



GARY R. HERBERT  
Governor

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Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

## Inspection Report

Permit Number:	C0070013
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, September 14, 2010
Start Date/Time:	9/14/2010 10:00:00 AM
End Date/Time:	9/14/2010 3:00:00 PM
Last Inspection:	Wednesday, August 25, 2010

Representatives Present During the Inspection:	
Company	Jay Marshall
OGM	Pete Hess

Inspector: Pete Hess

Weather: Clear and cool

InspectionID Report Number: 2494

Accepted by: jhelfric

9/20/2010

Permittee: **UTAHAMERICAN ENERGY INC**

Operator: **UTAHAMERICAN ENERGY INC**

Site: **HORSE CANYON MINE**

Address: **PO BOX 910, EAST CARBON UT 84520-0910**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

### Current Acreages

5,992.07	<b>Total Permitted</b>
42.60	<b>Total Disturbed</b>
74.26	<b>Phase I</b>
74.26	<b>Phase II</b>
74.26	<b>Phase III</b>

### 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 current DOGM permit has three Special Conditions, which are as follows;

1) required quarterly water monitoring data is to be submitted electronically;  
2) follow the programatic agreement with the various government agencies regarding unanticipated discovery of cultural resources.

3) Conduct annual fly over surveys for raptors reporting recovered data annually; contact UDWR, DOGM, and USFWS if raptors are tending nests over or near the subsidence zone or their adjacent cliffs during the current or future nesting seasons; implement BTCA methods to protect raptors as determined by the UDWR, USFWS and UDOGM.

The Permittee is current relative to the electronic submittal of water data; 1st quarter information has been uploaded into the pipeline for analysis by Division personnel.

The Permittee followed the required notification and analysis procedures of the "Red Man" discovered on the cliff face between Portal #0 and #1.

To date the mine continues to be in the development stage, therefore, no secondary extraction is occurring. The MRP requires that a 200 foot wide barrier be left between the mine workings and the coal outcrop to protect potential cliff habitat. These three Special Conditions to the DOGM permit are being complied with in an ongoing basis.

Inspector's Signature:

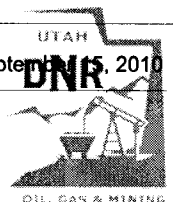
*Pete Hess*

Date Wednesday, September 15, 2010

Pete Hess,

Inspector ID Number: 46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.  
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



**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 type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### **3. Topsoil**

The Permittee indicated that no further topsoil recovery would occur this fall. The Division asked that the recovered topsoil piles end dumped on the south end of the pile be pushed to the main storage volume, i.e., that the storage pile be re-shaped to include these additional volumes. Mr. Marshall agreed to have this done. Two topsoil storage signs are in place on the storage pile.

### **4.b Hydrologic Balance: Sediment Ponds and Impoundments**

Mr. Marshall completed the 1st and 2nd Quarter impoundment inspections for Ponds #1 and #2 on March 15 and June 15, 2010 respectively. Both ponds were reported as stable having no indication of unstable or hazardous conditions. Both ponds are incised. As observed this day, the ponds were dry. No compliance issues were identified.

### **4.d Hydrologic Balance: Water Monitoring**

The 1st Quarter 2010 water monitoring data has been uploaded to the permanent data base; all points were reported as not having access or "No Flow". The sites were monitored in March 2010. A check of inspection report #2308, section 4d., dated March 25, 2010, indicates that access up Horse Canyon Creek was limited to just past the Geneva Mine explosive and detonator storage bunkers due to deep snow depths. Thus, access to the Little Park area via Turtle Canyon was not possible.

### **4.e Hydrologic Balance: Effluent Limitations**

The current UPDES permit for the site remains in effect through April 30, 2013. To date, 002A, the Mine portal discharge water outfall to Grassy Creek has not been constructed. The Pond #1 outfall (001A) has never discharged. Discharge monitoring reports for the months of June and July 2010 were reviewed for timely submittal. The "No Discharge" reporting was submitted to the appropriate government agencies on July 23rd and August 23, 2010 respectively.

### **5. Explosives**

The explosive and detonator storage magazines located on the water treatment plant pad were in a well kept condition. There is no surface blasting occurring at the site.

### **9. Protection of Fish, Wildlife and Related Environmental Issues**

No wildlife was observed during today's field inspection.

### **13. Revegetation**

The Permittee was asked to throw approved seed mix on the electrical grounding field area located south of the electrical substation.

**16.a Roads: Construction, Maintenance, Surfacing**

The asphalt paving of the new Emery County road # 126 to the mine is proceeding quickly; completion is anticipated by November, 2010. Fencing of the ROW is a BLM requirement which is being addressed.

**18. Support Facilities, Utility Installations**

Construction of the new mine electrical substation continues. As observed this day, high voltage transmission wires have been installed from the mine to and across US highway 6.

**19. AVS Check**

The Division has requested clean copies of the Wildcat Division Order, DO-04, from the Permittee. This conditional approval contains updated Chapter 1 information for ownership and control of UtahAmerican Energy, Inc.

**21. Bonding and Insurance**

The Permittee posted an additional \$ 113,000 of reclamation bond with the Division as part of Task ID # 3541, Surface Design Changes on July 26, 2010. The total amount of bond in place to reclaim the Lila Canyon Mine is now \$ 1,807,000.00. The possible Phase III bond release for the Ditch 31 reclamation work (Permit Area "A" road side waste rock disposal area) is still being evaluated by the Division. The amount of bond involved is \$ 8,000.00.

**22. Other**

According to Mr. Marshall, the completion of the construction of the seal barriers in Lila Canyon (Geneva Mine fan portals @ Lila Canyon) was to be completed on September 14, 2010.