



State of Utah

Department of
Natural ResourcesMICHAEL R. STYLER
Executive DirectorDivision of
Oil, Gas & MiningJOHN R. BAZA
Division DirectorJON M. HUNTSMAN, JR.
GovernorGARY R. HERBERT
Lieutenant Governor

Representatives Present During the Inspection:

| | | |
|---------|--------------|-----------------------------|
| OGM | Pete Hess | Environmental Scientist III |
| Company | Jay Marshall | Resident Agent |

Inspection Report

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|------------------|-----------------------------|
| Permit Number: | C0070013 |
| Inspection Type: | PARTIAL |
| Inspection Date: | Thursday, December 17, 2009 |
| Start Date/Time: | 12/17/2009 |
| End Date/Time: | 12/17/2009 |
| Last Inspection: | Thursday, November 19, 2009 |

Inspector: Pete Hess, Environmental Scientist IIIWeather: Clear and cold; 30's F.InspectionID Report Number: 2220

Accepted by: jhelfric

12/28/2009

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 |
| 42.60 | Total Disturbed |
| 51.56 | Phase I |
| 51.56 | Phase II |
| 74.26 | 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 Division approved a Phase III bond release application for 74.26 acres of disturbance associated with the Horse Canyon Mine Permit Area "A" (Geneva Mine) on December 7, 2009. The amount of bond released amounted to \$ 1,061,328. The only area of disturbance not released is the 100 year 6 hour event ditch adjacent to the roadside waste rock disposal area (Ditch 31). The Division still holds an \$ 8,000 bond for this acreage.

The responsibilities associated with the two mine portals known as the Lila Fan portals / Geneva Mine have been transferred via permitting action to the Lila Canyon permit area "B" mining and reclamation plan. A plan to install one chain link barrier and one rock fill at these entries has been approved by the Division and the BLM.

The Division issued Division Order DO09 on December 8, 2009 to establish a time frame to complete the construction of the "temporary" barriers at the Geneva Mine Lila Fan entries (by September 1, 2010).

The site received 12 inches of snow during the weekend of December 11-13. As observed, the snow has compacted to seven inches.

Inspector's Signature: _____

Date: Monday, December 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 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 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Explosives | <input type="checkbox"/> | <input type="checkbox"/> | <input 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 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Slides and Other Damage | <input type="checkbox"/> | <input 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 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 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 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 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. Other | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

3. Topsoil

The topsoil pile was snow covered. The Permittee has not completed the recovery of the soil volume to be contained in this pile (total pile volume = 59,278 LCY). Seeding and mulching of the pile is supposed to occur after the Permittee has completed recovery of this soils volume.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

A catwalk has been delivered to the mine site for installation from the impounding embankment of pond #1 to the primary spillway. "As-built" drawings for the ponds will then be submitted to the Division.

4.d Hydrologic Balance: Water Monitoring

The Permittee notified the Division on December 3, 2009 that the 3rd quarter surface and ground water monitoring data for the Lila Canyon permit areas "A" and "B" was in the data base "pipeline", ready for uploading to the permanent files. Snow melt was occurring during today's inspection.

7. Coal Mine Waste, Refuse Piles, Impoundments

Muck from the development of the rock tunnels is being placed on the south end of the Shop / warehouse pad.

16.a Roads: Construction, Maintenance, Surfacing

Only the portal access road and parking lot area had received snow removal. The County road going south to Pond #1 was not cleared.

17. Other Transportation Facilities

A conveyor has been installed in the belt portal. This conveyor will discharge onto the shop / warehouse pad. The Division suggested that the new surface facilities map being prepared for submittal show the shop / warehouse pad as a temporary coal storage facility.

18. Support Facilities, Utility Installations

The Permittee is in the process of constructing a pole barn immediately north of the bath house trailer. This is to be a temporary facility for the winter storage of underground materials.