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JON M. HUNTSMAN, JR.  
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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

Outgoing  
C0070013  
# 3269  
R

January 7, 2010

Jay Marshall, Resident Agent  
UtahAmerican Energy, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Subject: 2008 Annual Report Review, Horse Canyon Mine, C/007/0013, Task ID # 3269  
Outgoing File

Dear Mr. Marshall:

The Division staff has completed the 2008 Annual Report Review. Enclosed is a copy of the review for Horse Canyon Mine, C/007/0013 completed on January 7, 2010.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock  
Permit Supervisor

sqj  
Enclosure  
O:\007013.HOR\FINAL\reviewletter.doc



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, 2009. 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/007/013
Authorized Representative Title	R. Jay Marshall
Phone Number	453 888 4007
Fax Number	Fax (435) 888-4002
E-mail Address	jaymarshall@coalsource.com
Mailing Address	UtahAmerican Energy, Inc. P.O. Box 986 Price, Utah 84501
Designated Representative	R. Jay Marshall
Resident Agent	R. Jay Marshall
Resident Agent Mailing Address	UtahAmerican Energy, Inc. P.O. Box 986 Price, Utah 84501
Number of Binders Submitted	2 (1 to SL DOGM, 1 to DOGM Price Office) received on April 20, 2009

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)	UTG040013		April 30, 2008
	UTG040024		April 30, 2008
PSD Permit(s) (Air)	DAQE-702-99		None
<b>Other</b>			

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"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Refuse Piles	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Ponds 1 and 2 built in spring of 2009. As of 6/3/2009, no "As-Builts" have been submitted.
<b>Other</b>					
	<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

**Biology R645-301-300**

Title: Raptor fly-over survey.

Objective: Survey all raptor habitat and nests.

Frequency: Annually.

Status: On going starting in 2005.

Reports: Annual Reports ( Confidential Incoming) .

Citation: MRP-Part B, Sec. 322.220, p. 10; Sec. 330, p. 20; Sec 358.100 p. 38.

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

Engineering R645-301-500

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:**

Submitted Electronically

**Inspector:**Has the operator complied with this commitment? Yes  No **Inspector Comments:** Required quarterly electronic water monitoring submittals for surface and ground water regimes are current, and are checked during each quarterly complete inspection. This condition is ongoing through the life of the permit.**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:**

Installation information submitted to DOGM in August 2008. Data is included in attachment "B" of this report.

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

Division assigned inspector has personally observed the uploading of data from the rain gauge located within the Mine site disturbed area. Same individual was also present when the recording rain gauge was installed in Little Park.

**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:**

Installation information submitted to DOGM in August 2008. Data is included in attachment "B" of this report.

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

The Permittee installed the first stage gauge and siphon sampler in the main channel of Lila Creek on March 11, 2008. Gages / samplers #2 to #7 were installed in Little Park on August 1 and 2, 2008 (earlier installation was precluded by raptor exclusionary period, which ended July 15<sup>th</sup>). Rain gauge #1 installation was observed by the DOGM (in the proposed disturbed area) on March 14, 2008; the second gauge, (located in Little Park) was observed on August 14, 2008.

**Title: SEEP AND SPRING SURVEY****Objective:** Locate previously unidentified water resources.**Frequency:** One time to survey to check all canyons along the escarpment in the permit area.**Status:** Survey to be commenced by March 31, 2008. Additional sites may be selected for quarterly monitoring of water quality and quantity.**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:**

Seep and Spring information was submitted to DOGM in August 2008.

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

The Permittee conducted a survey, March 31, 2008; of the canyons and face of the Book Cliffs escarpment on and adjacent to the mine permit area. No additional springs were found.

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

Only one survey (i.e., the survey conducted commencing prior to) is required by Stipulations 2(a), 2(b), and 2(c) in the Exhibit A to Stipulation for Dismissal (signatories date December 10, 2007). A GPS survey of currently known seeps and springs and all newly identified seeps and springs within identified drainages were submitted to the DOGM in August 2008. No additional springs were identified.

**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 new wells are drilled.**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?

No new wells were drilled during the year.

Yes  No  Not required this year.  If yes, comment;**Operator Comments:****Inspector:**Has the operator complied with this commitment? Yes  No **Inspector Comments:**

Requirement # 3 of EXHIBIT A to STIPULATION FOR DISMISSAL requires the Permittee to convert a minimum of two coal exploration wells into ground water monitoring wells, if UEI proposes future drilling for coal evaluation or other purposes. As of 6/4/2009, UEI has not proposed any vertical drilling for any purpose at the Lila Canyon Mine, permit area "B". This is an ongoing permit condition.

Bonding &amp; Insurance R645-301-800

**Other Commitments**


\*Reminder: If equipment has been abandoned during 2008, 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  N/A

**Inspector Comments:** No ponds were constructed during 2008. The submittal of this information is pending.

**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 Included Vol, Chapter, Page	Comments
	Yes	No		

Department of Commerce, Annual Report Officers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Submitted to the Utah Department of Commerce, (See APPENDIX C).	
<b>Other</b>				
	<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**

Map Number(s)	Map Title/ Description
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Annual subsidence map	N / A		
Mine map	N / A		



**Operator Comments:**

**Inspector:**

Has the operator complied with this section? Yes  No

**Inspector Comments:**

Refer to additional information submitted in APPENDIX "B".

The submitted Western Toad Report needs a review and report of adequacy by a DOGM Biologist.

A Division Biologist should probably review the 2008 Raptor Inventory Resubmittals.

Rain Gauge, Water Sample data and Crest Gauge Data needs to be reviewed by a Division Hydrologist; the Division needs to determine if this new data will require a revision of the current CHIA for the permit area.

**APPENDIX A**

**Certified Reports**

Excess Spoil Piles  
Refuse Piles  
Impoundments

As required under R645-301-514

**CONTENTS**

There were no excess spoil piles, refuse piles, or impoundments in existence within the Lila Canyon Mine permit area "B" disturbed area during 2008.

No certified reports were required for submittal with the 2008 Annual Report.

**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**

- 1) Copy of "Conditions Satisfied Letter" Originally submitted to DOGM 8/29/08**
- 2) Rain Gauge Data**
- 3) Water Sample Data from Crest Gauge Sampler**
- 4) Data from Crest Gauges**
- 5) 2008 Raptor Inventory Resubmittals**

The applicant has submitted a raptor survey for the calendar year 2008. The results of the survey indicated that although there were eagles seen flying in the area during the early part of the survey no birds were observed nesting or conducting courtship rituals.

**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**

The Permittee has submitted an Annual Report of Officers to the Utah Department of Commerce for 2008.

**APPENDIX D**

**Mine Maps**

As required under R645-302-525-270

**CONTENTS**

Please refer to inspector comments on Page 8.

**APPENDIX E**

**Other Information**

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

**CONTENTS**

No other information was submitted within this section of the 2008 Annual Report.