property.

We looked at the bridge across the wash first. The bridge is a single lane with two additional abutments down stream from the existing bridge. The two abutments or columns were left there in case the mine was to open again, then they could make it two lanes again. We would like to remove the left abutment or column due to the eroding footer and the possibility of it tipping and blocking the stream channel or tipping into the bridge causing damage to the structure. The right abutment or column is protecting the banks of the channel from erosion and needs to remain.

There is fencing on both sides of the roadway just a few feet of the travel way that needs to be removed to reestablish our borrow pits. There's a drainage problem along both sides of the road causing the run off to wash road material away. Also, run off crossing the bridge is eroding the material from the abutments causing vehicles to jump up vertically more than a foot in some instances. This creates maintenance problems due to the materials having to be hauled from outside sources to replace material washed away with the possibility of it happening several times a year.

We feel these problems need to be addressed before signing a release. Any help your department could give us in making this happen would be appreciated.

Sincerely,

*Morris Sorensen*  
 Morris Sorensen,  
 Road Supervisor

cc

Ira Hatch, County Commissioner  
 Gary Kofford, County Commissioner  
 Ray Petersen, Public Lands Director

Department of Water and Power  the City of Los Angeles

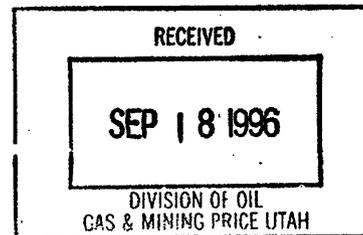
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Mayor

Commission  
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JOSÉ DE JESÚS LEGASPI, *Vice President*  
CAROLYN L. GREEN  
JUDY M. MILLER  
MARCIA F. VOLPERT  
IRENE N. KISHI, *Assistant Secretary*

WILLIAM R. McCARLEY, *General Manager*  
KENNETH S. MIYOSHI, *Assistant General Manager and Chief Engineer*  
ELDON A. COTTON, *Assistant General Manager—Energy Services*  
JAMES F. WICKSER, *Assistant General Manager—Water*  
THOMAS M. McCLOSKEY, *Assistant General Manager—Business Planning,  
Marketing and Customer Service*  
M. FAYE WASHINGTON, *Assistant General Manager / Chief Administrative Officer  
—Central Support Services*  
PHYLLIS E. CURRIE, *Chief Financial Officer*

September 13, 1996

Mr. Peter Hess  
Reclamation Specialist  
Division of Oil, Gas & Mining  
c/o College of Eastern Utah  
451 East 400 North  
Price, Utah 84501-2699



Dear Mr. Hess:

Intermountain Power Agency (IPA)  
Horse Canyon Mine  
ACT/007/013  
Installation of New Bridge

During the summer of 1996, Emery County Special Services District No. 1 installed a new bridge across Horse Canyon Creek on the Emery County road located within IPA's Horse Canyon Mine reclamation area. The new bridge is within a county road right-of-way and is located immediately adjacent to the bridge originally constructed to access the mine and the public and private lands to the east of the mine. The new bridge is a single-lane structure and has a 20-ton weight limit. The new bridge was built because the decking and superstructure of the old bridge were considered inadequate to meet Utah State and Emery County bridge safety standards. Funding for the new bridge was provided by both Emery County Special Services District No. 1 and IPA.

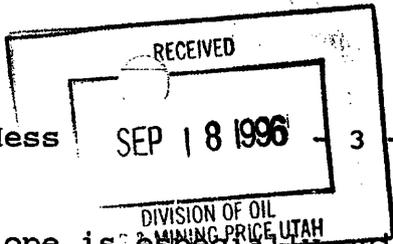
As part of construction of the new bridge, the decking and superstructure of the old bridge were removed. This is standard procedure for Emery County when new bridges are built to replace unsafe or outdated bridges. Removal of the decking and superstructure ensures that unsafe bridges will no longer be accessible to vehicular traffic. Bridge substructures (i.e., the footings, piers and abutments) are usually left in place since removal might result in excessive slope and/or channel erosion.

IPA, who is responsible for reclamation of the surrounding mining land, intends to leave the footings, piers and abutments of the old bridge in place until the final reclamation phase of the Horse Canyon Mine begins. Following is a discussion providing justification for this action.

## Water and Power Conservation... a way of life

111 North Hope Street, Los Angeles, California  Mailing address: Box 111, Los Angeles 90051-0100  
Telephone: (213) 367-4211 Cable address: DEWAPOLA FAX: (213) 367-3287

Mr. Peter Hess



September 13, 1996

unstable slope is especially evident at the top of the east bank where the slope would approach 1H to 1V if the abutment were removed at this time.

As mentioned previously, IPA intends to administer the old bridge substructure at the time of final reclamation. At that time, the bridge substructure will be dealt with appropriately. If you have any comments or questions, please call Mr. William W. Engels of my staff at (213) 367-0289.

Sincerely,

*Michael J. Nosanov*  
MICHAEL J. NOSANOV  
Coal Business Manager

c: Ms. Pamela Grubaugh-Littig  
Division of Oil, Gas and Mining  
Mr. Daron Haddock  
Division of Oil, Gas and Mining  
Mr. Chris D. Hansen, EarthFax  
Mr. William W. Engels