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# State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil, Gas and Mining

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Division Director

Outgoing  
C0070013  
α  
#3042

April 2, 2009

Jay Marshall, Resident Agent  
UtahAmerican Energy, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Subject: Letter of Deficiency –Lila Canyon Mine, Midterm Review,  
UtahAmerican Energy, Inc., Horse Canyon Mine Complex, C/007/0013, Task ID  
#3042, Outgoing File

Dear Mr. Marshall:

Attached is a list of deficiencies that need to be addressed for the Mid-term review. If you have any questions, please call Dave Darby at (801) 538-5341 or me at (801) 538-5262.

Sincerely,

Daron Haddock  
Permit Supervisor

DRH/DD/sqs  
Attachment  
cc: Price Field Office  
O:\007013.HOR\FINAL\WG3042\DefLTR3042.doc



The mid-term review for the Horse Canyon Mine Complex (Geneva and Lila Canyon Mines) was initiated on September 8, 2008. This list of documents deficiencies noted in the MRP and surface area. Deficiencies are still pending at the Geneva mine for Phase III. The Phase III bond release inspection was used as part of the site evaluation.

The following deficiencies were identified with the MRP:

**R645-301-112**, Ownership and control information and AVS status for the mine operation as specified in Item #4 of the mid-term review letter. The officers and directors of Murray Energy Holdings, Inc. was not included with the original application, but was provided prior to permit issuance (2007\Incoming\document 0263.pdf). This information was not incorporated into the MRP at the time of permit issuance and should be incorporated at this time in the Salt Lake copy of the MRP. Please update the organizational chart in Appendix 1-1 to include Murray Energy Holdings, Inc.

**R645-301-113.300**, In conjunction with the detailed design change amendment to the MRP (Task 3017), please update Appendix 1-3 to include the violation records for all affiliates during the years 2007 and 2008.

**R645-301-322**, The Permittee must amend the MRP, Part B Appendix 7-3, page 19-22 to indicate that UEI is aware that regardless of state-appropriated water rights held by the Permittee, any water consumption over 100 acre-feet per year is subject to a per acre-foot fee payable to the USFWS. And, that the actual water consumption reported in the annual report once mining operations have commenced, might be subject to a Section 7 consultation with the USFWS.