

0031

UtahAmerican Energy, Inc.



C/007/013 Incoming Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84501
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002
cc: Joe
Vickie S.
R
#3254

May 12, 2009

Daron Haddock
Permit Supervisor
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: Request for Assessment Conference Violation #CO10035 UtahAmerican Energy, Inc.
Horse Canyon Mine 09-004 C/007/013.

Dear Mr. Haddock,

In response to the proposed assessment letter dated April 20, 2009 UEI would like to formally request an assessment conference. In addition the letter dated April 20, 2009 is inaccurate referring to the Lila Canyon Mine. The reference should be "Horse Canyon Mine. The CO has nothing to do with part "B"Lila Canyon.

UEI believes that the assessment is unfair giving the operator only 8 good faith points. The operator was notified by email of the CO at 5:18 on March 17, 2009. This notification was after business hours and was not opened until the morning of March 18. A copy of the new bond was returned by email to DOGM at 2:37 on the 18th, prior to even receiving the official notification by UPS. (See Attached)

After receiving the bond required in the actions portion of the CO, DOGM requested that UEI submit a new signed reclamation agreement. This request was in addition to what was required for termination of the CO. UEI submitted the signed reclamation agreement by March 23rd.

In summary the requirement for termination of the CO was submitted before if not on the actual day the violation was delivered. The additional time from March 18th to March 23rd was used to complete additional requests from DOGM and not for violation termination.

The inspector issuing the CO recommended maximum good faith points and we believe our immediate response justifies maximum good faith points.

Should you have any questions please call. Please notify us of the assessment conference date.

Sincerely,


R. Jay Marshall
Chief Engineer/Project Manager

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MAY 18 2009

DIV. OF OIL, GAS & MINING

Marshall, Jay

From: Pete Hess [petehess@utah.gov]
Sent: Tuesday, March 17, 2009 5:18 PM
To: Marshall, Jay
Subject: CO # 10035
Attachments: 20090317162513.pdf

A cessation order for the bond amount for Ditch 31 / permit area "A" is attached. You have 30 days (until April 16, 2009) to comply.

A hard copy will be sent certified mail / return receipt requested tomorrow, March 18, 2009 via the USPS.

4/29/2009



Citation for Non-Compliance
Utah Coal Regulatory Program
 1594 West North Temple, Salt Lake City, UT 84114
 Phone: (801) 538-5340 Fax: (801) 359-3940

Citation #: 10035
Permit Number: C0070013
Date Issued: 03/17/2009

NOTICE OF VIOLATION CESSATION ORDER (CO) FAILURE TO ABATE CO

| | |
|--|---|
| Permittee Name: UtahAmerican Energy Inc. | Inspector Number and ID: 46 PHESS |
| Mine Name: Horse Canyon Mine | Date and Time of Inspection: 03/17/2009 5:03 pm |
| Certified Return Receipt Number: | Date and Time of Service: 03/17/2009 5:03 pm |

Nature of condition, practice, or violation:
 1) Failure to Maintain Bond Coverage for the Horse Canyon Mine Permit Area "A" Ditch 31 reclamation area through a Surety having a minimum A.M. Best Rating of A-.

Provisions of Act, regulations, or permit violated:
 1) R645-812.700: Maintain Adequate Bond Coverage at all times;
 2) R645-860.110: Surety Providing Bond Coverage must have a minimum A.M. Best Rating of A- (or better).

This order requires Cessation of ALL mining activities. (Check box if appropriate.)

| | |
|---|---|
| <input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public. | <input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit. |
| <input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources. | <input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended. |

This order requires Cessation of PORTION(S) of mining activities.

| | |
|---|--|
| Mining activities to be ceased immediately: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Abatement Times (if applicable). |
| Permit Area "A" is a reclaimed area which has a Phase III bond release application submitted to the Division. The Permittee must address deficiencies before a bond release can be given. Ditch 31 will not be released as part of the Phase III application. | Bond amount for Ditch 31 must be posted with the DOGM by April 16, 2009 @ 5 PM (30 days from issue). |

Action(s) required: Yes No
 The Permittee must post a surety bond or a cash bond of \$ 8,000.00 to cover the reclamation and / or repair of Ditch 31 for the time remaining in the bond release period for Ditch 31. The Surety must have an A.M. Best rating of A- or better.

| | |
|---|---|
| R. Jay Marshall, P.E. / Gen'l. Mgr. <small>(Print) Permittee Representative</small> <i>E-Mailed 3/17/09 @ 5:10 PM</i> <i>Hard Copy via USPS 3/18/09</i> <small>Permittee Representative's Signature - Date</small> | PETER HESS <small>(Print) DOGM Representative</small> <i>Peter Hess 3/17/2009</i> <small>DOGM Representative's Signature - Date</small> 5:03 PM |
|---|---|

SEE REVERSE SIDE Of This Form For Instructions And Additional Information

Original - DOGM Files Copy - Permittee

Form DOGM NOV/CO

Revised - August 2006

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MAY 18 2009

DIV. OF OIL, GAS & MINING

Marshall, Jay

From: Marshall, Jay
Sent: Wednesday, March 18, 2009 2:37 PM
To: 'Pete Hess'; 'Daron Haddock'
Subject: FW: UTAHAMERICAN BOND
Attachments: UTAHAMERICAN ISM2667.pdf

Pete and Daron:

I will receive the original in the morning and I will forward to DOGM

Is this bond satisfactory to DOGM?

From: Karen Williams [mailto:kwilliams@reschini.com]
Sent: Wednesday, March 18, 2009 2:36 PM
To: Marshall, Jay
Cc: Woody Acker
Subject: FW: UTAHAMERICAN BOND

Jay

Please find a copy of the bond as requested in the attachment.

Karen Williams
Reschini Agency, Inc.
922 Philadelphia St.
Indiana, PA 15701
724 463 5919 Phone
724 463 5987 Fax
kwilliams@reschini.com

From: Geary, Kelly
Sent: Wednesday, March 18, 2009 4:33 PM
To: Karen Williams
Subject: UTAHAMERICAN BOND

Karen,

See attached bond.

Kelly Geary
Bond Underwriter
Rockwood Casualty Insurance Co.
<<UTAHAMERICAN ISM2667.pdf>>

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended

4/29/2009



**Action Taken on Existing Citation
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10035**

Permit Number: **C0070013**

Date Cit. Issued: **03/17/2009**

MODIFICATION of

TERMINATION of

VACATION of

NOTICE OF VIOLATION

CESSATION ORDER (CO)

FAILURE TO ABATE CO

Permittee Name: UtahAmerican Energy Inc.

Inspector Number and ID: **46** **PHESS**

Mine Name: Horse Canyon Mine

Date and Time of Action: **03/23/2009** **5:00 pm**

Certified Return Receipt Number:

Date and Time of Service: **03/24/2009** **7:30 am**

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act,
Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

Modified as follows:

Reason for modification:

Terminated because:
The Permittee, UtahAmerican Energy, Inc., has posted an \$ 8,000 reclamation bond with the Division through Rockwood Casualty Insurance Company for Ditch 31 maintenance and repair during the remaining time prior to Phase III bond release for Ditch 31. The bond was posted on March 23, 2009.
Rockwood Casualty Insurance Company has an A.M. Best rating of "A", (as of March 23, 2009).

Vacated because:

R. Jay Marshall, P.E., Gen'l Mgr.

(Print) Permittee Representative

PETER HESS

(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

Refer to the "Citation For Non-Compliance" for additional information

Original - DOGM Files Copy - Permittee

Form DOGM Citation Action Last Revised - August, 2006

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MAY 18 2009

DIV. OF OIL, GAS & MINING