

WATER QUALITY MEMORANDUM

Utah Coal Regulatory Program

JK

March 12, 2007

TO: Internal File

THRU: James D. Smith, Permit Supervisor *DS 04/11/08*

FROM: David W. Darby, Senior Reclamation Specialist/Hydrology *[Signature]*

RE: 2007, 3rd Quarter Water Monitoring, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013-WQ07-3, Task ID #2783

1. Was data submitted for all of required sites?

This report was prepared based on information in File: O:\007013.hc\Water Quality\datacheck2007-2.xls. The reclamation water monitoring schedules for surface (Table-1) and groundwater (Table 3) at the Horse Canyon Mine is identified in Appendix VI-5. A major portion of the disturbed area (now reclaimed) has been donated to the College of Eastern Utah on October 20, 2005. UtahAmerican Energy Inc. (UEI) will still be responsible for reclamation until Phase III bond release is approved.

On May 18, 2006, the Division received an amendment from UtahAmerican Energy, Inc. (UEI) seeking approval to remove the monitoring requirements for sites RS-2, RF-1 and HC-1 from their water-monitoring program. Mining has been suspended since October 15, 1985. UEI contends that monitoring of these sites is no longer necessary, because any changes resulting from subsidence to surface and groundwater resources would have occurred and been identified long ago. No impacts have been detected. All monitoring sites proposed for suspension are located upstream of the reclaimed surface facilities. Final approval for removal of the sites was issued on September 18, 2007 (Task ID #2810).

There has been a question as to when UEI should commence water monitoring at Lila Canyon Mine Extension to the Horse Canyon Mine. The Division sent you a letter on August 3, 2007 (clarified permit conditions), which stated "operational water monitoring should begin when UEI intends to begin work". An agreement between SUWA and UEI to delay construction activities until the Board of Oil, Gas and Mining makes a finding on the issue of a Stay of the mine permit. Due to this fact, UEI believed that operational water monitoring should not begin

until construction activities are initiated. Therefore, mining impacts would occur during this interim, because no construction would cause impacts. Installation of the survey stakes at the surface facilities by UEI constitute the intent to do work. UEI was issued the mine permit on May 18, 2007. All terms of the permit are binding. At this point in time, there is no "Stay" and UEI should begin operational water monitoring in the fourth quarter of 2007.

Springs

YES [] NO [] Not applicable this quarter. UEI will begin operational monitoring of springs at the Lila Canyon extension to the Horse Canyon mine during the fourth quarter of 2007.

Streams

YES [X] NO [] Surface water monitoring site B-1 is the only site listed on the monitoring schedule for the third quarter 2007. No flow was reported. UEI also reported a monthly no flow at water monitoring sites L-1-S, L-2-S and L-3-S.

Piezometers

YES [] NO [] Not applicable this quarter. UEI will begin operational monitoring of the piezometers (IPA-1, IPA-2 and IPA-3) during the fourth quarter.

UPDES

YES [] NO [] N/A No sedimentation ponds exist on the minesite.

2. Were all required parameters reported for each site?

Springs YES [] NO [] NA

Streams YES [X] NO [] No flow was reported at Site B-1.

Wells YES [] NO [] NA

UPDES YES [] NO [] NA

3. Were irregularities found in the data?

Springs YES [] NO [] NA

