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2009 ANNUAL REPORT

HORSE CANYON MINE C007/0013

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DIV. OF OIL, GAS & MINING
Page 1

2009 ANNUAL REPORT

This Annual Report shows information the Division has for your mine. Please review the information to see if it is current. If the information needs to be updated please do so in this document. At the end of each section the operator is asked to verify if the information is correct. Please answer these questions and make all comments on this document. Submit the completed document and any additional information identified in the Appendices to the Division by April 30, 2010. During a complete inspection an inspector will check and verify the information. To enter text, click in the cell and type your response. You can use the tab key to move from one field to the next. To enter an X in a box, click next to the box, right click, and select properties, then the checked circle, then hit enter, or hit the unchecked circle if the X is to be removed.

GENERAL INFORMATION

Permittee Name	UTAHAMERICAN ENERGY, INC.
Mine Name	Horse Canyon Mine
Operator Name (If other than permittee)	
Permit Expiration Date	May 6, 2011
Permit Number	C/007/0013
Authorized Representative Title	R. Jay Marshall
Phone Number	(435) 888-4007
Fax Number	(435) 888-4002
E-mail Address	jmarshall@coalsource.com
Mailing Address	UtahAmerican Energy, Inc. P.O. Box 910 East Carbon, Utah 84520-0910
Designated Representative	R. Jay Marshall
Resident Agent	R. Jay Marshall
Resident Agent Mailing Address	UtahAmerican Energy, Inc. P.O. Box 910 East Carbon, Utah 84520-0910
Number of Binders Submitted	2

Operator, please update any incorrect information.

IDENTIFICATION OF OTHER PERMITS

Identify other permits that are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expiration Date
MSHA Mine ID(s)	42-00100	Horse Canyon	None
	42-02241	Lila Canyon	None
MSHA Impoundment(s)	1211-UT-09-02241-01	Lila Canyon	None
NPDES/UPDES Permit(s)	UTG040024		April 30, 2013
PSD Permit(s) (Air)	DAQE-702-99		None
Other			

Operator, please update any incorrect information.

CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan that must be periodically submitted to the Division. Specify whether the information is included as Appendix A to this report or currently on file with the Division.

Certified Reports:	Required		Included Included	or	DOGM file location Vol, Chapter, Page
	Yes	No			
Excess Spoil Piles	<input type="checkbox"/>	X	<input type="checkbox"/>		
Refuse Piles	<input type="checkbox"/>	X	<input type="checkbox"/>		
Impoundments	X		<input type="checkbox"/>		Annual Inspections Appendix "A"
Other					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments:

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the MRP and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If the particular section is blank, no commitment has been identified and no response is required for this report. If additional written response is required, it should be filed under Appendix B to this report.

Admin R645-301-100	
Soils R645-301-200	

Title. Lila Canyon Mine Site Topsoil Salvage Monitoring

Objective. Monitor and maintain records of materials removed and placement of materials in the topsoil storage pile.

Frequency. During construction a qualified soil scientist will oversee the soil salvage and construction of topsoil storage sites and maintain records of materials removed.

Status. Work was contracted in Phases. As-built volumes expected upon completion of each phase of work.

Reports. Update MRP with volumes and as-built map showing location of topsoil salvage and condition of topsoil storage pile.

Citation. MRP Section 232.500 and Section 231.100 and 232.100

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

Topsoil Movement and Construction Record found in Appendix "B"

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments**Title. Lila Canyon Mine Monitoring Location and Protection of Designated Subsoil for Use Cover.**

Objective. Monitor placement of suitable subsoil material for use in final reclamation. Note whether subsoil is protected by asphalt, concrete or gravel over an impervious membrane.

Frequency. During construction of Lila Canyon facilities.

Status. During construction of the Lila Canyon Mine.

Reports. Update MRP with as built map showing the location of subsoil with suitable reclamation characteristics for use as cover during reclamation.

Citation. MRP Section 232.500, Section 241, Section 242.100.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

Soil report found in Appendix "B"

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title. Lila Canyon Mine Replacement of Cryptogams on Topsoil Pile.

Objective. Salvaged cryptogams will be added to the wood fiber mulch and hydrosprayed on the surface of the gouged topsoil pile.

Frequency. Immediately after seeding of the topsoil pile.

Status. During construction of the Lila Canyon Mine.

Reports. Confirm cryptogamic replacement.

Citation. MRP Section 232.100 and Section 234.230.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

Cryptogams were added to the hydro seeder during the interm

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title. Lila Canyon Mine Salvage of Cryptogams on Topsoil Pile Prior to Reclamation.

Objective. Salvaged cryptogams will be added to the wood fiber mulch and hydro sprayed on the surface of the reclaimed site.

Frequency. Immediately after seeding of the reclaimed site

Status. During reclamation of the Lila Canyon Mine.

Reports. Success of cryptogamic establishment will be evaluated (by Division and Permittee) prior to collection from topsoil stockpile.

Citation. MRP Section 232.100 and Section 234.230.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Biology R645-301-300

Title: Habitat enhancement/mitigation.

Objective: Install 2 guzzlers as part of the BLM enhancement/mitigation plan to offset expected impacts to bighorn sheep as well as mule deer, elk, raptors, and chukars from the initial construction of the main facilities site.

Frequency: NA.

Status: Implement within one year following mine plan approval.

Reports: Provide location of guzzlers as an appendix to the MRP-Part B.

Citation: MRP-Part B, Sec. 333, p. 18; EA UT-070-99-22 July 2000.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. X If yes, comment;

Operator Comments:

BLM plan complete and attached in Appendix "E"

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title: Habitat enhancement/mitigation.

Objective: Implement the BLM 70+-acre wildlife enhancement/mitigation plan to offset expected impacts to bighorn sheep as well as mule deer, elk, raptors, and chukars from the initial construction of the main facilities site.

Frequency: NA.

Status: Implement the BLM's plan within one year following mine plan approval.

Reports: Provide the BLM's detailed plan and a follow-up report as an appendix to the MRP-Part B.

Citation: MRP-Part B, Sec. 322.220, p. 10, 11; Sec. 333, p. 17, 18; EA UT-070-99-22 July 2000.

Operator: Has this commitment been acted on this year?

Yes X No Not required this year. If yes, comment;

Operator Comments:

BLM plan complete and attached in Appendix "E"

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title: Raptor and nest protection.

Objective: For possible subsidence impacts to raptor nests, , the Permittee will develop a mitigation plan that must be submitted and approved within 6 months after issuance of permit and apply for 'take permit' through USFWS 2 years prior to subsidence of the nests.

Frequency: NA.

Status: On going starting in 2007.

Reports: Dependent on the requirements of the mitigation plan.

Citation: MRP-Part B - Narrative showing this commitment must be added to the MRP Sec. 333.300 within 30 days after issuance of the permit.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. X If yes, comment;

Operator Comments:

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title: Sensitive plant.

Objective: Implement a protection program for known populations of canyon sweetvetch during construction of the main facilities site.

Frequency: NA.

Status: NA.

Reports: None.

Citation: MRP-Part B, App. 7-3.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. X If yes, comment;

Operator Comments:

Sweetvetch not found on the permit area.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title: Seed mix tags.

Objective: Provide the Division biologist with seed mix tags prior to or during interim, contemporaneous, and final reclamation projects.

Frequency: NA.

Status: On going.

Reports: NA.

Citation: NA.

Operator: Has this commitment been acted on this year?

Yes X No Not required this year. If yes, comment;

Operator Comments:

Seed mix tags given to Priscilla on the day of the interim seeding of the topsoil pile.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title: Vegetation test plot.

Objective: To test whether summer seeding will increase establishment of the warm season species.

Frequency: NA.

Status: Implement immediately following construction of sediment pond.

Reports: Provide three years of monitoring results in Annual Reports.

Citation: MRP-Part B, Sec. 341.300 p. 26; Sec. 354, p. 28.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. X If yes, comment;

Operator Comments:

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Landuse, Cultural Resources, Air Quality R645-301- 400

Engineering R645-301-500

Title. Lila Canyon Mine Rock Tunnel Waste Rock Operational Sampling

Objective. Monitor chemical quality of rock brought to surface from tunnels

Frequency. Five grab samples taken as follows: during the initial start up, at the 1/4 mark, and the 3/4 mark and near completion of the rock sope tunnels. Parameters to be monitored are found in Table 1.

Status. During tunnel construction.

Reports. Annual Report

Citation. MRP App. 5-7 Table 1

Operator: Has this commitment been acted on this year?

Yes X No Not required this year. If yes, comment;

Operator Comments:

Submitted with submissions 9-003, 10-004.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Geology R645-301-600

Hydrology R645-301-700

Title: SUBMIT WATER MONITORING DATA IN AN ELECTRONIC FORMAT

Objective: Put water data in DOGM water quality database.

Frequency: Submit quarterly.

Status: Submit quarterly monitoring data during operational and reclamation phases of mining.

Reports: Submit field data, laboratory analyses and UPDES data to electronic database.

Citation: Special Conditions December 21, 2007.

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

Ongoing: submitted electronically on a quarterly basis

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title: RAIN GAUGES

Objective: Establish on-site climatological database.

Frequency: No less than monthly from May 1 through October 30, monthly when feasible during the remaining months.

Status: To be implemented within 30 days of Board's approval of the Stipulation for Dismissal.

Reports: Data will be downloaded quarterly and included in the Annual Report

Citation: Conditions to the Permit, Attachment A, Special Conditions (December 21, 2007).

Operator: Has this commitment been acted on this year?

Yes No Not required this year. If yes, comment;

Operator Comments:

Attached in Appendix "B" of this annual report.

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Title: CREST STAGE GAUGES AND SIPHON SAMPLERS**Objective:** additional water-quality and -quantity data.**Frequency:** Quarterly monitoring for 2 years; Installation, maintenance, and inspection to follow USGS protocols and on a frequency established by the Division.**Status:** Devices to be installed by March 31, 2008. At the end of the first year, the data will be analyzed and additional monitoring locations may be required.**Reports:** Included in regular quarterly monitoring reports. The MRP (and CHIA) to be updated as needed.**Citation:** Conditions to the Permit, Attachment A, Special Conditions (December 21, 2007).**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:**

Attached in Appendix "B" of this annual report.

Inspector:Has the operator complied with this commitment? Yes No **Inspector Comments:****Title: USE GPS TO SURVEY LOCATIONS OF ALL KNOWN AND NEWLY IDENTIFIED SEEPS AND SPRINGS****Objective:** More precise identification and location of seeps and springs**Frequency:** Annual.**Status:** Survey to be commenced by March 31, 2008.**Reports:** The MRP (and CHIA) to be updated.**Citation:** Conditions to the Permit, Attachment A, Special Conditions (December 21, 2007).**Operator:** Has this commitment been acted on this year?Yes No Not required this year. If yes, comment;**Operator Comments:**

Was satisfied with submittal 08-009 submitted 8/29/2008 to DOGM.

Inspector:Has the operator complied with this commitment? Yes No **Inspector Comments:**

Title: TWO MONITORING WELLS TO BE ESTABLISHED IN FUTURE BOREHOLES.

Objective: Monitor water levels and water quality within the permit and adjacent areas.

Frequency: If wells are established.

Status: To be done when and if additional holes are bored from the surface to the coal seam.

Reports: Water-quality and -quantity data will be included in the quarterly hydrology reports. The MRP (and CHIA) to be updated as needed.

Citation: Conditions to the Permit, Attachment A, Special Conditions (December 21, 2007)

Operator: Has this commitment been acted on this year?

Yes No Not required this year. X If yes, comment;

Operator Comments:

Inspector:

Has the operator complied with this commitment? Yes No

Inspector Comments:

Bonding & Insurance R645-301-800

Other Commitments

*Reminder: If equipment has been abandoned during 2009, an amendment must be submitted that includes a map showing its location, a description of what was abandoned, whether there were any hazardous or toxic materials and any revision to the PHC as necessary.

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as Appendix B to this report or currently on file with the Division.

Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments:

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Change in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is Requesting that each permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as Appendix C to the report.

Legal / Financial Update	Required		Included or DOGM File location		Comments
	Yes	No	Included	Vol, Chapter, Page	

Department of Commerce, Annual Report Officers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Other					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Operator Comments:

Inspector:

Has the operator complied fully with this section? Yes No

Inspector Comments:

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2009, are to be provided to the Division as Appendix D to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential. (Please provide a CD.)

Confidential information is limited to:

R645-300-124.310. Information that pertains only to the analysis of the chemical and physical properties of the coal to be mined, except information on components of such coal which are potentially toxic in the environment.

R645-300-124.330. Information on the nature and location of archeological resources on public land and Indian land as required under the Archeological Resources Protection Act of 1979 (P. L. 96-95, 93 Stat. 721, 16 U.S.C. 470).

R645-301-322, Fish and Wildlife Information; R645-301-322.100, the scope and level of detail for such information will be determined by the Division in consultation with state and federal agencies with responsibilities for fish and wildlife and will be sufficient to design the protection and enhancement plan required under R645-301-333 and R645-301-322.230, other species or habitats identified through agency consultation as requiring special protection under state or federal law; R645-301-333.300, Include protective measures that will be used during the active mining phase of operation.

Operator Comments:

Inspector:

Has the operator complied with this section? Yes No

Inspector Comments:

APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

As required under R645-301-514

CONTENTS

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Page 1 of							
Permit Number	ACT/007/013	Report Date	April 15, 2009						
Mine Name	Lila Canyon								
Company Name	UtahAmerican Energy, Inc.								
Impoundment Identification	Impoundment Name	Sediment Pond #2 Small							
	Impoundment Number	Pond #2							
	UPDES Permit Number	NA							
	MSHA ID Number	NA							
IMPOUNDMENT INSPECTION									
Inspection Date	Ongoing								
Inspected By	R. Jay Marshall								
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Periodic								
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>No appearance of instability, structural weakness, or any other hazardous condition was observed at the time of inspection. Pond is still under construction. Pond is being constructed according to accepted engineering practices and approved design.</p>									
Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Sediment Elevations:</p> <table style="margin-left: 100px;"> <tr> <td>60%</td> <td>5842.1'</td> </tr> <tr> <td>100%</td> <td>5844.0'</td> </tr> <tr> <td>Existing</td> <td>Under Construction</td> </tr> </table>			60%	5842.1'	100%	5844.0'	Existing	Under Construction
	60%	5842.1'							
100%	5844.0'								
Existing	Under Construction								
	<p>3. Principle and emergency spillway elevations.</p> <p>Principle</p> <p>Emergency</p>								

4. **Field Information.** Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on out slopes of embankments, etc.

Pond is still under construction

5. **Field Evaluation.** Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature: _____ Date: _____

CERTIFIED REPORT

IMPOUNDMENT EVALUATION (If NO, explain under Comments)

YES

NO

1. Is impoundment designed and constructed in accordance with the approved plan?

XXXXX

2. Is impoundment free of instability, structural weakness, or any other hazardous condition?

XXXXXX

3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection?

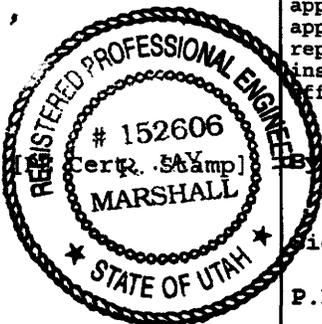
XXXXXX

COMMENTS AND OTHER INFORMATION

NONE

Certification Statement:

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.



By: R. Jay Marshall
(Full Name and Title)

Signature: _____ Date: 4/15/09

P.E. Number & State: 152606 Utah

IMPOUNDMENT INSPECTION AND CERTIFIED REPORT		Page 1 of							
Permit Number	ACT/007/013	Report Date	April 15, 2009						
Mine Name	Lila Canyon								
Company Name	UtahAmerican Energy, Inc.								
Impoundment Identification	Impoundment Name	Sediment Pond #1 Large							
	Impoundment Number	Pond #1							
	UPDES Permit Number	UTG 040024							
	MSHA ID Number	NA							
IMPOUNDMENT INSPECTION									
Inspection Date	Ongoing								
Inspected By	R. Jay Marshall								
Reason for Inspection (Annual, Quarterly or Other Periodic Inspection, Critical Installation, or Completion of Construction)	Periodic								
<p>1. Describe any appearance of any instability, structural weakness, or any other hazardous condition.</p> <p>No appearance of instability, structural weakness, or any other hazardous condition was observed at the time of inspection. Pond is still under construction. Pond is being constructed according to accepted engineering practices and approved design.</p>									
Required for an impoundment which functions as a SEDIMENTATION POND.	<p>2. Sediment storage capacity, including elevation of 60% and 100% sediment storage volumes, and, estimated average elevation of existing sediment.</p> <p>Sediment Elevations:</p> <table style="margin-left: 100px;"> <tr> <td>60%</td> <td>5838.9'</td> </tr> <tr> <td>100%</td> <td>5843.0'</td> </tr> <tr> <td>Existing</td> <td>Under Construction</td> </tr> </table>			60%	5838.9'	100%	5843.0'	Existing	Under Construction
	60%	5838.9'							
100%	5843.0'								
Existing	Under Construction								
	<p>3. Principle and emergency spillway elevations.</p> <table style="margin-left: 100px;"> <tr> <td>Principle</td> <td>5841'</td> </tr> <tr> <td>Emergency</td> <td>5840'</td> </tr> </table>			Principle	5841'	Emergency	5840'		
Principle	5841'								
Emergency	5840'								

4. **Field Information.** Provide current water elevation, whether pond is discharging, type and number of samples taken, monitoring/instrumentation information, inlet/outlet conditions, or other related activities associated with the pond including but not limited to sediment cleanout, pond decanting, embankment erosion/repairs, monitoring information, vegetation on outslopes of embankments, etc.

Pond is still under construction

5. **Field Evaluation.** Describe any changes in the geometry of the impounding structure, average and maximum depths and elevations of impounded water, estimated sediment or slurry volume and remaining storage capacity, estimated volume of water impounded, and any other aspect of the impounding structure affecting its stability or function which has occurred during the reporting period.

Qualification Statement

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized under the direction of a Registered Professional Engineer to inspect the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability.

Signature: _____ Date: _____

CERTIFIED REPORT

IMPOUNDMENT EVALUATION (If NO, explain under Comments)

YES

NO

1. Is impoundment designed and constructed in accordance with the approved plan?

XXXXX

2. Is impoundment free of instability, structural weakness, or any other hazardous condition?

XXXXXX

3. Has the impoundment met all applicable performance standards and effluent limitations from the previous date of inspection?

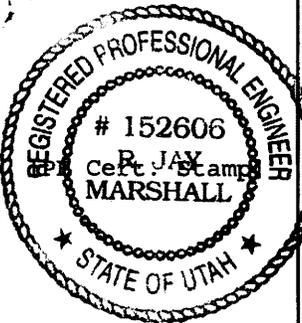
XXXXXX

COMMENTS AND OTHER INFORMATION

NONE

Certification Statement:

I hereby certify that; I am experienced in the construction of impoundments; I am qualified and authorized in the State of Utah to inspect and certify the condition and appearance of impoundments in accordance with the certified and approved designs for this structure; that the impoundment has been maintained in accordance with approved design and meet or exceed the minimum design requirements under all applicable federal, state and local regulations; and, that inspections and inspection reports are made by myself or under my direction and include any appearances of instability, structural weakness or other hazardous conditions of the structure affecting stability in accordance with the Utah R645 Coal Mining Rules.



By: R. Jay Marshall
(Full Name and Title)

Signature: _____

Date: 4/15/09

P.E. Number & State: 152606 UT

APPENDIX B

Reporting of Technical Data

Including monitoring data, reports, maps, and other information
As required under the approved plan or as required by the Division

In accordance with the requirement of R645-310-130 and R645-301-140

CONTENTS

Lila Canyon Mine

East Carbon, UTAH

**Stipulation Response - Rain & Crest Gauge
Data and Evaluation**

Prepared For:

UtahAmerica Energy Inc.
794 C Canyon Road
East Carbon, UT 84520
435.888.4007 Tel

Prepared by:



Hydrologic Design Inc.
4173 Dardanelle Drive
South Jordan, Utah 84095
801.608.2414 Tel
801.576.9259 Fax

Contact:
Thomas J. Suchoski

November 2009

INTRODUCTION:

On January 2, 2008 the DOGM required additional special stipulations on the prior approval of the Lila Canyon Permit. Stipulations 1 through 4 were on-going stipulations from the prior approval. Stipulations 5 through 9 were new stipulations. This report addresses the stipulation 5 (rain and crest gauges and siphon samplers) requirement to report on the data collected.

The purpose of this study was to address these stipulations and to specifically:

- o Described the rain gauge data for the upper and lower areas within the Lila Canyon Mine Permit Area.
- o Describe the crest gauge and siphon sampler data from the 7 selected sampling points.

RAIN GAUGES

As reported in the 2008 report, in accordance with stipulation #5, two rain gauges were installed within the Lila Canyon Mine Permit area. One is located to the south of the mine facilities area and one is located on top of the Book Cliffs in the Little Park Wash drainage area (near the IPA #2 well site). The locations of the rain gauges were determined by an Delorme Earthmate PN-20 GPS unit and are shown on Plate 1 and the coordinates and elevations are presented in Table 1.

METHODS: These rain gauges were tipping bucket type rain gauges with a data logger. The data are collected in 0.01" increments with a resolution of 0.01 inches per second. Readings are taken only when precipitation is recorded. The data are stored in the data logger memory until the data are downloaded. When the next sampling period sequence is started, the prior data are erased and overwritten. The data were downloaded during the quarterly sampling efforts.

RESULTS: Tables 1 and 2 present the rainfall data for the 4th quarter of 2008 and the three quarters of 2009 at the lower rain gauge. Table 3 and 4 present the rainfall data for the 4th quarter of 2008 and the three quarters of 2009 at the upper rain gauge.

EVALUATION: These data demonstrate the types of rainfall that is common in the mine site area. As indicated in the PAP, the rainfall was described as a combination of short duration, high intensity thunderstorms and gentle frontal storms. These are

the types of storms that were recorded in the data collected. Therefore, the precipitation regime in the mine permit area is as described in the PAP.

CREST GAUGES AND SIPHON SAMPLERS

As reported in the 2008 report, in accordance with stipulation #5, seven (7) sets of crest gauge and siphon sampler were installed on selected drainages within the Lila Canyon Mine Permit area. Plate 1 shows the location of these sites and Table 1 presents the coordinates and elevations.

METHODS: The crest gauges and siphon samplers were checked on at least a quarterly basis and sometimes more frequently as access and manpower were available.

RESULTS: Attachment A presents the flow data for the various crest gauges and the presence of water samples for the various quarters of 2008 and 2009. Table 5 presents the slopes of the channels in the area of the crest gauges and the flow estimates, based on Manning's equation, from the crest gauge flow data.

EVALUATION: As can be seen, the number of flow events recorded were quite limited with only 3 events that generated runoff. Additionally, these events were not distributed over the entire drainage, but were of limited extent. In October 2008, the data indicate that CG-2, CG-3, and CG-7 had no flows. In June 2009, only CG-1 had flow. In September 2009, no flow was recorded at CG-1, CG-2, CG-4, and CG-5.

These flow data are the result of two conditions. First, a number of the events may have occurred, but due to the shape of the channel, the mobile bed allowed the flow to be isolated to a portion of the channel that did not include the crest gauge. Second, the number of rainfall events versus the number of flow events, demonstrate that runoff events are only occurring from the short duration, high intensity precipitation events. Further, as the flows are not occurring for all stations for a given event, the rainfall is extremely isolated and precipitation is not occurring across the entire drainage basin in the mine permit area.

For the siphon samplers, as indicated in Attachment A, only one limited volume sample was able to be collected. This is due to three conditions. First, for several flow events, no sample was found due to a plugged sampler. The debris carried in the flow either plugged the inlet to the sampler or diverted flow around the inlet. Second, the flat board nature of the channels allows flows within the mobile

bed to shift with each event. Thus, some of the flows were isolated from the sampler portion of the channel. Third, the flow in most of these channels is very shallow and as such could not be collected by the sampler.

CONCLUSIONS:

The data from the rain gauges and the crest staff gauges presents the typical rainfall-runoff conditions for the mine permit area. The conditions described by these data are consistent with the descriptions presented in the PAP for the Lila Canyon Mine.

Table 1

Lila Canyon Raingauge Data

Lower Site 2008

Date	Duration	Depth (In)
9/9/2008	30 min	0.1
9/10/2009	6 hr	0.04
9/11/2009	5 hr	0.09
9/20/2009	5 hr	0.05
10/3/2009	8 min	0.03

Table 2**Lila Canyon Raingauge Data****Lower Site 2009**

Date	Duration	Depth (in)
4/4/2009	1 hr	0.19
4/11/2009	2 hr	0.21
4/12/2009	2 hr	0.02
4/16/2009	1 hr	0.16
4/18/2009	20 min	0.02
4/25/2009	7 hr	0.2
4/26/2009	9 hr	0.32
5/2/2009	19 hr	0.66
5/3/2009	21 hr	0.2
5/4/2009	18 hr	0.65
5/27/2009	2 min	0.02
5/28/2009	10 min	0.05
5/29/2009	1 min	0.01
6/1/2009	1 min	0.01
6/2/2009	1 min	0.01
6/18/2009	1 min	0.01
6/20/2009	5 hr	0.15
6/21/2009	30 min	0.18
6/25/2009	2.5 hr	0.13
6/26/2009	1.5 hr	0.29
7/3/2009	1.2 hr	0.14
7/4/2009	1 hr	0.16
7/11/2009	5 min	0.01
7/20/2009	5 min	0.01
8/5/2009	12 min	0.02
8/6/2009	2 hr	0.08
8/23/2009	12 min	0.17
8/24/2009	30 min	0.05
8/29/2009	2 min	0.01
9/14/2009	10 min	0.02
9/15/2009	2 hr	1.13
10/1/2009	2 min	0.01

Table 3

Lila Canyon Raingauge Data

Upper Site 2008

Date	Duration	Depth (in)
10/4/2008	12 hr	0.65
10/20/2009	17 hr	0.07
10/29/2009	2 min	0.01
11/2/2009	6 hr	0.63
11/4/2009	8 min	0.01
11/27/2009	7 hr	0.13
11/28/2009	5 min	0.01
12/16/2009	4.5 hr	0.13
12/17/2009	5 min	0.01
12/18/2009	5 min	0.01
12/20/2009	5 min	0.01
12/21/2009	5 min	0.01
12/23/2009	5 hr	0.11
12/30/2009	3 hr	0.17
12/31/2009	10 min	0.03

Table 4**Lila Canyon Raingauge Data****Upper Site 2009**

Date	Duration	Depth (in)
1/3/2009	2 min	0.01
1/19/2009	10 min	0.04
1/23/2009	5 hr	0.02
1/24/2009	8 hr	0.18
1/26/2009	1 hr	0.12
2/8/2009	30 min	0.04
2/9/2009	5 min	0.01
2/10/2009	5 min	0.01
2/13/2009	5 min	0.01
2/14/2009	1 hr	0.02
2/15/2009	10 min	0.01
2/17/2009	2 hr	0.13
2/23/2009	1 hr	0.06
3/7/2009	10 min	0.01
3/26/2009	2.5 hr	0.12
4/1/2009	30 min	0.02
4/4/2009	2.5 hr	0.32
4/11/2009	45 min	0.2
4/12/2009	4 hr	0.02
4/16/2009	1.5 hr	0.23
4/18/2009	30 min	0.04
4/25/2009	1 hr	0.09
4/26/2009	7 hr	0.38
5/2/2009	7 hr	0.48
5/20/2009	10 min	0.04
5/21/2009	5 min	0.01
5/22/2009	6 hr	0.17
5/23/2009	13 hr	0.17
5/24/2009	17 hr	0.49
5/26/2009	10 min	0.07
5/28/2009	10 min	0.03
5/29/2009	30 min	0.08
6/2/2009	5 min	0.02
6/10/2009	4 hr	0.02
6/11/2009	15 min	0.04

Table 4**Lila Canyon Raingauge Data****Upper Site 2009**

Date	Duration	Depth (in)
1/3/2009	2 min	0.01
1/19/2009	10 min	0.04
1/23/2009	5 hr	0.02
1/24/2009	8 hr	0.18
1/26/2009	1 hr	0.12
2/8/2009	30 min	0.04
2/9/2009	5 min	0.01
2/10/2009	5 min	0.01
2/13/2009	5 min	0.01
2/14/2009	1 hr	0.02
2/15/2009	10 min	0.01
2/17/2009	2 hr	0.13
2/23/2009	1 hr	0.06
3/7/2009	10 min	0.01
3/26/2009	2.5 hr	0.12
4/1/2009	30 min	0.02
4/4/2009	2.5 hr	0.32
4/11/2009	45 min	0.2
4/12/2009	4 hr	0.02
4/16/2009	1.5 hr	0.23
4/18/2009	30 min	0.04
4/25/2009	1 hr	0.09
4/26/2009	7 hr	0.38
5/2/2009	7 hr	0.48
5/20/2009	10 min	0.04
5/21/2009	5 min	0.01
5/22/2009	6 hr	0.17
5/23/2009	13 hr	0.17
5/24/2009	17 hr	0.49
5/26/2009	10 min	0.07
5/28/2009	10 min	0.03
5/29/2009	30 min	0.08
6/2/2009	5 min	0.02
6/10/2009	4 hr	0.02
6/11/2009	15 min	0.04

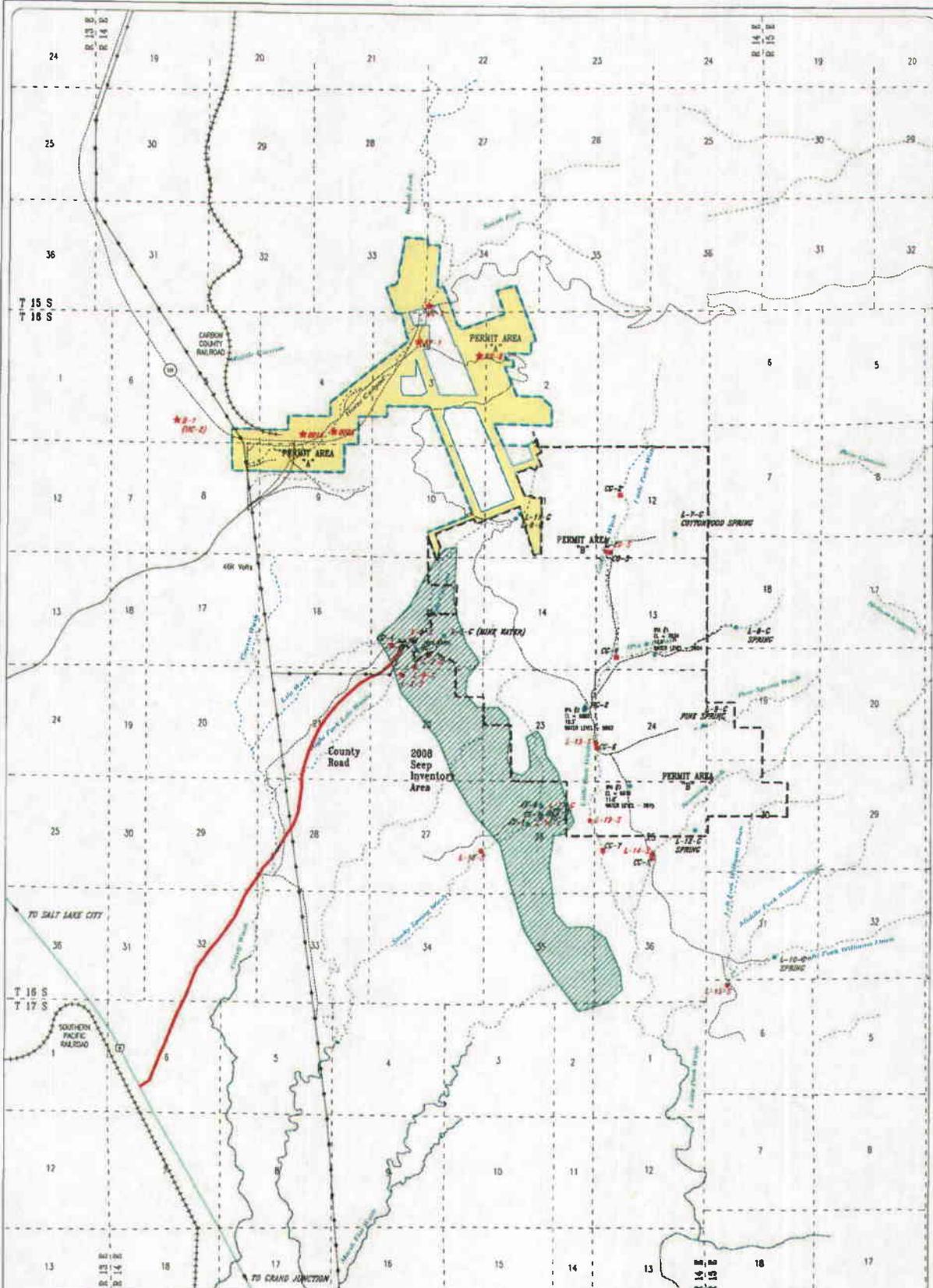
Table 5**Lila Canyon Crest Gauge Data****Channel Slope Determination**

Stage ID	Channel Length (ft)	Channel Drop (ft)	Channel Slope (%)
CG-1	1020	50	4.90
CG-2	2055	50	2.43
CG-3	2510	50	1.99
CG-4	2965	50	1.69
CG-5	3180	50	1.57
CG-6	2430	50	2.06
CG-7	4650	100	2.15

Flow Determination

	Depth (in)	Width (ft)	Channel Slope (%)	Manning's n	Velocity (fps)	Flow (cfs)
Oct-08						
CG-1	0.5	2	4.90	0.035	1.13	0.09
CG-4	1.75	6	1.69	0.03	1.78	1.56
CG-5	19	13	1.57	0.03	8.43	173.57
CG-6	0.75	4	2.06	0.03	1.12	0.28
Jun-09						
CG-1	5	8	4.9	0.035	5.24	17.47
Sep-09						
CG-3	4	10	1.99	0.03	3.36	11.19
CG-6	6	15	2.06	0.03	4.48	33.58
CG-7	6	20	2.15	0.03	4.57	45.74

ATTACHMENT A
Crest Gauge and Siphon Data



- LEGEND:**
- PERMIT AREA 1 (S.A. CANON)
 - WATER MONITORING
 - SEEP CANON MONITORING
 - S.A. CANON JOURNAL MONITORING
 - S.A. CANON CIRCUMFERENTIAL MONITORING
 - S.A. CANON ENERGY DUCT MONITORING
 - S.A. CANON SEEP LOCATIONS
 - S.A. CANON PAV. GULCH LOCATIONS

REVISION DATE:

DATE	BY	REVISION
March 2008	MS	Initial Map
April 2008	MS	Map Update
May 2008	MS	Map Update
June 2008	MS	Map Update
July 2008	MS	Map Update
August 2008	MS	Map Update
September 2008	MS	Map Update
October 2008	MS	Map Update



LELA CANTOR MINE

WATER MONITORING LOCATIONS

MAY 2008

BLACKHAWK INC.

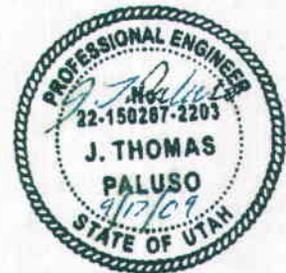
TOPSOIL MOVEMENT & CONSTRUCTION RECORD

PHASE I

UTAHAMERICAN ENERGY

LILA CANYON MINE

December 2008-February 2009



Prepared by

J. T. Paluso, P. E.

**EIS ENVIRONMENTAL & ENGINEERING CONSULTING
31 North Main, Helper, Utah 84526**

Scope of Work

EIS Environmental & Engineering Consulting (EIS) was hired by UtahAmerican Energy, Inc (UEI) to monitor the removal of topsoil from the Lila Canyon Mine for Phase I construction activities.

Phase I consisted of the following activities:

- Construct stormwater detention ponds. These ponds are needed to contain all runoff coming from disturbed areas.
- Construct portal access road. Due to the length of time required to construct the underground rock slopes, it was necessary to construct the portal access road during Phase I of the construction activities.
- Remove topsoil from the west portion of the coal stockpile area. This area was needed to provide storage space for material generated during the construction of the underground rock slopes.
- Remove topsoil from the warehouse pad area. This area was also needed to provide storage space for material generated from the rock slope construction work.
- Construct employee parking and temporary bathhouse area. This area was needed to provide parking space and bathhouse facilities for the crews developing the rock slopes.

During Phase I activities the follow amounts of topsoil were generated from the various locations:

LOCATION	LOADS	VOLUME (Yd ³)
Employee Parking Lot	378	12,110
Portal Road	238	7,622
Storm Water Detention Pond	154	4,943
Small Detention Pond	61	1,940
Coal Stockpile	269	8,601
Warehouse Pad	137	4,385
Topsoil Area	Push with Dozer	646
TOTAL		40,247 Yd³

**LILA CANYON MINE
TOPSOIL & CONSTRUCTION ACTIVITY RECORD**

December 24, 2008 (Mel Coonrod & Matt Serfustini)

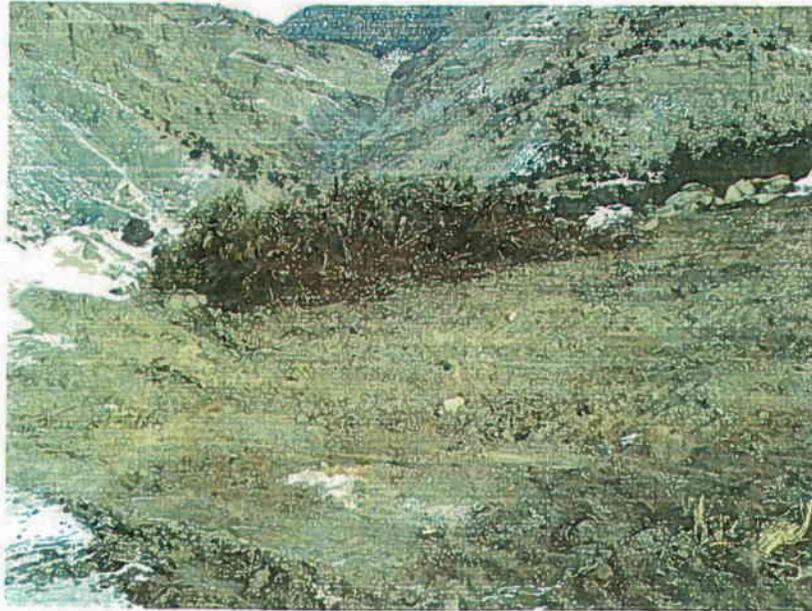
The following activities were observed during this visit:

1. Fill material was being removed from the stormwater detention pond. Some topsoil still remains to be removed from the pond area.
2. Work on portal access road was proceeding.
3. Topsoil was being removed from employee parking area.
4. Topsoil had been removed from west end of coal pile area.

PHOTOGRAPHS



LOOKING SOUTH TOWARDS TOPSOIL STORAGE AREA



MATERIAL REMOVED FROM TOPSOIL STORAGE SITE



**PORTAL ACCESS ROAD TOPSOIL NORTH OF COAL STOCKPILE, PHOTO
TAKEN LOOKING EAST**



**SOIL PROFILE ON PORTAL ACCESS ROAD LOOKING NORTH, TAKEN
ADJACENT TO PRIOR PHOTOGRAPH**



**TOPSOIL REMOVAL SOUTH END OF EMPLOYEE PARKING LOT
LOOKING SOUTH EAST**



SOUTH OF LOADOUT STATION LOOKING NORTH



SOUTH OF LOADOUT STATION LOOKING SOUTH



SOIL PROFILE AT THE SAME LOCATION AS THE TWO PREVIOUS PHOTOGRAPHS



BOULDER REMOVAL SOUTH OF LOADOUT STATION LOOKING NORTH



EMPLOYEE PARKING AREA LOOKING SOUTH

December 30, 2008(Tom Paluso)

The following activities were observed during my site visit:

1. Fill material was being removed from portal access road. Contractor was working on side slopes on the portal access road.
2. Topsoil was being removed from employee parking area and delivered to the topsoil storage area.
3. Contractor was breaking large rocks on west end of coal storage pile. The large rocks were being reduced to make it easier to obtain necessary compaction with fill material being deposited in this area.

PHOTOGRAPHS



TOPSOIL REMOVAL FROM EMPLOYEE PARKING AREA



LOOKING SOUTHWEST OVER PROJECT AREA

January 7, 2009 (Tom Paluso)

The following activities were observed during site visit:

1. Contractor was transporting topsoil from office area to topsoil site.
2. Portal access road grade was being lowered northeast of employee's parking area.
3. Hydraulic hoes were working on portal area.

The stormwater detention pond still has approximately 15 percent of the topsoil to be removed. This material is located in the southeast corner of the pond. According to Shane Campbell this material was intentionally left to provide work during bad weather conditions. Shane also mentioned that topsoil removal at the warehouse site should probably start on January 15 or 16.

PHOTOGRAPHS



TOPSOIL REMOVAL FROM OFFICE AREA



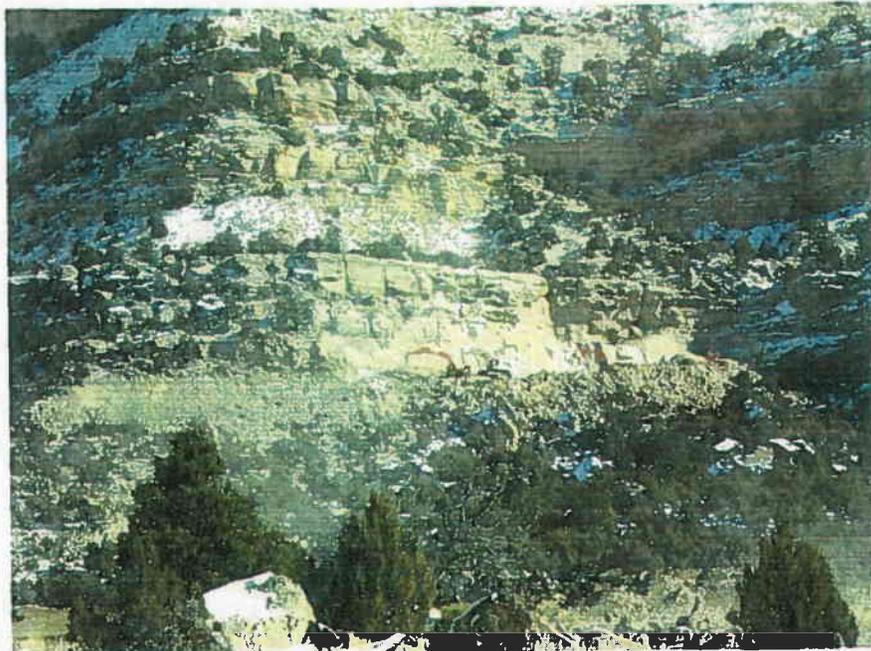
BOULDERS BEING SEPARATED FROM TOPSOIL MATERIAL



LOWER PORTAL ACCESS ROAD GRADE



FILL MATERIAL BEING REMOVED FROM PORTAL ACCESS ROAD



HYDRAULIC BACKHOES WORKING ON PORTAL AREA

January 15, 2009 (Tom Paluso)

The following activities were observed during site visit:

1. Large boulders are being crushed to make gravel for this project.
2. Boulders are being stockpiled at future coal stockpile site. These boulders will be crushed into gravel.
3. Work on the portal area is still in progress.

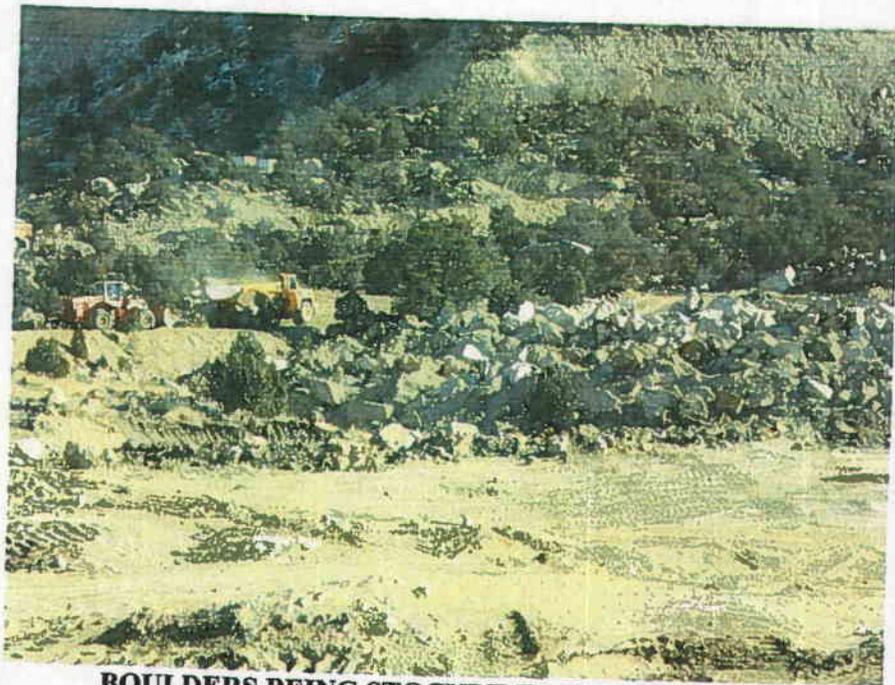
PHOTOGRAPHS



BOULDERS BEING CRUSHED INTO GRAVEL



CRUSHED GRAVEL PILE



BOULDERS BEING STOCKPILED FOR CRUSHING

January 28, 2009 (Tom Paluso)

The following activities were observed during site visit:

1. Removing material from north end of parking lot.
2. Removing topsoil from stacking tube area.
3. Employee parking lot grading.

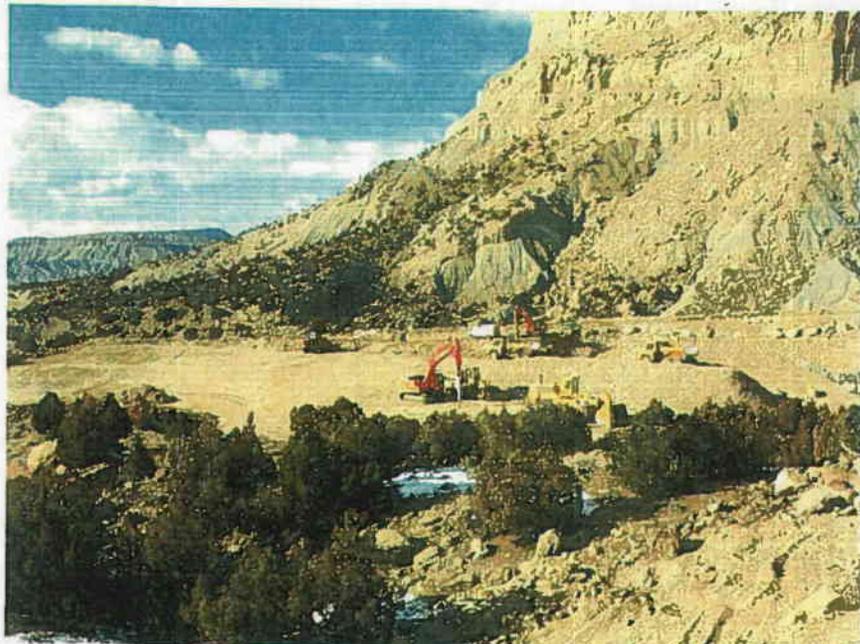
PHOTOGRAPHS



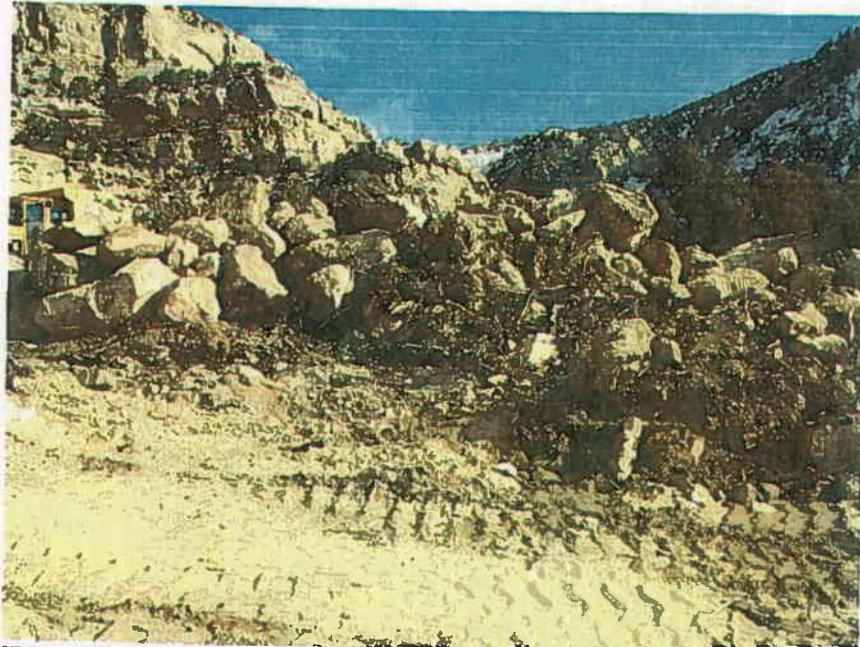
PARKING LOT MATERIAL REMOVAL



FINAL GRADING WEST END OF EMPLOYEE PARKING AREA



EMPLOYEE PARKING LOOKING NORTH WITH CRUSHED GRAVEL PILE



BOULDER REMOVAL FROM STACKING TUBE AREA LOOKING EAST



TOPSOIL REMOVAL FROM STACKING TUBE AREA LOOKING NORTH



STACKING TUBE AREA LOOKING EAST TOWARDS PORTALS



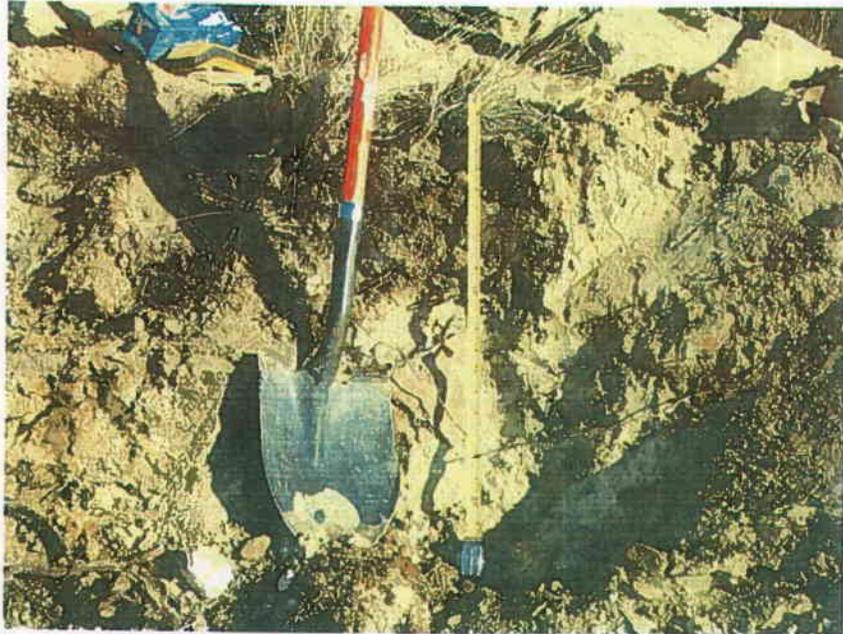
EAST OF STACKING TUBE LOOKING WEST

January 29, 2009 (Tom Paluso)

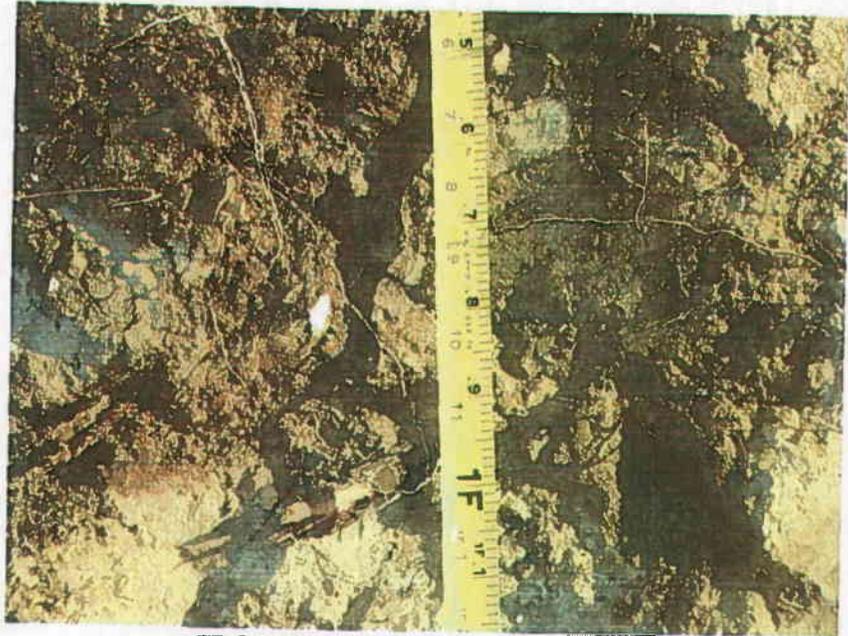
The following activities were observed during site visit:

- 1 Removing material from north end of parking lot.
- 2 Removing topsoil from stacking tube area.
- 3 Employee parking lot grading.

PHOTOGRAPHS



TOPSOIL PROFILE BY STACKING TUBE AREA



CLOSE-UP OF TOPSOIL PROFILE

February 6, 2009 (Tom Paluso)

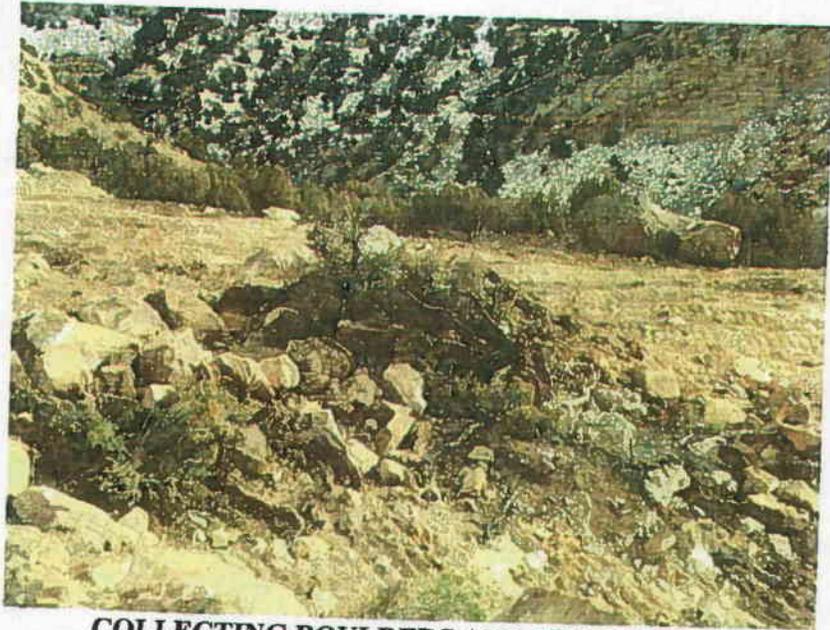
The following activities were observed during site visit:

1. Removing topsoil from shop-warehouse area.
2. Completing work around silo area.

PHOTOGRAPHS



LOOKING SOUTHEAST FROM SILO AREA, TOPSOIL IS BEING COLLECTED



COLLECTING BOULDERS AND VEGETATION



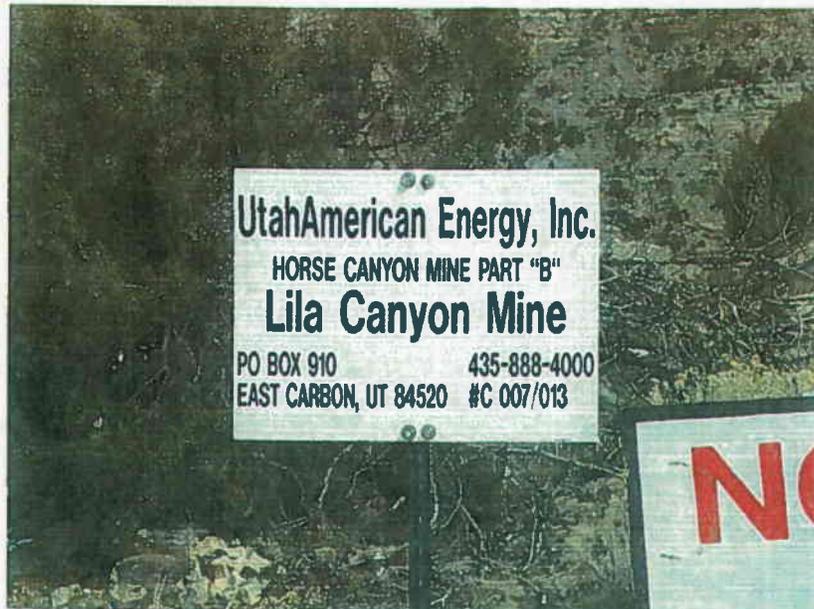
LOOKING NORTHEAST FROM SILO AREA, TOPSOIL HAS BEEN REMOVED

February 18, 2009 (Tom Paluso)

The following activities were observed during site visit:

1. Removing topsoil from small Stormwater Detention Pond.
2. Removing remaining topsoil from large Stormwater Detention Pond.
3. Working on final grade for Portal Access Road

PHOTOGRAPHS



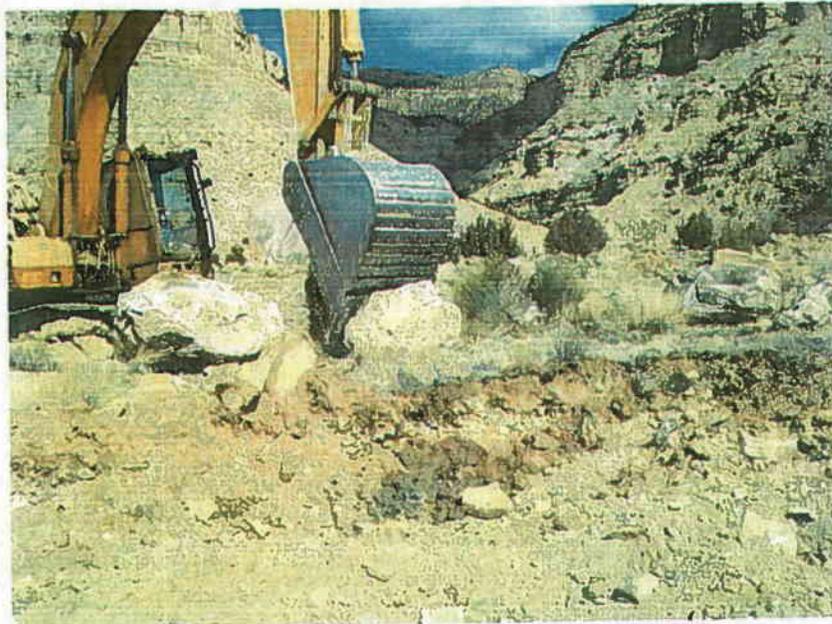
**SIGN LOCATED BY CONSTRUCTION OFFICE & NEAR SMALL
STORMWATER DETENTION POND**



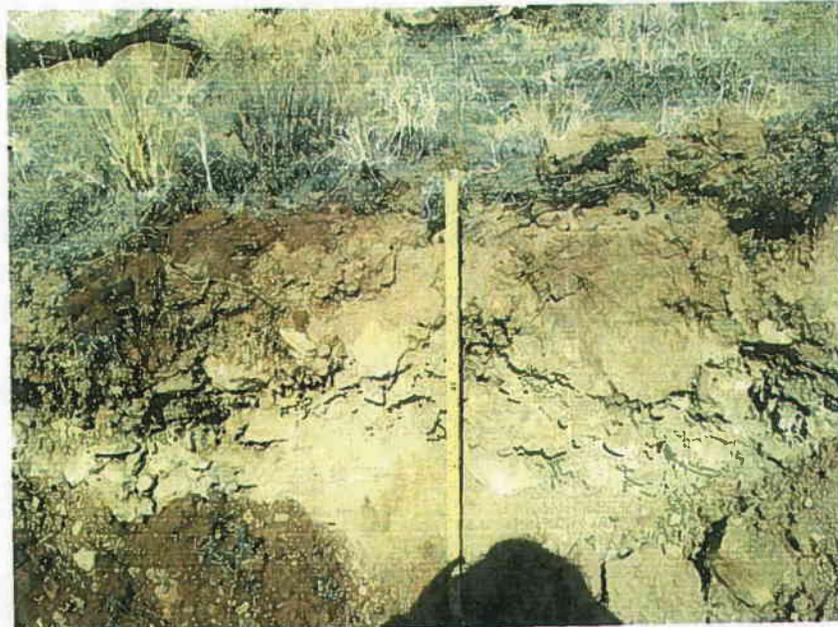
COLLECTING TOPSOIL AT SMALL STORMWATER RETENTION POND (SRP)



COLLECTING TOPSOIL AT SMALL SRP



REMOVING BOULDER FROM SMALL SRP



NORTHEAST SOIL PROFILE



SOUTHEAST SOIL PROFILE



**REMOVE REMAINING MATERIAL FROM LARGE STORMWATER
RETENTION POND (SRP)**



WEST END LARGE SRP



FINAL WORK ON PORTAL ROAD

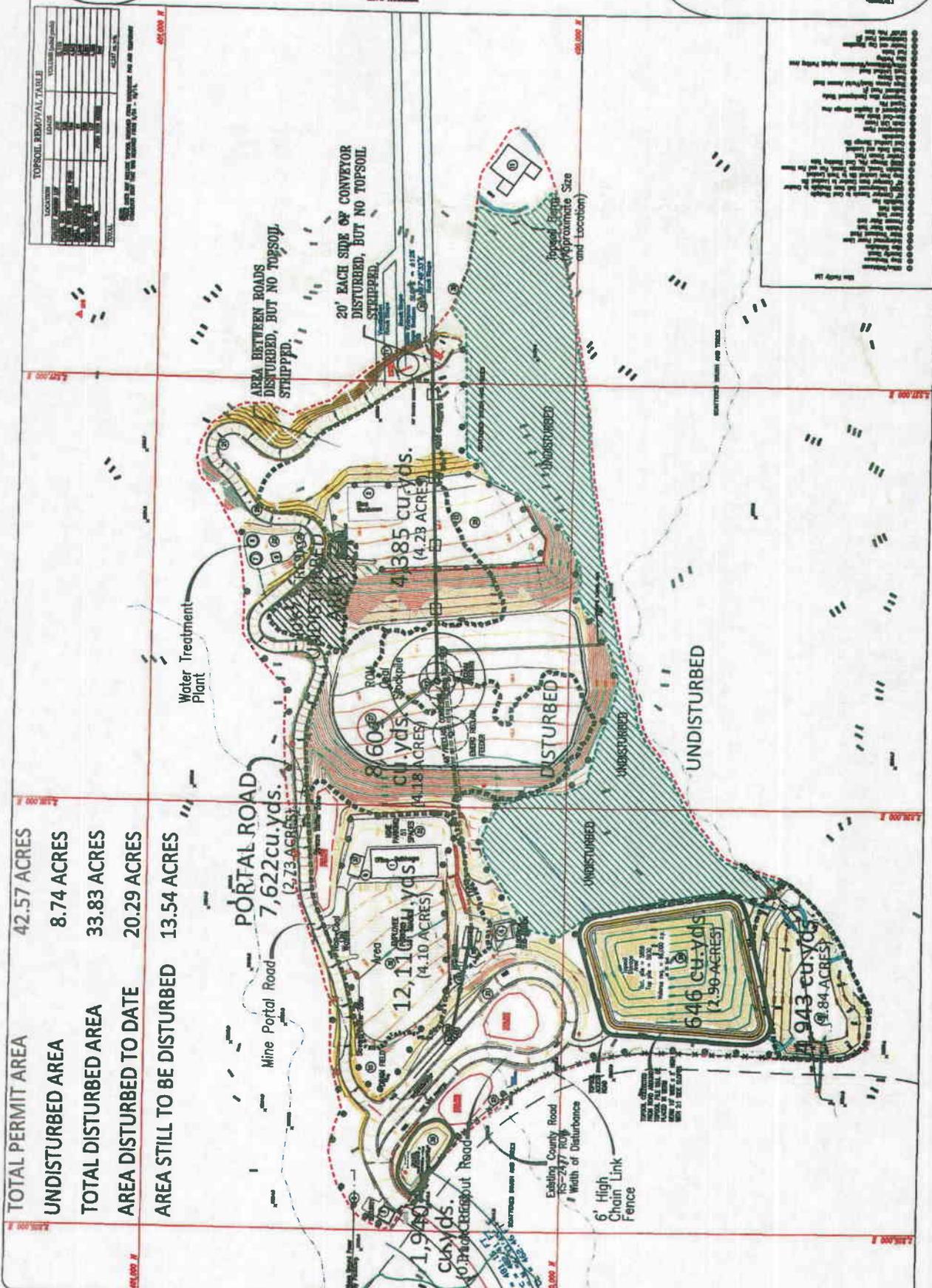


TOPSOIL PILE LOOKING NORTHEAST



TOPSOIL PILE LOOKING SOUTH EAST

TOTAL PERMIT AREA 42.57 ACRES
UNDISTURBED AREA 8.74 ACRES
TOTAL DISTURBED AREA 33.83 ACRES
AREA DISTURBED TO DATE 20.29 ACRES
AREA STILL TO BE DISTURBED 13.54 ACRES



TOPSOIL REMOVAL TABLE

LOCATION	VOLUME (CU YD)	DATE
1	1,940	10/10/00
2	1,110	10/10/00
3	1,335	10/10/00
TOTAL	4,385	

TOTAL VOLUME OF TOPSOIL TO BE REMOVED FROM ALL DISTURBED AREAS IS 4,385 CU YD. THIS VOLUME IS TO BE STORED ON-SITE FOR REUSE.

APPENDIX C

Legal Financial, Compliance and Related Information

Annual Report of Officers
As submitted to the Utah Department of Commerce

Other change in ownership and control information
As required under R645-301-110

CONTENTS

APPENDIX D

Mine Maps

As required under R645-302-525-270

CONTENTS

APPENDIX E

Other Information

In accordance with the requirements of R645-301 and R645-302

CONTENTS

Lila Canyon Project Wildlife Enhancement

April 2, 2010

Introduction

These projects are part of the Lila Canyon Project Emery County, Utah described in the 2000 EA/FONSI/DR (UT-070-99-22), approved by BLM on October 27, 2000. The projects are to fulfill the mitigation/enhancement for displacement and direct disturbance of wildlife and vegetation loss.

On page 27 of the EA it was stated "Wildlife Enhancement Projects - UEI would provide two rainfall water catchments to benefit bighorn sheep populations and habitat use within the area above the proposed mine site. These guzzlers would be installed by BLM and Utah Division of Wildlife Resources (UDWR) in suitable locations along the cliff-talus habitat south of the Lila Canyon area. This project would be implemented in the same manner as described in detail in the EA "Saddlehorn Water Catchment" EA Number UT-06697-1 which addressed similar concerns relative to Bighorn Sheep."

"In addition to this project, UEI would complete a vegetation treatment project within the affected area to increase small mammal populations, and thus increasing the forage capacity for area raptor populations. Project design would be provided by BLM and UDWR and involve treating and reseeding approximately 93 acres of habitat. The vegetation treatment would be designed to improve diversity and density of vegetation cover types and create a mosaic of treated and untreated areas to maximize benefits of edge for wildlife species."

The EA/DR specified what was to be completed, but did not identify the locations of where the projects were to be done. This site-specific plan does that.

The Decision Record did anticipate that the two guzzlers would be in non-WSA lands with wilderness characteristics. "Surface facilities within the proposed mine site and proposed guzzlers would directly disturb eight acres of the natural wilderness value and future designation of the immediate area as wilderness within the Desolation Canyon Inventory Unit 8. (1999 Utah Wilderness Inventory)"

Project goal

Guzzler mitigation

The purpose of this wildlife enhancement is to provide water for bighorn sheep. Springs and seeps, that are used by bighorns when flowing, could be disrupted by the coal mining activities. The guzzlers would replace those. The bighorn water catchments would not be available to livestock.

Vegetation treatment project

The purpose of this enhancement project is to increase the habitat (security cover) for small game (rabbits, mice, and other small mammals). Brush piles provide more security for rabbits, thereby increasing the numbers of rabbits, which provide more food for foraging raptors. The traffic on the coal haul road could disturb raptors from hunting next to the road. The road and mine facilities are placed on top of habitat that would have produced small game that would have been food for raptors. The vegetation treatment project would be located in areas with fewer disturbances and the productivity of small game would be enhanced.

Expected benefits

Guzzler Mitigation

Sources of permanent, reliable water would be provided for the existing bighorn sheep in the immediate area. These are guzzlers that will be additional and dependable long-lasting water sources for bighorn sheep. Distribution of bighorn sheep is closely tied to available water, particularly during lambing season and later in the summer months. Water development projects in areas near escape terrain and thermal cover could improve bighorn sheep distribution, production, and survival in the area.

Vegetation treatment project

Brush piles provide more security for rabbits, thereby increasing the numbers of rabbits, which provide more food for foraging raptors. In addition, removing the younger P/J trees opens up the sagebrush parks creating a transition zone for bighorn sheep. Bighorn sheep could move from the steeper habitat of Lila Canyon through the enhancement areas up to another level of steep, rocky habitat beneath Lila Point. Moreover, the removal of the younger P/J trees reduces competition for the existing sagebrush plants and permits young sagebrush to be established along with forbs and grasses. By only designating Pinyon Pine and Juniper to be cut, the project leaves the occasional Douglas Fir or Ponderosa Pine to remain. In addition, the larger, older Pinyon Pine and Juniper would be left. The younger, invasive P/J trees are targeted to be cut. The end result would be a more open savanna-like sagebrush park, similar to historic habitat.

Project procedures

Guzzler Mitigation

Description of Work: The Utah Division of Wildlife Resources has already purchased, installed, and is operating a bighorn sheep guzzler on privately owned land (UEI owned) near the mine portal and facilities. The legal description for this guzzler is T16S, R14E, Sec 15 and is identified as the Lila Canyon Guzzler. This guzzler is now providing water

to animals in the immediate vicinity of the mine. UEI would compensate UDWR for the materials used for this existing guzzler; by purchasing the supplies and materials that could be used to construct another guzzler. In addition, UEI would be responsible for purchasing another guzzler. This would include all the parts and materials, including fencing materials, to provide another guzzler in the immediate area. In total, UEI would purchase enough supplies, parts, and materials for 2 complete guzzlers.

If a helicopter is available, then the guzzler location in T16S R14E Sec 26 NW1/4 is the preferred location. By ground access, the next preferred location is in T16S R14E Sec 26 NE1/4. Access for construction would be by traveling on an old road, which was used for drilling test drill holes, and by using the wash bottom. After construction, the visible tracks would be dug out or raked out. A fence would have to be added around the guzzler to keep livestock from drinking the water in the guzzler. The third preferred location is in T16S R14E Sec 13 SW1/4. This location is similar to the second in that access is by ground and a fence would be needed.

Vegetation treatment project

General Description of Work: The units are approximately 93 acres in total. Only green and dead Pinyon Pine and Juniper trees would be treated. Most of the units (67 acres) would be treated by hand crews cutting, limbing, and then leaving the trees and limbs. The loose accumulations of limbs and trunks would be left as is and would not be burnt. In a smaller subset of the units, some of the piles would be burned to reduce the fuel loading. This unit (26 acres) would be treated by hand crews cutting and piling. Only green and dead Pinyon Pine and Juniper trees would be treated. About half of the piles would be left as is and would not be burned. The remaining piles would be burned.

Detailed Work Description: Cut and Limb

Specific Description of Work: All green and dead Pinyon Pine and Juniper (Cedar) trees up to a bole diameter of 16 inches, measured at the root collar, within the project boundaries, shall be completely severed from the stump(s). Stump height shall not exceed 6 inches measured on the uphill side. No live or dead limbs shall be left on the stump of cut trees. All main branches, limbs, or stems shall be cut from the severed trunks of the trees. Both ends of the severed trunk shall be resting on the ground. All small green and dead Pinyon Pine and Juniper (Cedar) trees standing taller than 24 inches shall be completely severed from the stump(s). All trees and shrubs not identified as Pinyon or Juniper shall be designated as leave trees. All large green and dead Pinyon Pine and Juniper (Cedar) trees, which are greater than a bole diameter of 16 inches measured at the root collar, are also leave trees. All leave trees would be left as is, not severed or limbed.

All trees cut, that are within 100 feet of the Little Park road (the main access road), shall be pulled away from the road, limbed, and left there. Reseeding is not planned, since there is a seed source from the existing shrubs, forbs and grasses.

The 2 units are approximately 67 acres in total. The BLM-administered lands would have 67 acres treated, with none on private or State of Utah lands.

Detailed Work Description: Cut and Pile

Specific Description of Work: Green and dead Pinyon Pine and Juniper (Cedar) trees up to a bole diameter of 16 inches, measured at the root collar, within the project boundaries, shall be completely severed from the stump(s). No live or dead limbs shall be left on the stump of cut trees. Stump height shall not exceed 6 inches measured on the uphill side. All main branches or stems shall be cut from the trunk of the tree. Both ends of the trunk shall be resting on the ground. All vegetation not identified as Pinyon or Juniper shall be designated as leave trees. All small, green Pinyon Pine and Juniper (Cedar) trees taller than 24 inches shall be completely severed from the stump(s).

Piles shall be no larger than 6 feet by 6 feet in size and shall not be located on or adjacent to any fence, road, trail, or boundary line. All cut slash between 1 and 4 inches in diameter and greater than 2 feet in length shall be piled. All cut vegetation greater than 4 inches in diameter must not be piled and shall be left scattered on the ground. Fine fuels (limbs with needles) shall be placed at the bottom of the pile with larger branches placed on top. The near edge of piles shall be at least 10 feet from the edge of any other pile, live tree canopy or physical improvement (such as fence or cattleguard). Piles shall not be located within 10 feet of the unit boundary.

About half of the piles would be left as is and would not be burned. The remaining piles would be burned. The BLM fuels reduction crew would determine which piles would be burned in order to lessen the fuel loading for the area.

Reseeding is planned for the spots where the piles were burnt and other soil disturbed areas.

The unit is approximately 26 acres in total. The BLM-administered lands would have 26 acres treated, with none on private or State of Utah lands.

Company commitment

Guzzler Mitigation

This also is part of the Lila Canyon Project Emery County, Utah 2000 EA/FONSI/DR (UT-070-99-22), and fulfills the mitigation/enhancement for displacement of bighorn sheep. In the mitigation part of the Decision Record "UEI would be required to provide two guzzlers to benefit bighorn sheep populations and habitat because of the potential loss of seeps." UEI would purchase and deliver to the DWR office in Price, Utah the parts, tanks, supplies, and materials needed to construct 2 guzzlers, along with fencing materials.

Vegetation treatment project

Anticipated habitat disturbance associated with the proposed action from Table 4.2 in the EA -

“This life of project acreage would encompass the 50-foot ROW of the road, mine surface area, and power line facilities” (p. 55 Sept 2000 EA).

Lila Canyon road - 16.97 acres; road - 39.88 acres; power line (10% of power line ROW) - 1.26 acres; mine surface facility; 35.00 acres; total - 93.11 acres.

Since the Lila Canyon road is not being rebuilt, the total was modified to 76.14 acres.

UEI would pay for and complete a vegetation treatment project within the affected area to increase small mammal populations, and thus increasing the forage capacity for area raptor populations. Project design would be provided by BLM and DWR and involve treating and reseeding approximately 93 acres of habitat.

The plan, that UEI would fund and administer, includes a cultural resource inventory of the area, hiring the vegetation treatment contractor, oversight of their work, and purchasing seed. BLM and DWR would participate in a cooperative review of the completed work, along with UEI, to determine if the work is satisfactory. In addition the project would be inspected for any noxious weeds, that may grow within 1 growing season after the vegetation treatment. UEI would cooperate in a control program if necessary.

Implementation Dates

Guzzler Mitigation

2010, June - Locate, mark, and GPS the location - responsibility of BLM and DWR

2010, June - Conduct a Cultural Resource Survey and provide a report to BLM - responsibility of UEI

2010, June-July - Prepare the environmental documents and consult with SHPO - responsibility of BLM

2010, July - Provide to UEI a list of tanks, materials, and supplies including the sources of the materials for the installation of 2 guzzlers - responsibility of DWR

2010, August - Purchase and deliver the materials for 2 guzzlers to the DWR office - responsibility of UEI

2010, after August 15 - Install guzzler - responsibility of DWR and BLM.

Vegetation treatment project

2010, June - Locate, mark, and GPS the units - responsibility of BLM, DWR, and UEI

2010, June - Conduct a Cultural Resource Survey and provide a report to the BLM - responsibility of UEI

2010, June-July - Prepare the environmental documents and consult with SHPO - responsibility of BLM

2010, initiate the on-the-ground work after August 15 and complete by October 30 - Contract, oversee, and pay hand crews to cut, limb and for the hand crews to cut, pile - responsibility of UEI

2010 - Inspect the work during and after completion - responsibility of BLM, DWR and UEI

2011, before September - Purchase seed - responsibility of UEI

2011, after October 15 - Burn some of the piles - responsibility of BLM

2011, after the burning - Seed burn piles locations and disturbed areas - responsibility of BLM.

Project Location

Guzzler Mitigation

Emery County, Utah

Possible locations are shown with blue tank-like symbols. If a helicopter is available, then the guzzler location in T16S R14E Sec 26 NW1/4 is the preferred location. The next preferred location is in T16S R14E Sec 26 NE1/4. The third preferred location is in T16S R14E Sec 13 SW1/4.

Vegetation treatment project

Emery County, Utah

The project area is located near Horse Canyon, approximately 20 miles southeast of Price, Utah. The closest mapped geographic place is Lila Point. The general legal description for part of the project area is T16S, R14E, Sec 10, at an elevation of 7400 feet and surrounds existing sagebrush areas.

Agency Contacts

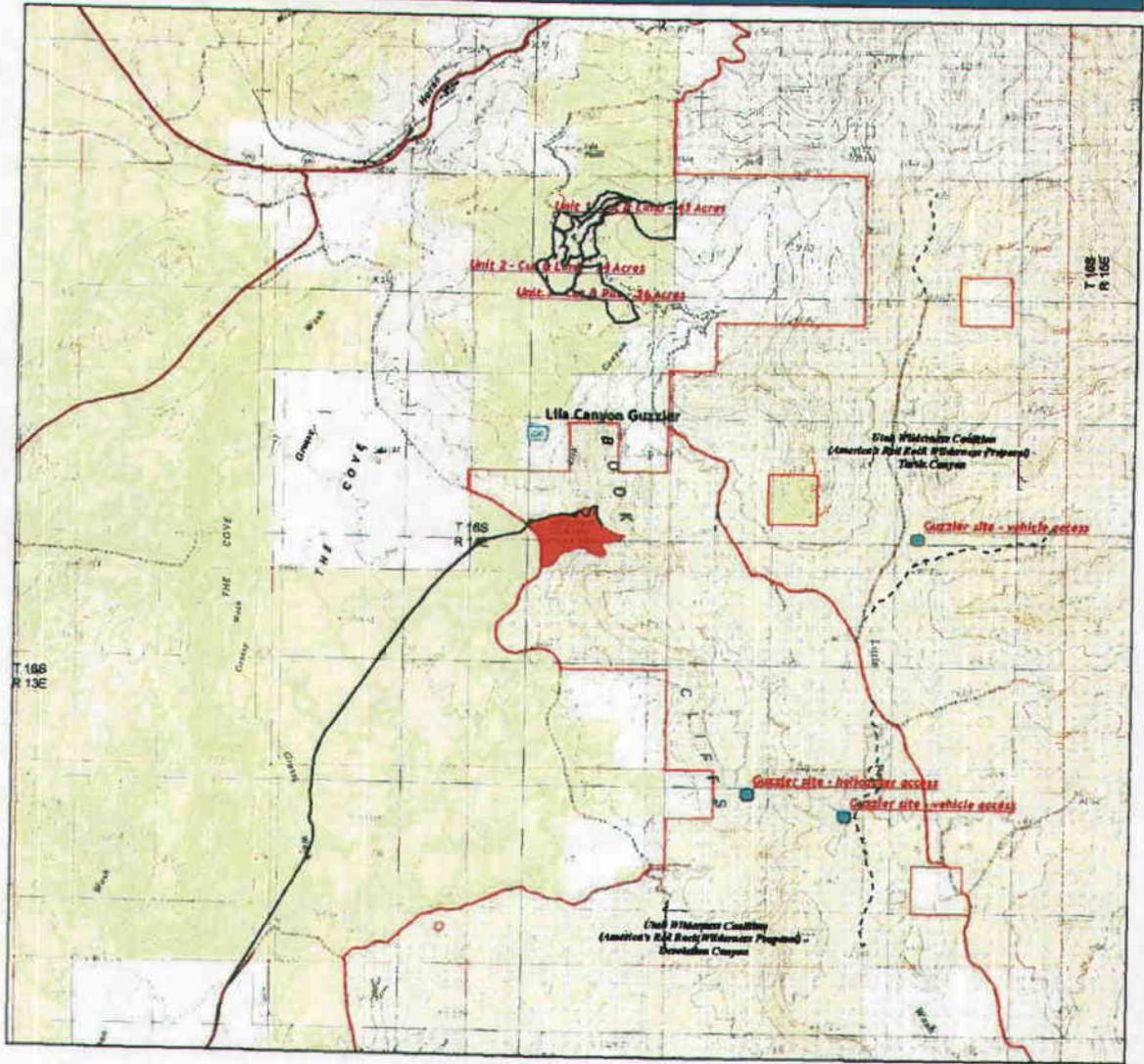
Jay Marshall, 435-888-4007
UtahAmerican Energy Inc.
P.O. Box 910
East Carbon, UT 84520

David Waller, 435-636-3624
Bureau of Land Management
125 S 600 W
Price, UT 84501

Leroy Mead/Nicole Nielson, 435-613-3700
Utah Division of Wildlife Resources
319 N. Carbonville Rd., Suite A
Price, UT 84501

Nathan Darnall, 801-975-3330 ext 137
Fish and Wildlife Service
2369 West Orton Circle, Suite 50
West Valley City, UT 84119

Lila Canyon Project Wildlife Enhancement

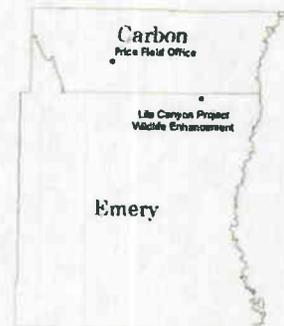


Legend

- Lila Canyon Project Wildlife Enhancement
- Potential Bighorn Guzler Locations
- Erasing Bighorn Sheep Guzlers
- Lila Canyon Mine Facilities
- Bureau of Land Management
- State of Utah
- Private
- Utah Wilderness Coalition BLM Wilderness Proposal
- Citizens' Proposal



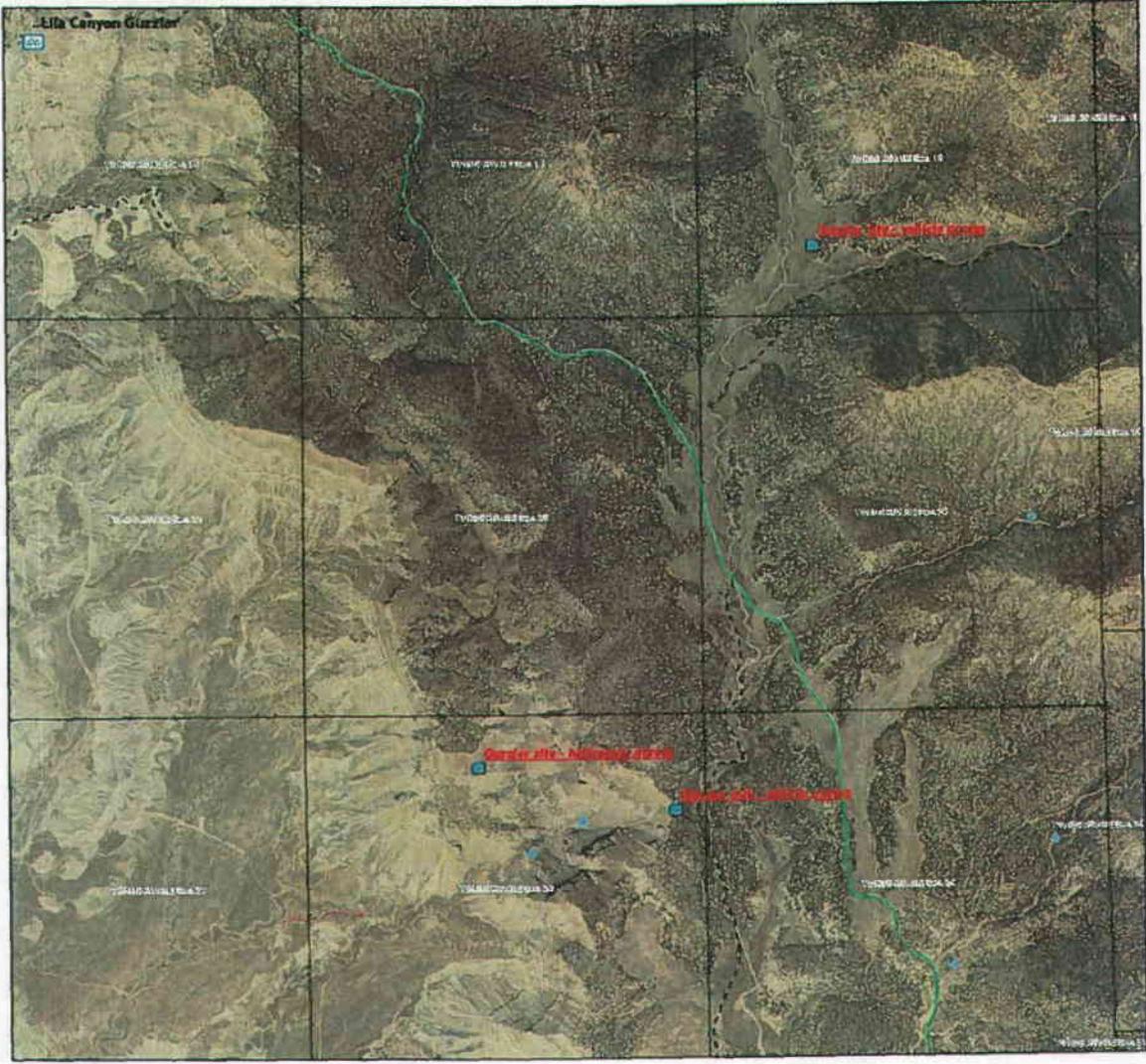
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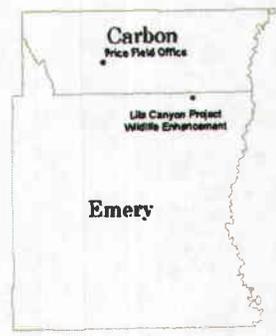
Created 2010-March-12
 David L. Waller
 Price Field Office
 Utah State Office
 Bureau of Land Management



Lila Canyon Wildlife Enhancement - Guzzler Access



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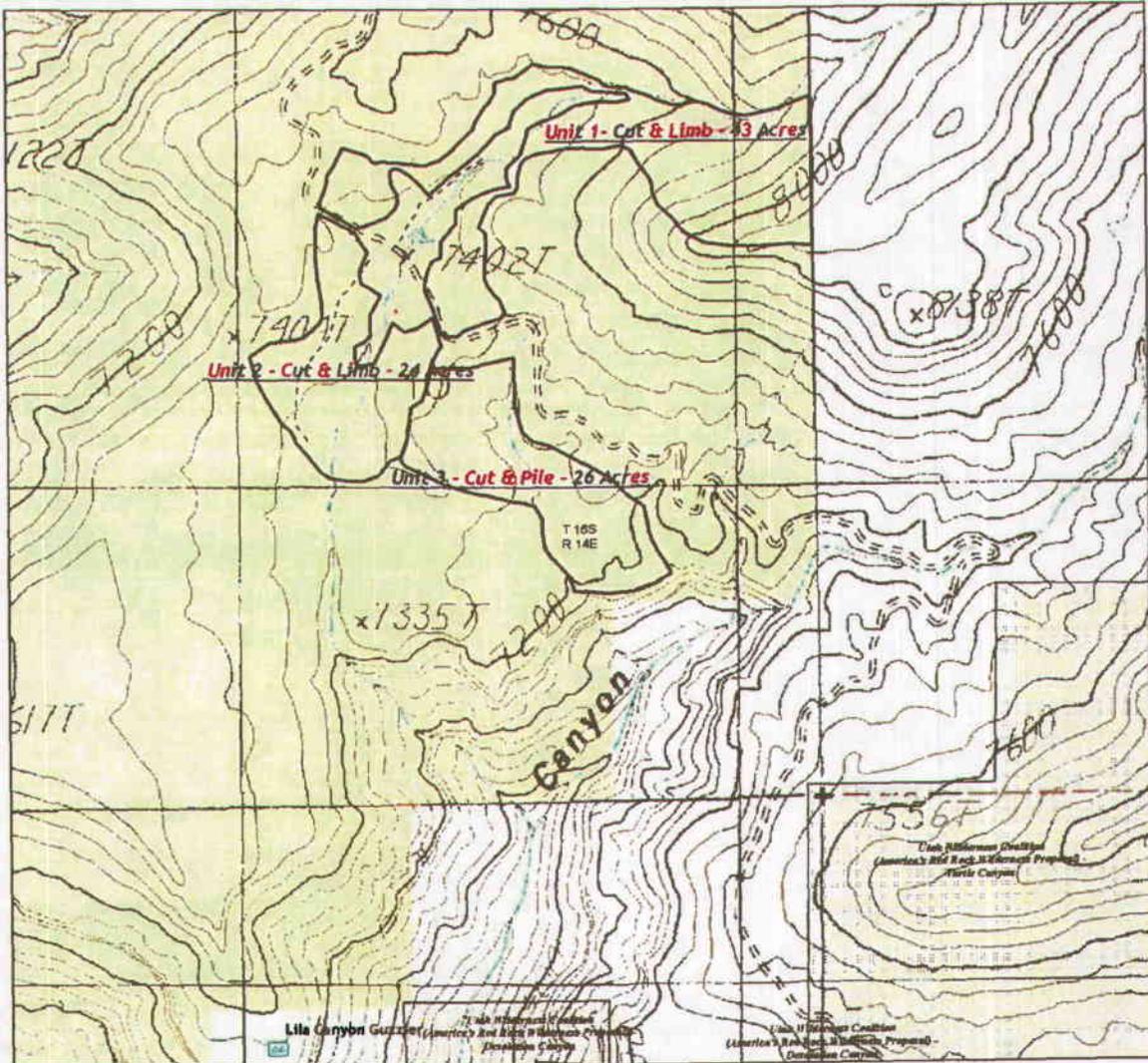
Legend

- Potential Bighorn Guzzler Locations
- Springs
- Existing Bighorn Sheep Guzzlers

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 David L. Walker
 Price Field Office
 Utah State Office
 Bureau of Land Management



Lila Canyon Wildlife Enhancement - Vegetation Treatment



Legend

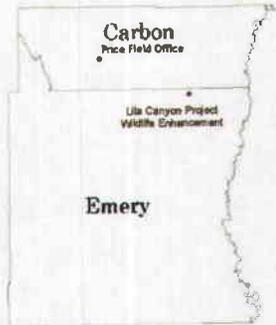
- Lila Canyon Project Wildlife Enhancement
- Existing Bighorn Sheep Guzzlers
- Lila Canyon Mine Facilities
- Bureau of Land Management
- State of Utah
- Private
- Utah Wilderness Coalition BLM Wilderness Proposal
- Citizens' Proposal



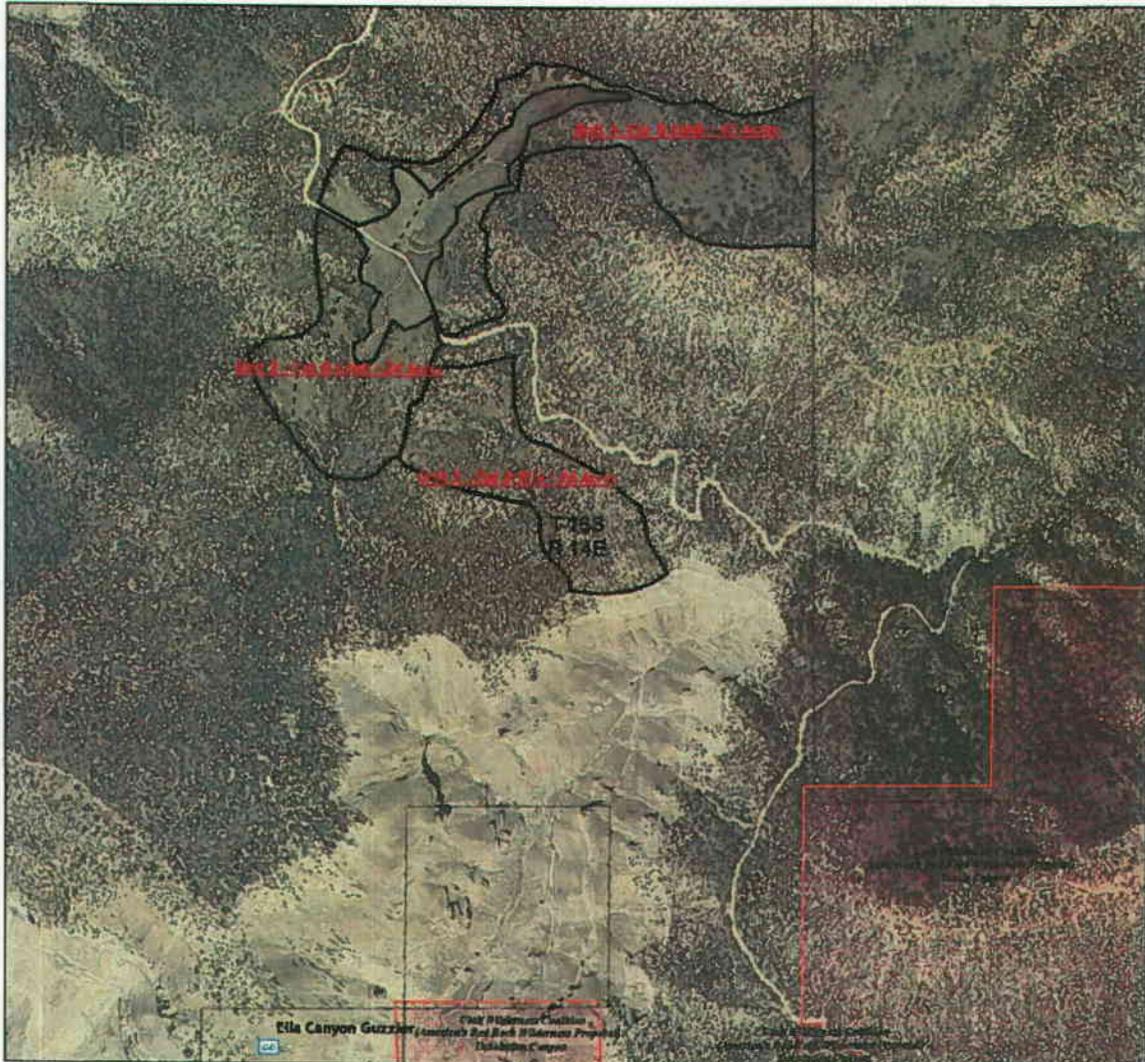
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Lila Canyon Wildlife Enhancement - Vegetation Treatment



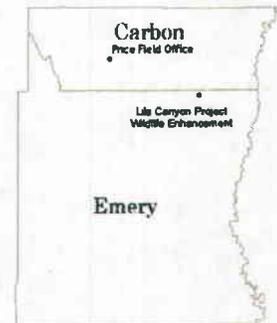
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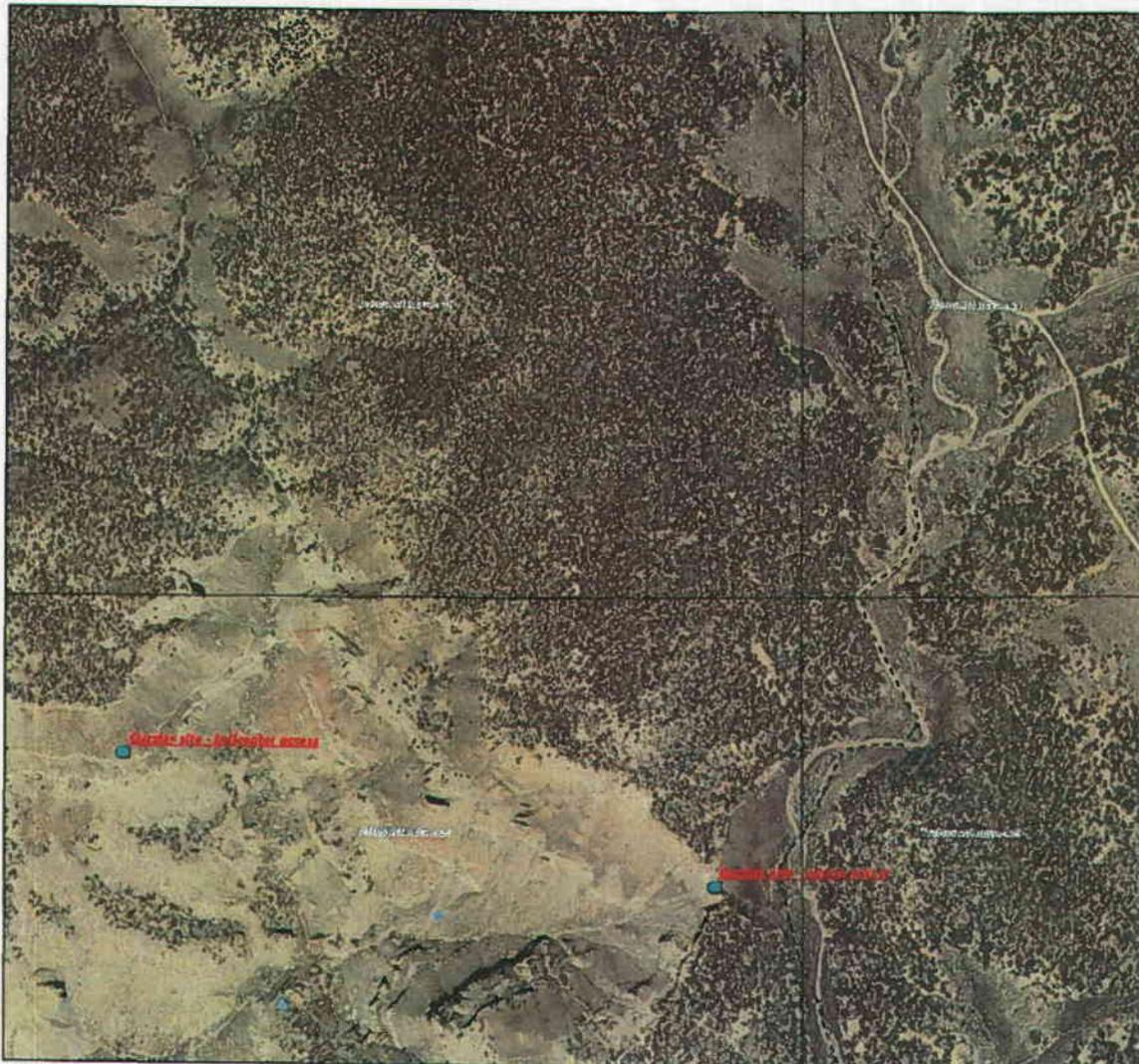
Legend

-  Lila Canyon Project Wildlife Enhancement
-  Existing Bighorn Sheep Guzzlers
-  Lila Canyon Mine Facilities
-  Utah Wilderness Coalition BLM Wilderness Proposal
-  Citizens' Proposal

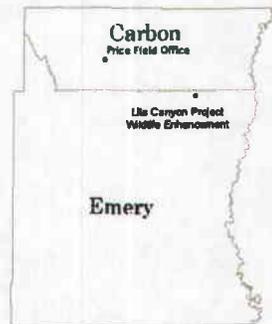
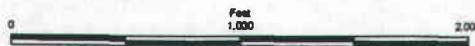
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Lila Canyon Wildlife Enhancement - Guzzler Access



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Legend

- Potential Bighorn Guzzler Locations
- ◆ Springs
- SC Existing Bighorn Sheep Guzzlers

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 Utah State Office
 Bureau of Land Management



UtahAmerican Energy, Inc.



794 N. "C" Canyon Road, P. O. Box 910, East Carbon, Utah 84520

Phone: (435) 888-4000

Fax: (435) 888-4002

Mr. Steve Rigby,
Bureau of Land Management
Price Field Office
125 South 600 West
Price, Utah 84501

March 29, 2010

RE: Public Notice of Proposed Mining

Dear Mr. Rigby;

R645-301-525.700 requires that the operator notify all owners and occupants of surface property of proposed mining. This letter is to notify the BLM of UtahAmerican Energy's intent to commence mining at the Lila Canyon Mine.

As you are aware from the review process that all surface areas subject to subsidence above the Lila Canyon proposed works is owned by the BLM.

Specific areas and timing for mining can be found on the BLM approved R2P2. The subsidence control plan associated with mining at lila Canyon can be examined either at the DOGM offices in Price, SLC, or at the mine site.

If you have any questions please give me a call.

Sincerely;

A handwritten signature in cursive script that reads "R. Jay Marshall".

R. Jay Marshall P.E.
Chief Engineer/Project Manager
Lila Canyon Mine