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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

Representatives Present During the Inspection:	
Company	Jay Marshall Resident Agent
OGM	Pete Hess Environmental Scientist III

Inspection Report

Permit Number:	C0070013
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, September 10, 2008
Start Date/Time:	9/10/2008 8:15:00 AM
End Date/Time:	9/10/2008 12:25:00 PM
Last Inspection:	Wednesday, August 27, 2008

Inspector: Pete Hess, Environmental Scientist III

Weather: Overcast, cool; t storms / rain overnight.

InspectionID Report Number: 1762

Accepted by: jhefric

10/7/2008

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

5,992.07	Total Permitted
122.49	Total Disturbed
61.65	Phase I
	Phase II
	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

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

The Permittee notified the Division on August 27, 2008 that the third quarter of 2008 surface and ground water monitoring information for the Horse Canyon Mine permit areas "A" and "B" was in the data base pipeline and that the information was approved for uploading into permanent storage. This has been completed by DOGM personnel. There are no pending compliance actions for this site. All reclaimed or disturbed areas associated with the two areas of this site received rainfall during the evening of September 9, 2008. As observed this day, there are no activities occurring at the Lila Canyon Mine site.

Inspector's Signature:

Date Wednesday, September 10, 2008

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

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

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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 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" 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 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

4.c Hydrologic Balance: Other Sediment Control Measures

The straw bales surrounding the inlet of the pre-law 48 inch CMP are intact and appear capable of functioning as designed. There was no flow reporting to the bales during today's inspection.

4.d Hydrologic Balance: Water Monitoring

The rain gauge installed in the permit area "B" disturbance was checked; it was determined that the site received at least 0.01 inches of rain overnight. Horse Canyon Creek, the right fork of Lila Creek and the main channel of Lila Creek (crest stage gauge #1) were all observed as having dampened bottoms. No water flow was visible during today's inspection in any of those channels.

4.e Hydrologic Balance: Effluent Limitations

The UPDES permit renewal for the Lila Canyon site was completed on September 27, 2007 for five years. The permit for the Horse Canyon pond #2 (pond #1 reclaimed) was allowed to expire by the Utah DWQ.

5. Explosives

The Permittee's general liability insurance, which remains in effect through June 1, 2009, provides coverage for the use of explosives. There are no storage magazines being utilized in either permit area. The old storage magazine above the permit area "A" buildings is empty, and is now considered part of the donation area to the College of Eastern Utah.

9. Protection of Fish, Wildlife and Related Environmental Issues

No eagles were observed in flight at the Lila Canyon site.

11. Contemporaneous Reclamation

The area which was trespassed (access road to Carbon County Railroad ROW) received rain on September 9, 2008. As inspected this day, there was no visible evidence of erosion of the dirt road surface. The trespass was completed by employees of Iron Horse Restoration. Mr. Marshall intends to discuss the trespass with the president of that company this day to discuss the reclamation and reseeding of the trespass area. This is to be completed before the winter of 2008-2009.

13. Revegetation

The trespass area will be reseeded with the DOGM approved final reclamation seed mix.

16.a Roads: Construction, Maintenance, Surfacing

The Permittee anticipates that an upgrade of the County road (EC # 126) to the Mine site will be initiated in the very near future. The upgrade will include graveling of the surface and the installation of two drainage crossing / under road culverts.

18. Support Facilities, Utility Installations

The temporary power installation for this site has been approved (original EA).

20. Air Quality Permit

The currently approved air quality approval order dates from August 27, 1999.

21. Bonding and Insurance

A bond amount of \$1, 686,000 (2008 dollars) is in place for the permit area "B" facility. The total bond amount for the Horse Canyon Mine is \$2,617,328 (permit areas "A" and "B").

22. Other

The permit area "A" mine buildings which are now owned by CEU have received more damage by vandals. A section of the chain link fence on the up canyon side of the shop building has been cut out, and numerous doors have been kicked in on the other buildings.