



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, January 21, 2009
Start Date/Time:	1/21/2009 8:30:00 AM
End Date/Time:	1/21/2009 1:12:00 PM
Last Inspection:	Tuesday, December 30, 2008

Inspector: Pete Hess, Environmental Scientist III

Weather: Clear, cold; 20's Fahrenheit.

InspectionID Report Number: 1895

Accepted by: jhelfric

2/23/2009

Permitee: **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
99.56	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 fourth quarter 2008 surface and ground water monitoring data for the Horse Canyon Mine permit areas "A" and "B" has been inserted and uploaded into the Division's permanent water monitoring data base. The Permittee continues to meet this Special Condition included in Attachment "A" SPECIAL CONDITIONS dated October 15, 2007.

Two other SPECIAL CONDITIONS remain pending; 1) UEI must follow the programmatic agreement if additional cultural resource sites are discovered within the permit or adjacent areas, and 2)(a) UEI must provide for yearly fly-over raptor surveys (b) UEI must immediately notify respective government agencies if raptors are observed nesting or tending nests near the mining area; (c) UEI must implement the best technology available to provide for the protection of raptors (various methods as determined by UDWR / USFWS / UDOGM, and (d) UEI must provide a complete report of yearly raptor surveys to UDOGM. All three SPECIAL CONDITIONS are ongoing throughout the life of the permit, C/007/013.

Construction activities are proceeding. The Permittee is installing a canopy at entry #1 to protect workers drilling for explosive implementation. Entry #2 is ready for canopy construction; entry #3 is being squared up by a hoe-ram such that canopy construction can be initiated.

Dozers and trackhoes are developing the employee parking area at this time.

Scamp Excavation is the site contractor.

All visitors must receive surface hazard training at the site; check in / check out procedures have also been implemented.

The permit area "A" reclamation area remains unchanged.

Inspector's Signature: _____

Pete Hess

Date Wednesday, January 21, 2009

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.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input 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 checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Topsoil

Topsoil is being recovered and stored.

4.a Hydrologic Balance: Diversions

Excelsior booms have been installed at the inlets of the under road culverts. There was no flow observed in any of the undisturbed drainages.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The larger of the two proposed sediment ponds is still being constructed. The grade on the SW corner of the pond has been established. More soil volume needs to be removed here to achieve the total treatment volume.

4.c Hydrologic Balance: Other Sediment Control Measures

The Permittee needs to either install erosion control matting over the rock tunnel access road outslope, or build a silt fence at the toe of the outslope. This is an alternate sediment control area and it must meet the requirements of R645-301-742.231. The Permittee currently shows the area below the rock slope road as "disturbed" with no topsoil recovery. This was also discussed with the Permittee this day. If the area is disturbed, topsoil must be recovered and stored.

4.d Hydrologic Balance: Water Monitoring

4th quarter 2008 water monitoring data has been uploaded into the permanent data base. The disturbed area retains patches of snow, which are slowly melting with the upper 30's daytime temperatures. There were no flows observed in any ditches, or undisturbed diversions at the permit area "B" site. A small flow was observed in Horse Canyon Creek just below the Horse Canyon / Little Park road junction. The Horse Canyon road above the Little Park road junction still had about four inches of frozen compacted snow covering it; access to conduct water monitoring did not appear to be wise at this time.

4.e Hydrologic Balance: Effluent Limitations

The Permittee's current UPDES permit was issued on April 23, 2008. At this time, there are no outfalls to monitor. Two sediment ponds have been proposed for the Lila Canyon Mine site. Neither spillway has been constructed at this time. The #2 pond at the Geneva Mine disturbed area has had the open channel spillway removed, and same has been removed from the UPDES permit (at the request of DWQ and DOGM). This pond is part of the donation area to the College of Eastern Utah.

5. Explosives

One detonator and one explosive magazine were observed along the rock tunnel access road. It is doubtful that this is the permanent location for these magazines during the rock tunnel construction process. The Permittee submitted an "anticipated" blast design for the rock tunnel development to the Division on December 22, 2008. This same plan was submitted to MSHA / Denver in November 2008. A powder factor of 2.75 has been determined for the anticipated 45 hole round, using six pounds of explosive per hole. This factor is within the range which has been determined as acceptable by the International Society of Explosive Engineers.

7. Coal Mine Waste, Refuse Piles, Impoundments

The muck from the rock tunnel development (28,000 cubic yards) is currently being evaluated for disposal within the shop / warehouse pad area (permitting action within the Division). According to Mr. Marshall, the Permittee intends to test this material for acid / toxic potential, and consider it for usage as primary road surfacing material. All coal processing waste generating by the coal mining process is to be shipped to the Wildcat Loadout facility for permanent disposal. A small temporary waste pile is also being permitted on the coal storage pad.

9. Protection of Fish, Wildlife and Related Environmental Issues

Mr. Derris Jones of EIS conducted a raptor survey at the construction site on Saturday, January 17. The survey lasted four hours; no eagles were observed during that time. No eagles were observed overhead during today's inspection.

13. Revegetation

To date, no action has been taken to reclaim the 0.3 acres of trespass adjacent to pond #1, (Horse Canyon permit area "A" tipple area). Iron Horse

14. Subsidence Control

The Permittee's proposed subsidence plan has been reviewed as part of Task ID # 3017, Detailed Design Changes. The Division's response is in process.

16.a Roads: Construction, Maintenance, Surfacing

The primary road and rock tunnel portal pad are close to completion. The road is sloped to the inside for drainage purposes. A berm, which has been constructed of boulders, lines the crest of the road outslope. Subdividing the ditch flow was discussed with both Mr. Jay Marshall and Mr. Shane Campbell of Scamp Excavation.

16.b Roads: Drainage Controls

17. Other Transportation Facilities

Truck haul is still being considered as the primary source of coal conveyance from Lila Canyon at this time.

18. Support Facilities, Utility Installations

A temporary electrical substation is being installed at this time.

20. Air Quality Permit

A water truck was operating during today's inspection.

21. Bonding and Insurance

The Permittee has applied for a Phase III bond release for the permit area "A" reclamation. The application is in process within the DOGM.