C/007/013 Incoming

UtahAmerican Energy, Inc.

COPY

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

#3705

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 separateC2B 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.

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

Sincerely,

R. Jay Marshall

File in:
☐ Confidential
☐ Shelf
☒ Expandable

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

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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*

☐ Yes	☐ No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres ☐ increase ☐ decrease.
☐ Yes	☐ No	2. Is the application submitted as a result of a Division Order? DO #
☐ Yes	☐ No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
☐ Yes	☐ No	4. Does application include operations in hydrologic basins other than as currently approved?
☐ Yes	☐ No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
☐ Yes	☐ No	6. Does the application require or include public notice/publication?
☐ Yes	☐ No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
☐ Yes	☐ No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
☐ Yes	☐ No	9. Is the application submitted as a result of a Violation? NOV #
☐ Yes	☐ No	10. Is the application submitted as a result of other laws or regulations or policies? Explain:
☐ Yes	☐ No	11. Does the application affect the surface landowner or change the post mining land use?
☐ Yes	☐ No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
☐ Yes	☐ No	13. Does the application require or include collection and reporting of any baseline information?
☐ Yes	☐ No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
☐ Yes	☐ No	15. Does application require or include soil removal, storage or placement?
☐ Yes	☐ No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
☐ Yes	☐ No	17. Does the application require or include construction, modification, or removal of surface facilities?
☐ Yes	☐ No	18. Does the application require or include water monitoring, sediment or drainage control measures?
☐ Yes	☐ No	19. Does the application require or include certified designs, maps, or calculations?
☐ Yes	☐ No	20. Does the application require or include subsidence control or monitoring?
☐ Yes	☐ No	21. Have reclamation costs for bonding been provided for?
☐ Yes	☐ No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
☐ Yes	☐ No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

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.

12/8/10 Project Manager

Signed - Name - Position - Date

Subscribed and sworn to before me this 8 day of December, ~~19~~ 2010

Mary V. Kava

Notary Public

My Commission Expires: May 16, ~~19~~ 2010 }

Attest: STATE OF Utah }

COUNTY OF Carbon }

MARY V. KAVA
NOTARY PUBLIC • STATE of UTAH
COMMISSION # 574260
COMM. EXP. 05-16-2012

Received by Oil, Gas & Mining

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

ASSIGNED TRACKING NUMBER

Form DOGM - C2 (Last Revised 6/93)

COPY

File Folder # 3

Application for Permit Processing
Detailed Schedule of Changes to the MRP

Deficiencies response for ventilation breakouts. 10-010

Permit Number: ACT/007/013

Mine: Horse Canyon

Permittee: UtahAmerican Energy, Inc.

Provide a detailed listing of all changes to the mining and reclamation plan which will be required as a result of this proposed permit application. Individually list all maps and drawings which are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise the existing mining and reclamation plan. **Include page, section and drawing numbers as part of the description.**

			DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
☐ ADD	☐ REPLACE	☐ REMOVE	Appendix 7-4 Page 59
☐ ADD	☐ REPLACE	☐ REMOVE	Appendix 8-1 Page 1 (Bond Amount Summary Page)
☐ ADD	☐ REPLACE	☐ REMOVE	Appendix 8-1 Demolition summary page 1 (1of 32)
☐ ADD	☐ REPLACE	☐ REMOVE	Appendix 8-1 Demolition Last Page (32 of 32)
☐ ADD	☐ REPLACE	☐ REMOVE	Plates 1-2,
☐ ADD	☐ REPLACE	☐ REMOVE	Plates 2-1, 2-2, and 2-3,
☐ ADD	☐ REPLACE	☐ REMOVE	Plates 5-1-A, 5-2, and 5-6,
☐ ADD	☐ REPLACE	☐ REMOVE	Plate 7-2, 7-5, and 7-7
☐ ADD	☐ REPLACE	☐ REMOVE	Chapter 2 Text Page 10
☐ ADD	☐ REPLACE	☐ REMOVE	
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Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?

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 if 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 a 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%	

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Office Bathhouse																			$105,253
	Shop Warehouse																			$124,630
	Security Shack																			$693
	Mine Substation																			$10,488
	Underground Power Lines																			left in place
	Water Treatment Plant																			$2,070
	Potable Water Tank																			1513
	Process Water Tank																			1513
	Sewer Tank																			$1,421
	Drain Field																			left in place
	Ventilation Fan																			$44,781
	Conveyor Tunnels to Coal Stockpile																			39595
	Conveyor ROM Stockpile to Crusher																			14011
	Conveyor Crusher to Loudout Bin																			$9,663
	Conveyor Loudout Bin Truck Loadout																			$588
	Reclaim Escape Tunnel Fan Fan House																			20369
	ConveyorStoragePileStakingTube																			11939
	Crusher Screen Plant																			5361
	Truck Scale to Loadout																			$8,490
	Coal Storage Bin																			$4,448
	Guard Rail																			27588
	Underground Pipes																			Left in Place
	Chain Link Fence																			$5,325
	Mine Facilities Rd Truck Loadout Rd																			$59,059
	Office Bathhouse Warehouse Parking																			$100,209
	Mine Parking																			$25,322
	Fuel Tanks																			$5,097
	Powder and Cap Magazine																			$2,460
	Culverts																			1952
	Old Horse Canyon Fan Portals in Lila Canyon																			$5,000
	Lila Ventilation Portals North and South																			$12,500
	Pole Barn																			$6,413
	Total																			$657,751

Ref.	Description Lila Old Fan Portals	Materials	Means Reference Number	Unit Cost	Unit													Quantity	Unit	Cost
	Structure's Demolition Cost	Old Horse Canyon Lila Fan Portal		2500	2															5,000
		Seal Lila North and South Portals		2500	5															12500
	Total	Total			7															17500