



**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:	PARTIAL
Inspection Date:	Thursday, January 29, 2009
Start Date/Time:	1/29/2009 8:25:00 AM
End Date/Time:	1/29/2009 11:15:00 AM
Last Inspection:	Wednesday, January 21, 2009

Inspector: Pete Hess, Environmental Scientist III

Weather: Clear, cold; 20's F.

InspectionID Report Number: 1901

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	<b>Total Permitted</b>
99.56	<b>Total Disturbed</b>
61.65	<b>Phase I</b>
	<b>Phase II</b>
	<b>Phase III</b>

**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:**

Construction activities continue at the Lila Canyon site. Most of the snow at the site has melted into the ground. There were no flows observed in any of the channels.

Inspector's Signature: \_\_\_\_\_

*Pete Hess*  
Pete Hess, Environmental Scientist III  
Inspector ID Number: 46

Date Thursday, January 29, 2009

**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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input 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 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input 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**

A dozer was working the topsoil storage area during the inspection.

**5. Explosives**

The Permittee has set off 1/2 of an explosive round in the #1 tunnel (January 26, 2009). All entries are being developed uphill and on a horizontal angle less than 90 degrees. Thus, a partial face must be developed to square the face of the entry. The tying in of the protective canopy to the rock face in the #1 entry is still happening. A canopy has been set at the #2 face, but tying in of the metal to the rock has yet to be started. Face #3 has been trimmed and marked for drilling, but, to date, no canopy has been set. Mr. Bodee Allred is the Utah certified coal mine surface blaster (recertification completed on January 16, 2009). The blasting record for the January 26th shot was reviewed. As noted, a full face was not loaded.

**9. Protection of Fish, Wildlife and Related Environmental Issues**

The Permittee's contractor performed an evaluation for raptors over and adjacent to the Lila construction area on January 27, 2009. No raptors were observed in flight during today's inspection.

**18. Support Facilities, Utility Installations**

The Permittee's construction contractor has made significant progress in developing this site. The main office / bath house pad area appears ready to receive temporary facilities which are currently located at the terminus of Emery County road 126. This site is difficult to develop because of the amount of boulders buried sub-surface. Numerous track mounted hydraulic hammers are being utilized to reduce the boulders to sizes for ease of handling. All boulder material is sandstone. The run-of-mine coal stockpile pad and the shop / warehouse pad are also being developed at this time. An electrical substation is being constructed by BODEC Electric adjacent to the UP & L line below the site. Further investigation needs to occur relative to ownership / permitting requirements (i.e., raptor protection, R645-301-358.510).

**21. Bonding and Insurance**

The Division notified the Permittee on October 8, 2008 that the Best Rating for the Lincoln General Insurance Company (surety for the Horse Canyon Mine permit area "A" bond in the amount of \$ 1,061,328 ) was a B+. According to R645-301-860.110, the Best Rating for a surety must be at least an A-. The Permittee has been given until February 9, 2009 to respond to this bonding requirement. A Phase III bond release application has been filed with the Division for the permit area "A" / Geneva Mine area. A field inspection of the site was conducted with various government agencies attending (OSM) on December 8, 2008. The Division has responded with a deficiency document dated January 20, 2009.