

4007/013 Incoming

Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84501
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002



COPY

#3705
Q

December 8, 2010

Daron Haddock
Permit Supervisor
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: UtahAmerican Energy, Inc. Horse Canyon Mine, Response to deficiencies 10-010 Minor Revision (Ventilation Breakouts) Horse Canyon Part B Lila Canyon ACT/009-013

Dear Mr. Haddock,

Attached you will find three (3) copies of submittal 10-010. This submittal addresses deficiencies identified in submittal 10-009.

Reclamation will be simplified by moving the fan down to the portal pad and installing it on portal #0. Since all breakouts will be done from underground surface disturbance will be kept to a very minimum.

Since the breakouts are to be bonded an associated disturbed area had to be identified even though there will be very limited if any surface disturbance associated with the breakouts. There will be no changes in disturbed area, or permit area acreages.

All appropriate maps have been revised showing the location of all the new ASCA areas with the area of disturbance noted. Seeding of the ASCA areas is addressed in Appendix 7-4 page 59. No soils will be recovered at the limited area of the ventilation breakouts.

The bond calculations have been revised adding the ventilation breakouts. Since the changes in the bond calculation amounts to less than 1% no additional bond is required.

Upon final reclamation the breakouts will be sealed according to the approved plan for portal seals found in Appendix 5-6.

C1 And C2 forms are included as well as redline and strike out copies where applicable. A separate C2B form is included for the confidential archaeological information to be inserted in the confidential binder.

Your immediate attention is requested since we are scheduled to breakout in early December.

Should you have any questions please call.

Sincerely,

R. Jay Marshall

File in:
 Confidential
 Shelf
 Expandable

In C 0070013 Incoming
Date: 12082010 For additional information
See Confidential

RECEIVED
DEC 08 2010
DIV. OF OIL, GAS & MINING

COPY

APPLICATION FOR PERMIT PROCESSING

Permit Change [] New Permit [] Renewal [] Transfer [] Exploration [] Bond Release [] Permit Number: ACT/007/013
Title of Proposal: Deficiencies for ventilation breakouts. 10-010 Mine: Horse Canyon
Permittee: UtahAmerican Energy, Inc.

Description, include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

23 numbered questions regarding permit area, division orders, hydrologic impact, insurance, public notice, ownership, proposed activity, violations, other laws, surface landowner, underground design, collection and reporting, wildlife/vegetation, soil removal, vegetation monitoring, construction, water monitoring, certified designs, subsidence control, reclamation costs, perennial streams, and other agencies.

X Attach 3 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

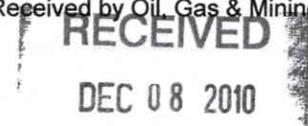
Signed - Name - Position - Date: [Signature] 12/8/10 Project Manager

Subscribed and sworn to before me this 8 day of December, 2010

Notary Public: Mary V. Kava, My Commission Expires: May 16, 2012, STATE OF UTAH, COUNTY OF Carbon



Received by Oil, Gas & Mining



DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER

Alternate Sediment Control for Fan Site and Topsoil Storage Area

5.1 ASCA Areas

Sediment Control at the slope below water treatment area, and topsoil storage area sites will be accomplished with a combination of one or more of the following: berms, silt fences, and straw bales.

The ventilation breakouts are just punch outs and will have insignificant disturbance associated with them. (Plate 5-2) However, they are addressed as ASCA's and are addressed here even though there will be only insignificant surface disturbance. The ASCA's will be seeded upon final reclamation.

The topsoil collected from the topsoil storage area sites will be located downslope from the sites and will be used in the construction of the berm. The berm will be constructed a minimum of two feet high and have 2:1 side slopes. The berm will control the flow from a 10 year-24 hour precipitation event. Silt fence will be selectively placed to help control run-off. The berm will be stabilized with vegetation to prevent erosion. As much as practical, the vegetation techniques used on the main topsoil pile will be utilized on the fan topsoil berm.

The outside of the berm will be protected with a silt fence or gravel. The gravel, if used, would help augment the revegetation. Construction details of the silt fence/filter fence are shown in Figure 5.

The outslope of the portal access road, outslope of the water treatment pad, and ventilation break outs will have a silt fence located along the disturbed area boundary to treat the runoff from the slope. While some portions of this area will be disturbed as a result of the fill material placed for the pad and road construction, the major portion of this area is expected to remain undisturbed. As an added protection, the portions of the area that are disturbed by the fill placement will be covered with an erosion control mat to minimize the erosion from this slope and that area seeded to aid in the establishment of a vegetative cover.

Due to lack of final engineering details, the exact location of the berms, silt fences, and subsequent erosion techniques will be determined in field with the approval of UDOGM. The final determination will be made prior to the start of topsoil removal.

Run-off Calculations

5.2 Ventilation Break Outs

Insignificant surface disturbance.

5.3 Topsoil Storage Area

Bonding Calculations
Horse Canyon MineC/007/013
Lila Canyon Section

Bond Summary

Direct Costs

Subtotal Demolition and Removal	\$657,751.00	
Subtotal Backfilling and Grading	\$417,838.00	
Subtotal Revegetation	\$340,586.00	
Direct Costs	\$1,416,175.00	

Indirect Costs

Mob/Demob	\$141,618.00	10.0%
Contingency	\$70,809.00	5.0%
Engineering Redesign	\$35,404.00	2.5%
Main Office Expense	\$96,300.00	6.8%
Project Mainagement Fee	\$35,404.00	2.5%
Subtotal Indirect Costs	\$379,535.00	26.8%

Total Cost	\$1,795,710.00	
------------	----------------	--

Escalation factor		0.005
Number of years		3
Escalation	\$27,071.00	

Reclamation Cost	\$1,822,781.00	
------------------	----------------	--

Bond Amount (rounded to nearest \$1,000) 2013 Dollars	\$1,823,000.00	
--	----------------	--

Bond Posted Up to December 2010	\$1,807,000.00	
---------------------------------	----------------	--

Difference Between Cost Estimate and Bond	-\$16,000.00	
Percent Difference	-0.88%	

approximately 56,000 bank cubic yards. Removal of stones and boulders would be considered in volume estimates where they are part of the soil layer removed.

The stockpile has been sized to allow for bulking or swell of the soil as it is removed from the bank state to the loose state. A bulking number of 1.18 has been used. The area allowed for topsoil storage is 56,000 bank cubic yards x 1.18 which equals 66,000 loose cubic yards to be placed on the topsoil pile.

Boulders of approximately three feet in diameter and larger will be separated from the topsoil and piled or placed at appropriate locations such as adjacent to roads, pads etc. No attempt will be made to collect the large boulders into common piles. Boulders above ground level are in addition to topsoil volumes and may account for approximately 10,000 cubic yards.

UEI is not stockpiling large stones "boulders". Boulders will be pushed to the side and left during construction and then upon reclamation the boulders will be pushed back into the approximate location from which they came. Rocks of 36" or less will be stored in the topsoil pile with the soil and will be redistributed with the soil.

The approximate 66,000 loose cubic yards of topsoil will be stored in a topsoil pile as shown on Plate 5-2. This topsoil pile will be approximately 350' long and 250' wide with 2:1 slopes. The height of topsoil pile needed is approximately 31 feet. The pile as designed has the capability of storing well over the required 60,000 cubic yards. See Figure 1 for topsoil pile calculations.

Soil from the proposed ventilation break out sites near the coal outcrop will not be salvaged. As a result of the very limited ground disturbance, and lack of access, soil cannot reasonable be salvaged. At these small isolated sites soil will not be salvaged or stored.

The sequence for topsoil removal in general, would be starting from the lower elevations of the site and working up slope. Surface disturbance may not be required on all of the acreage