

UtahAmerican Energy, Inc.



Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84501
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Incoming
C0070013
3859
K

June 10, 2011

Daron Haddock
Permit Supervisor
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: UtahAmerican Energy, Inc. Lila Canyon Mine, ACT/009-013, Response to Plate 5-2
Revision 11-007 Task ID# 3815

Dear Mr. Haddock,

Please find attached three copies of the response to the deficiencies for Plate 5-2.

C1 and C2 forms are included along with a CD containing an electronic copy of the proposed revisions.

If you have any questions please give me a call.

Sincerely,

A handwritten signature in blue ink that reads "R. Jay Marshall".

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

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APPLICATION FOR PERMIT PROCESSING

| | | | | | | |
|---|-------------------------------------|----------------------------------|-----------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| <input type="checkbox"/> Permit Change | <input type="checkbox"/> New Permit | <input type="checkbox"/> Renewal | <input type="checkbox"/> Transfer | <input type="checkbox"/> Exploration | <input type="checkbox"/> Bond Release | Permit Number: ACT/007/013 |
| Title of Proposal: 11-006 Addressing Deficiencies to Plate 5-2 Task NO. 3815 | | | | | | Mine: Lila Canyon Part B |
| | | | | | | Permittee: UtahAmerican Energy, Inc. |

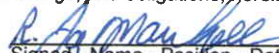
Description, include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

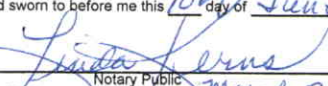
| | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO # |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 4. Does application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 5. Does application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 6. Does the application require or include public notice/publication? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? Explain: Permit Renewal |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 15. Does application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 19. Does the application require or include certified designs, maps, or calculations? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 21. Have reclamation costs for bonding been provided for? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |


X Attach 3 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.


 Signed - Name - Position - Date 6/10/11

Subscribed and sworn to before me this 10th day of June, 19 2011


 Notary Public
 My Commission Expires: March 27, 19 2013
 Attest: STATE OF Utah COUNTY OF Carbon



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ASSIGNED TRACKING NUMBER

Application for Permit Processing Detailed Schedule of Changes to the MRP

11-007 Deficiencies to Plate 5-2 Task 3815

Permit Number: ACT/007/013

Mine: Lila Canyon Part "B"

Permittee: UtahAmerican Energy, Inc.

Provide a detailed listing of all changes to the mining and reclamation plan which will be required as a result of this proposed permit application. Individually list all maps and drawings which are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise the existing mining and reclamation plan. **Include page, section and drawing numbers as part of the description.**

| | | | DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED |
|------------------------------|----------------------------------|---------------------------------|---|
| <input type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Plate 5-2 with newly submitted Plate 5-2 |
| <input type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | Topsoil Movement & Construction Record to 2010 Annual Report behind "Reporting Of Other Technical Data" |
| <input type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | |
| <input type="checkbox"/> ADD | <input type="checkbox"/> REPLACE | <input type="checkbox"/> REMOVE | |
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Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?

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**Deficiency List
Task NO. 3815
Update Plate 5-2**

R-645-301-526.111, - The applicant must either move the planned location for the surface facility #25 - Equipment & Supplies Storage Area, or re-define the area as disturbed.

The surface facility #25 was shown correctly on Plate 5-2. The confusion is in the two Phases of construction. In phase I the pads were only partially constructed to be completed in Phase II. The #25 was shown as being in undisturbed. after Phase I completion. Once Phase II is completed the area where #25 was shown will be disturbed. However, to prevent confusion the #25 was moved to an area which was disturbed in Phase I.

R645-301-232, - The map present with the 2009 report map and the existing Plate 5-2 both show the location of the proposed "cat trail" in the area of undisturbed ground. This undisturbed area must be correctly identified on Plate 5-2 and have topsoil salvaged prior to disturbance by a cat trail. (Pete Hess recalls that topsoil was salvaged from the area to the north in 2010. I recall that the topsoil and subsoil was cut from the area to the east for the construction of bent structures in 2010.) If the area has already had topsoil salvaged, please review soil salvage records and provide an update to the 2009 annual report Table of Volumes for soils salvaged during 2010 and include a revision to the Topsoil Removal Map.

Topsoil in the location of the "cat trail" has been recovered. An updated topsoil movement report has been included addressing the removal of topsoil at the "cat trail" location.

R645-301-521.141, - The 2010 annual report indicates that no further topsoil salvage occurred beyond that reported in Feb 2010 (provided with the 2009 annual report), therefore all revision of Plate 5-2 needs to continue to show all undisturbed areas within the permit boundary in the legend and on the plate.

A revision to the 2010 annual report has been submitted updating the topsoil movement report.

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TOPSOIL MOVEMENT & CONSTRUCTION RECORD

UTAHAMERICAN ENERGY

LILA CANYON MINE

December 2008-July 2010

Report Updated June 2011

Prepared by

J. T. Paluso, P. E.

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

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| September 30, 2009 | 29 |
| April 28, 2010 | 31 |
| May 26, 2010 | 33 |
| July 15, 2010 | 35 |
| Total Topsoil Removal Table as of July 2010 | 38 |

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 |