

2



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:
OGM Kevin Lundmark

# Inspection Report

Permit Number:	C0070013
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, December 28, 2010
Start Date/Time:	12/28/2010 10:00:00 AM
End Date/Time:	12/28/2010 1:00:00 PM
Last Inspection:	Tuesday, November 30, 2010

Inspector: Kevin Lundmark

Weather: Clear sky, mid 30s

InspectionID Report Number: 2605

Accepted by: jhelfric

1/26/2011

Permitee: **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:

DOG M Inspector was accompanied on-site by James Newman, UEI Mine Engineer. Ground conditions at the site were wet from recent rains. The following actions were requested to be completed by UEI:

- Clean out partially blocked inlet to culvert in ditch DD-2a at outside edge of portal access road;
- Repair silt fence or establish sediment control below south embankment of ROM coal pad;
- Identify black liquid which has leaked from tote at south edge of ROM coal pad, clean up spill as appropriate;
- Cease storage of fused water pipe outside permit area (move pipe into permit area); and
- By December 31, 2010, provide Division with schedule for completion of berm or silt fence around southwest corner of topsoil pile.

Inspector's Signature:

Kevin Lundmark,

Inspector ID Number: 63

Date Wednesday, December 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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**Inspection Continuation Sheet**

**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 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 checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" 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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## **2. Signs and Markers**

Signs were observed at the permit boundary displaying the required information.

## **3. Topsoil**

End-dumped soil piles previously south of the topsoil pile have been consolidated onto the topsoil pile. The topsoil pile still requires a berm or silt fence at its southwest corner to control erosion from the pile. Evidence was observed of runoff from the topsoil pile resulting from recent rainfall. Operator committed to providing Division by December 31, 2010 a schedule for the completion of the berm or silt fence around the topsoil pile.

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

Both sediment ponds were observed to be wet. No standing water or discharges were observed at either sediment pond.

## **4.c Hydrologic Balance: Other Sediment Control Measures**

Silt fence installed below the south bank of the ROM coal pad was observed to be in a state of disrepair. Evidence was observed of runoff and associated sediment flowing beneath the silt fence and into undisturbed area. MRP Plate 7-5 (Sediment Control) shows that sediment/runoff from the south bank of the ROM coal pad are controlled by ditch DD-8b; however, no ditch was observed. The operator needs to either repair the silt fence or install/rehabilitate DD-8b to control sediment from the ROM coal pad.

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

Water monitoring data for 3rd quarter 2010 have been submitted for all required monitoring sites except stream monitoring site B-1 (Horse Canyon mine). The deadline for entering data from 3rd quarter 2010 is December 31, 2010.

## **5. Explosives**

Explosives are stored on the water treatment pad below the portals. Explosive storage areas are clearly marked with signs.

## **8. Noncoal Waste**

Two empty chemical totes were observed at the south edge of the ROM coal pad. The valve at the bottom of one tote was open and an unknown black liquid had drained from the tote onto the soil. The tote from which the waste had been released was un-labeled except for a hand-written "GEOTEX LA-30". A petroleum hydrocarbon odor was noted at the totes. The operator needs to identify what the spilled black chemical is, and manage appropriately.

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

No wildlife was observed during the inspection.

### **16.b Roads: Drainage Controls**

The inlet to culvert in ditch DD-2a was observed to be partially blocked by sediment and rocks. This culvert is not shown on Plate 7-5 (Sediment Control). The operator committed to performing maintenance on this culvert immediately.

Pooled water and sediment / coal fines were observed in a depression west of the access road to the ROM coal pad. Plate 7-5 (Sediment Control) identified culverts DC-5 and DC-6 as draining this area. The operator needs to locate these culverts and provide maintenance, as necessary, to ensure their proper functioning.

### **18. Support Facilities, Utility Installations**

Two fans have been installed at the pad poured at the #0 portal. Per an email from Jay Marshall (UEI), UEI broke out in #1 entry on Tuesday afternoon 12/14/2010 about 3:30 pm. Mining at the breakouts has continued, with 2 of 3 break outs completed as of 12/28/2010.

A black plastic pipe has been fused for future use as a water line at the site. The pipe is staged on the ground, beginning near the current equipment yard and ending south of sediment pond 1. The pipe extends off the permit area south of sediment pond 1. The operator needs to cease storage of fused water pipe outside permit area by moving the entire pipe into permit area.

### **21. Bonding and Insurance**

The mine currently has four separate surety bonds posted for a total bonded amount of \$1,807,000. Principal holders include XL Specialty and Rockwood Casualty insurance companies. The bond was reviewed in association with Task 3705 - Replace Fan Breakout with Ventilation Breakouts. The current insurance certificate has an expiration date of June 1, 2011.



Photo 1. Partially blocked inlet to culvert in ditch DD-2a



Photo 2. Pondered water and sediment/coal fines at NE corner of ROM coal pad. Neither culverts DC-5 nor DC-6 were visible.



Photo 3. Chemical totes and unknown black liquid released to ground surface at south edge of ROM coal pad.



Photo 4. Unmaintained silt fence at location where runoff and sediment have flowed under silt fence and onto undisturbed area.



Photo 5. Unmaintained silt fence at toe of south bank of ROM coal pad. Ditch DD-8b is not evident at the toe of the bank. This area is not an ASCA per MRP Plate 7-5, and Ditch DD-8b has a design of 1 ft bottom width, 2:1 side slopes with minimum depth of 0.87 ft (0.37 ft flow depth plus 0.5 ft freeboard) (MRP Appendix 7-4).

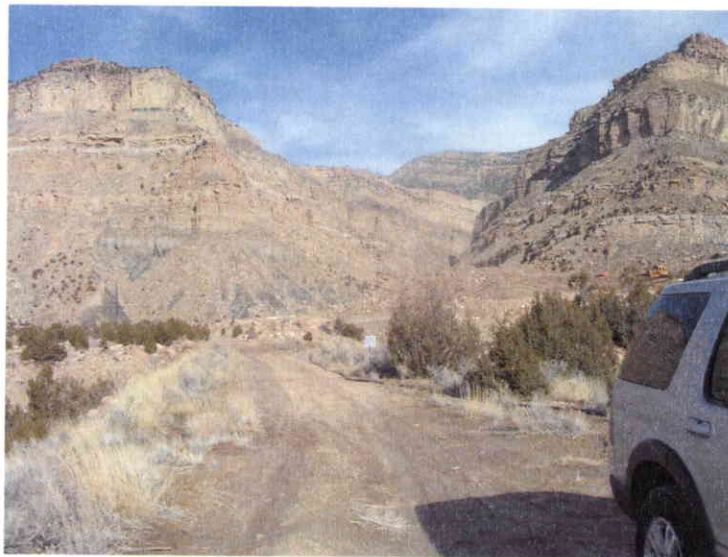


Photo 6. Black plastic fused pipe being staged outside the permit area. Permit boundary sign is visible to the right of road next to bushes.



Photo 7. Southwest corner of topsoil pile. Operator has not constructed a berm/silt fence to prevent erosion of topsoil. Runoff from pile is visible along left side of photo.