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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:	Thursday, April 16, 2009
Start Date/Time:	4/16/2009 9:00:00 AM
End Date/Time:	4/16/2009
Last Inspection:	Thursday, April 09, 2009

Inspector: Pete Hess, Environmental Scientist III

Weather: Cold, 30's F. Snow overnight.

InspectionID Report Number: 1973

Accepted by: jhefric
5/5/2009

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:

Fourth quarter 2008 and some first quarter 2009 surface water monitorin data has been inserted and uploaded into the DOGM permanent water monitoring data base. The Permittee continues to meet this Special Condition of the current State permit.

The Horse Canyon permit is currently undergoing a mid-term permit review within the Division.

Permit areas "A" and "B" both received about 1/4 inch of snow overnight; no flow was observed in either Horse Canyon Creek or Lila Creek.

2nd Quarter 2009 water monitoring was conducted at the following sites on April 7, 2009; L-1-S, L-2-S, L-3-S, L-4-S, and L-5-G. All were reported as No Flow situations.

Inspector's Signature: _____

Pete Hess

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Date _____

Monday, April 27, 2009

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 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 type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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.a Hydrologic Balance: Diversions

Ditch 31 (permit area "A" / road side waste rock site) was inspected. The diversion ditch showed sign of flow into Horse Canyon Creek; snow was covering the channel riprap. No compliance issues were noted.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The upper pond at the Geneva Mine facilities had a snow covered bottom. This pond is within the donation area going to the College of Eastern Utah, and is also within the area for which Phase III has been applied for. That approval is being worked on within the Division. The Updes outfall from pond 2 has been eliminated by the Utah Division of Water Quality. The main pond at Lila Canyon (#1) is still under construction; the Permittee completed a construction inspection for both ponds #1 and #2 on April 15, 2009. As determined by review of those reports, the 60% cleanout elevation will be set at 5838.9 feet for pond #1 and 5842.1 feet for pond #2. The primary discharge elevation for pond #1 will be set at 5840 feet; emergency spillway discharge elevation will be set at 5841 feet. The 60 % cleanout elevation for pond #2 is 5842.1 feet. As of today's inspection the Permittee is still awaiting a design from EarthFax Engineering for the drop inlet / culvert to route office pad road drainage into pond #2.

4.d Hydrologic Balance: Water Monitoring

Water monitoring data for a few sites within the Lila Canyon permit area has been uploaded into the Division's permanent data base for the 1st quarter of 2009; sites which were capable of being monitored during the January / February / March period include L-S-1 (Lila Canyon Creek), L-2-S (Lila Creek above the Mine), L-3-S (Lila Creek below the Mine) and L-4-S (main pond quantity to right fork of Lila Creek). All four sites were reported as "no flow". Other monitoring points in Little Park could not be monitored due to lack of access caused by snow depths. The Permittee attempted to access the Little Park points on March 11, and March 19th. Crest gauge #1 (Lila Creek below Mine) showed no sign of flow prior to 3/19. As observed this day, the Permittee has completed installation of the horizontal length of the 60 inch undisturbed bypass through the main pond area, with the "T's" being installed for the primary and emergency spillways.

4.e Hydrologic Balance: Effluent Limitations

The current UPDES permit for the site remains valid until April 30, 2013. There have not been any flows observed at this site. Construction of the permitted outfalls is occurring at this time.

5. Explosives

Blasting records for the rounds incidental to rock tunnel construction are on file at the Mine site. Jurisdiction of the rock tunnel blasting is now under 30 CFR 75, Subpart N.

7. Coal Mine Waste, Refuse Piles, Impoundments

Shale from the excavation of the trench to install the undisturbed bypass culvert through the main pond area is being placed and buried within the run-of-mine coal storage pad. No noncoal waste was seen within that material. As observed this day, the piles need to be spread, leveled and compacted within the fill area.

9. Protection of Fish, Wildlife and Related Environmental Issues

The Permittee responded to the requirements for abatement of N10036, which is relative to conducting mining operations during golden eagle exclusionary periods on Tuesday, April 7, 2009. This NOV was issued on March 19, 2009. The Permittee anticipates having the SEU District Health Department on site to inspect the under construction leach field on

11. Contemporaneous Reclamation

To date, no reclamation work has been conducted on the "trespass" area crossing the reclaimed pond #1 (permit area "A"). A trespass was performed by Iron Horse, Inc., a reclamation contractor recovering rail and ties from the Carbon County Railroad right-of-way. Mr. Marshall is still trying to work through this issue with the appropriate parties.

12. Backfilling And Grading

Construction activities continue at both the shop/warehouse pad and the coal stockpile pad at Lila Canyon.

13. Revegetation

To date, the Permittee has not achieved the final configuration of the topsoil storage pile.

16.b Roads: Drainage Controls

Drainage controls are still being installed at the site. The portal access road has been sloped to divert all runoff to the inside edge of the road.

20. Air Quality Permit

The current air quality approval was issued on August 27, 1999. Water applications are made on a regular basis on haul roads.

21. Bonding and Insurance

The current general liability insurance for the site will expire on June 1, 2009. The Permittee has responded to the Phase III deficiencies for the permit area "A" release application, (Task ID # 3042). The current bond for the Horse Canyon Mine amounts to \$ 1,069,328 for permit area "A" (Geneva Mine) and \$ 1,686,000 for permit area "B" (Lila Canyon Mine).

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22. Other

The Permittee submitted the 2008 Annual Report for the Horse Canyon Mine on April 15, 2009. The report will not contain subsidence monitoring information; no secondary extraction has occurred at this site at this time.