



2006 Annual Report

UtahAmerican Energy, Inc.

Horse Canyon Mine

ACT/007/013

RECEIVED

APR 27 2007

OGM PRICE FIELD OFFICE

File in:

- Confidential
- Shelf
- Expandable

Refer to Record No 0250 Date 4/26/07
In C/007/013, 2007, Income
For additional information

To enter text, click in the box and type your response. If a box already contains an entry select the entry and type the replacement. You can use the **tab** key to move from one field to the next. To select a check box, click in the box or type an x.

GENERAL INFORMATION

| | |
|--|----------------------------------|
| Permitte Name | UtahAmerican Energy, Inc. |
| Mine Name | Genva Mine (Horse Canyon) |
| Operator Name (If other then permittee) | |
| Permit Expiration Date | May 6, 2011 |
| Permit Number | ACT /007/013 |
| Authorized Representative Title | R. Jay Marshall, Project Manager |
| Phone Number | 435 888 4007 |
| Fax Number | 435 888 4002 |
| E-mail Address | jmarshall@coalsource.com |
| Mailing Address | P.O. Box 986, Price, Utah 84501 |
| Resident Agent | R. Jay Marshall |
| Resident Agent Mailing Address | P.O. Box 986 Price, Utah 84501 |
| Number of Binders Submitted | NA |

IDENTIFICATION OF OTHER PERMITS

Identify other permits that are required in conjunction with mining and reclamation activities.

| Permit Type | ID Number | Description | Expiration Date |
|-----------------------|---------------------|----------------------------------|-----------------|
| MSHA Mine ID(s) | 42-00100 | Horse Canyon | None |
| | 42-02241 | Lila Canyon | None |
| MSHA Impoundment(s) | 1211-UT-09-02241-01 | Lila Canyon | None |
| | | | |
| NPDES/UPDES Permit(s) | UTG040013 | Horse Canyon (UTG040000 General) | April 2008 |
| | UTG040024 | Lila Canyon (UTG040000 General) | April 2008 |
| PSD Permit(s) (Air) | DAQE-702-99 | Lila Canyon | None |
| | | | |
| Other | | | |
| | | | |
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CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan that must be periodically submitted to the Division. Specify whether the information is included as Appendix A to this report or currently on file with the Division.

| Certified Reports: | Required | | Included or on file with DOGM | | Comments |
|--------------------|--------------------------|-------------------------------------|-------------------------------|--------------------------|------------------------|
| | Yes | No | Included | On File | |
| Excess Spoil Piles | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Refuse Piles | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Impoundments | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Included in Appendix A |
| Other | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as Appendix B to this report or currently on file with the Division.

| Technical Data: | Required | | Included or on file with DOGM | | Comments |
|--------------------------|--------------------------|-------------------------------------|-------------------------------|--------------------------|---|
| | Yes | No | Included | On file | |
| Climatological | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Subsidence Monitoring | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Vegetation Monitoring | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Raptor Survey | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Soils Monitoring | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Water Monitoring | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Entered On Divisions Electronic Data Base |
| First quarter | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Entered On Divisions Electronic Data Base |
| Second quarter | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Entered On Divisions Electronic Data Base |
| Third quarter | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Entered On Divisions Electronic Data Base |
| Fourth quarter | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Entered On Divisions Electronic Data Base |
| Geological / Geophysical | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Engineering | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | | | | | |
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*Reminder: If equipment has been abandoned during 2002, an amendment must be submitted that includes a map showing its location, a description of what was abandoned, whether there was any hazardous or toxic materials and any revision to the PHC as necessary.

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Change in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is Requesting that each permittee review

APPENDIX A

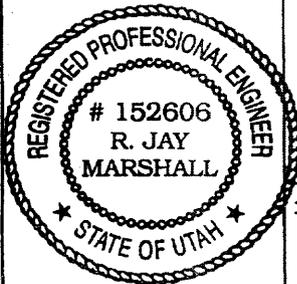
Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

As required under R645-301-514

CONTENTS

ANNUAL POND INSPECTION ATTACHED

| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Page 1 of | | | | | | | |
|--|---|--------------------------|--------------|-----------|---------|-----------|---------|----------|---------|
| Permit Number | ACT/007/013 | Report Date | June 9, 2006 | | | | | | |
| Mine Name | Horse Canyon | | | | | | | | |
| Company Name | UtahAmerican Energy, Inc. | | | | | | | | |
| Impoundment Identification | Impoundment Name | Sediment Pond #2 (Upper) | | | | | | | |
| | Impoundment Number | Pond #2 | | | | | | | |
| | UPDES Permit Number | UTGO 40013-002A | | | | | | | |
| | MSHA ID Number | 42-00100 | | | | | | | |
| IMPOUNDMENT INSPECTION | | | | | | | | | |
| Inspection Date | June 9, 2005 | | | | | | | | |
| Inspected By | R. Jay Marshall | | | | | | | | |
| Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction) | <input type="radio"/> Quarterly <input checked="" type="radio"/> Annual | | | | | | | | |
| <p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>No appearance of instability, structural weakness, or any other hazardous condition was observed at the time of inspection. Pond has approximately 6" of water in the bottom. The pond has been modified to allow for donation to the College of Eastern Utah. The principle spillway has been removed preventing any discharge other than the emergency overflow. This was done at the request of DOGM and Division of Water Quality. Once the donation has been completed UEI will submit request to deactivate the NPDES point.</p> | | | | | | | | | |
| Required for an impoundment which functions as a SEDIMENTATION POND.  | <p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Sediment Elevations:</p> <table style="margin-left: 200px;"> <tr> <td>60%</td> <td>6233.1'</td> </tr> <tr> <td>100%</td> <td>6233.5'</td> </tr> <tr> <td>Existing</td> <td>6232.7'</td> </tr> </table> | | | 60% | 6233.1' | 100% | 6233.5' | Existing | 6232.7' |
| 60% | 6233.1' | | | | | | | | |
| 100% | 6233.5' | | | | | | | | |
| Existing | 6232.7' | | | | | | | | |
| | <p>3. Principle and emergency spillway elevations.</p> <table style="margin-left: 200px;"> <tr> <td>Principle</td> <td>6234.9'</td> </tr> <tr> <td>Emergency</td> <td>6237.8'</td> </tr> </table> | | | Principle | 6234.9' | Emergency | 6237.8' | | |
| Principle | 6234.9' | | | | | | | | |
| Emergency | 6237.8' | | | | | | | | |

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT

Page 2 of

4. Field Information. Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

There is no evidence of recent discharge. No water samples were taken. Vegetation is abundant. No erosion problems evident on in-slopes or out-slopes at time of inspection.

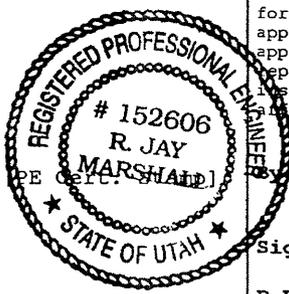
5. Field Evaluation. Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

The geometry of the impoundment has not changed.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature: _____ **Date:** _____

| | | |
|--|--|--------------------------|
| IMPOUNDMENT INSPECTION AND CERTIFIED REPORT | | Page 3 of |
| CERTIFIED REPORT | | |
| IMPOUNDMENT EVALUATION (If NO, explain under Comments) | YES | NO |
| 1. Is impoundment designed and constructed in accordance with the approved plan? | XXXXXX | |
| 2. Is impoundment free of instability, structural weakness, or any other hazardous condition? | XXXXXX | |
| 3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection? | XXXXXX | |
| COMMENTS AND OTHER INFORMATION | | |
| NONE | | |
| Certification Statement:  | I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules. | |
| | (Full Name and Title) <u>R. Jay Marshall Vice President</u> | |
| | Signature: <u>R. Jay Marshall</u> | Date: <u>June 9 2006</u> |
| | P.E. Number & State: <u>152606 Utah</u> | |

APPENDIX B

Reporting of Technical Data

Including monitoring data, reports, maps, and other information
As required under the approved plan or as required by the Division

In accordance with the requirement of R645-310-130 and R645-301-140

NA

APPENDIX C

Legal Financial, Compliance and Related Information

Annual Report of Officers
As submitted to the Utah Department of Commerce

Other change in ownership and control information
As required under R645-301-110

NA

APPENDIX D

Mine Maps

As required under R645-302-525-270

NA

APPENDIX E

Other Information

In accordance with the requirements of R645-301 and R645-302

NA