



The State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

Representatives Present During the Inspection:	
Company	Jay Marshall Resident Agent
OGM	Kevin Lundmark
OGM	Pete Hess Environmental Scientist III

Inspection Report

Permit Number:	C0070013
Inspection Type:	COMPLETE
Inspection Date:	Thursday, March 25, 2010
Start Date/Time:	3/25/2010 9:00:00 AM
End Date/Time:	3/25/2010 1:20:00 PM
Last Inspection:	Wednesday, February 17, 2010

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny and warm; 40's F.

InspectionID Report Number: 2308

Accepted by: jhelfric

4/1/2010

Permittee: **UTAHAMERICAN ENERGY INC**

Operator: **UTAHAMERICAN ENERGY INC**

Site: **HORSE CANYON MINE**

Address: **PO BOX 986, PRICE UT 84501**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

Current Acreages

5,992.07	Total Permitted
42.60	Total Disturbed
51.56	Phase I
51.56	Phase II
74.26	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The DOGM permit has three Special Conditions contained in Attachment "A"; the first is to submit quarterly water monitoring data in an electronic form. The Permittee has met and continues to meet this requirement. The second Special Condition is to follow the Programmatic Agreement is previously undiscovered cultural resources are identified. This condition was followed up upon when the "Red Man" rock art painting was discovered on the portal escarpment.

The third permit condition deals with the commitment to conduct annual raptor surveys, and providing adequate protection for raptors and their nests. This condition is still being addressed by the involved government agencies.

The Division issued Division Order DO-09A to ensure the construction of the Geneva Mine fan portals located in Lila Canyon by September 1, 2010. Remediation of this action is pending.

Inspector's Signature:

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Date

Monday, March 29, 2010

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The current DOGM permit remains in effect through May 6, 2011. The UPDES permit is current through April 30, 2013; to date only the outfall associated with the Pond #1 spillways has been constructed. The underground workings (now developed in 1100 feet) have not intercepted ground water, therefore UPDES outfall # 002 (water monitoring point L-5-G) has yet to be constructed. The current Utah Air Quality permit (DAQE-AN0121850002-08) was issued on October 23, 2008; the approved throughput for the Lila Canyon Mine is 4.5 MTPY. The Permittee recently updated Exhibit "A" Bonded Area and "D" Stipulation to Revise Reclamation Agreement at the request of the Division (completed February 25, 2010).

2. Signs and Markers

The Permittee was instructed to install additional disturbed area perimeter markers between the toe of the ROM coal pad (now permitted as such) and the ditch on the east side of the topsoil pile to delineate the ditch DD-20.

3. Topsoil

The Permittee informed the Division (Ms. Priscilla Burton) that the seeding of the topsoil pile (abatement requirement for NOV # 10045) would occur during the week of March 29, 2010. The Permittee is waiting on tackifier for the hydroseeder mix. The Permittee has to collect additional cryptogams in order to spray the seed. An application rate of 16.39 pounds per acre will be implemented. As the south end of the soil pile is still under construction (material is still being added) it will not be seeded at this time.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Ponds #1 and #2 were both observed as dry. The Permittee has had Scamp Excavation construct a cat walk from the Pond #1 impounding embankment to the primary spillway. Support struts still need to be installed on this structure. Mr. Marshall conducted the 4th Quarter impoundment inspections for these incisements on December 22, 2009. No unstable conditions or other hazards were observed either by the Permittee on 12/22 or by the Division this day. Mr. Marshall completed a P.E. certification requirement for both structures on January 7, 2010. Sediment levels are monitored by the installation of a surveyed "T" post. To date, "as-built" drawings for the sediment ponds have not been provided.

4.d Hydrologic Balance: Water Monitoring

Access to Little Park was blocked by deep snow on the Horse Canyon road at the Geneva Mine powder and detonator magazines. There was no flow in either Horse Canyon or Lila Creek this day. All snow has melted and soaked into the ground at the Lila Mine site; no runoff was observed. Kevin Lundmark inspected crest stage gage / sediment sampler CG-1 and the rain guage RG-1 in and adjacent to the mine site this day. No rainfall has occurred at this site since October 2009.

4.e Hydrologic Balance: Effluent Limitations

Neither pond has ever discharged. Pond #2 has an emergency spillway which may discharge to the main channel of Lila Creek. The MRP indicates that pond #2 will have the accumulated water volume pumped from it to Pond #1 if a need ever arises. Pond 2 was constructed because the runoff volume reporting to it was too large to be treated via alternate sediment control methods. Mr. Marshall also mentioned that at some point Pond #1 may be used for the treatment of mine water. This will have to be approved through permitting procedure..

5. Explosives

The explosive and detonator storage magazines are located on the first pad below the Lila Mine portal pad. No compliance issues were identified. All blasting is occurring underground, and is regulated by 30 CFR 75, Subpart N.

7. Coal Mine Waste, Refuse Piles, Impoundments

Construction of the coal seam access tunnels continues. The material is being discharged off of the #1 conveyor onto the shop / warehouse pad, where it is being stockpiled for the expansion of that facility.

9. Protection of Fish, Wildlife and Related Environmental Issues

There were no raptors or sheep observed during today's inspection.

14. Subsidence Control

To date, no coal recovery has occurred at the Lila Canyon Mine. The Permittee anticipates that the first coal will be mined in June 2010. Task ID # 3498 contains revisions to the currently approved subsidence control plan.

16.b Roads: Drainage Controls

The inlet to culvert DC-3 located below the first pad below the Lila portal was observed to partially blocked by sediment. Mr. Marshall indicated that the culvert inlet had been partially cleaned out the previous day, and agreed to have the remaining sediment cleared from the culvert inlet as soon as possible.

21. Bonding and Insurance

The current bond amount for the Lila Canyon Mine is \$ 1,694,000. This amount is covered by three surety bonds. Ditch 31 from permit area "A" is covered by an \$ 8,000 amount, surety # ISM-2667 (A). The current general liability insurance remains in effect through June 1, 2010. Coverage for damage incurred from the use of explosives is provided. General aggregate and each occurrence coverage amounts are adequate.