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UtahAmerican Energy, Inc.



C/007/013 Incoming
Lila Canyon Project
P. O. Box 910 #3863
East Carbon, Utah 84501
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002

June 20, 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 Violation #10086 Revision 11-008

Dear Mr. Haddock,

Please find attached three (3) copies of the response to Violation # 10086

C1 and C2 forms are included.

A new plate 5-2 requested in the violation was previously submitted on June 10, 2011.

If you have any questions please give me a call.

Sincerely,

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

RECEIVED
JUN 23 2011
DIV. OF OIL, GAS & MINING

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: 11-008 Addressing Citation #10086						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 # 10086
<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.

R. Jay Marshall 6/20/11
Signed - Name - Position - Date

Subscribed and sworn to before me this 20th day of June, 2011

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



Received by Oil, Gas & Mining

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DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER

Application for Permit Processing Detailed Schedule of Changes to the MRP

11-008 Response to Violation #10086

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
			New Plate 5-2 was submitted on June 10, 2011
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 5 Text Pages 9, 13, and 16 with New Pages
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 8 "Appendix 8-1" Totals Page, Demolition Total Page
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 8 "Appendix 8-1" Rock Dust Silo Page to end of Calculation Sheets
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Chapter 8 "Appendix 8-1" Portal Closure Page with new Portal Closure Page
<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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<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	

Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?



Citation for Non-Compliance
Utah Coal Regulatory Program
 1594 West North Temple, Salt Lake City, UT 84114
 Phone: (801) 538-5340 Fax: (801) 359-3940

Citation #: 10086
Permit Number: C0070013
Date Issued: 06/08/2011

NOTICE OF VIOLATION **CESSATION ORDER (CO)** **FAILURE TO ABATE CO**

Permittee Name: UTAHAMERICAN ENERGY INC	Inspector Number and ID: 46	PHESS
Mine Name: HORSE CANYON MINE	Date and Time of Inspection: 06/07/2011	10:30 am
Certified Return Receipt Number:	Date and Time of Service: 06/08/2011	9:00 am

Nature of condition, practice, or violation:
 Conducting mine facilities construction (bulk rock dust tank installation) without properly permitting the new support facility and without receiving proper Division approval for same. 12:25 PM

Provisions of Act, regulations, or permit violated:
 R645-300-143; Compliance with Terms and Conditions of the Approved State Permit
 R645-301-111.200 Permittee Responsibility
 R645-301-830.140 Detailed Cost Estimate Sheet for New Facility

This order requires Cessation of ALL mining activities. (Check box if appropriate.)

<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.	<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	<input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.

This order requires Cessation of PORTION(S) of mining activities.

Mining activities to be ceased immediately: Yes No **Abatement Times (if applicable):**
 Complete the required permitting activities listed below by: by June 22, 2011 @ 17:00 Hours

Action(s) required: Yes No

- 1) The Permittee must update Section 520, Operation Plan Facilities List, and Section 526, Support Facilities of the mining and reclamation plan to include the 30 Ton bulk rock dust storage tank.
- 2) Develop a demolition cost for removal of the bulk tank and its support structure. Update the reclamation cost estimate in the MRP (Appendix 8-1) to include this additional demolition and removal cost.
- 3) Update Plate 5-2, Surface Area, Official Disturbed Boundary Map / Mine Facility List to include the new bulk rock dust tank facility. Depict the location of this installation on Plate 5-2.

R. Jay Marshall

PETE HESS

(Print) Permittee Representative
Scanned and E-mailed to Resident Agent 6/8/2011 @ 12:28 PM
 Permittee Representative's Signature - Date

(Print) DOGM Representative
Pete Hess June 8, 2011
 DOGM Representative's Signature (Date)

SEE REVERSE SIDE OF This Form For Instructions And Additional Information

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- 12) 60-inch Conveyor from tunnels to Coal Stockpile
- 13) (ROM) Underground Belt from Stockpile to Crusher
- 14) 48-inch Conveyor from Crusher to Loadout Bin
- 15) Drop from Loadout Bin to Truck Loadout
- 16) Reclaim Tunnel, Escape Tunnel, Fan and Fan House
- 17) ROM Storage Pile, Coal Stacking Tube, 30 ton Rock Dust Silo
- 18) Crusher Screen Plant
- 19) Truck Scale and Loadout
- 20) Coal Loadout Storage Bin
- 21) Guardrails
- 22) Underground Pipes
- 23) Chain Link Fence

Support Facilities

- 24) Non-Coal Waste Area
- 25) Equipment & Supplies Storage Area
- 26) Topsoil Pile
- 27) Refuse Pile
- 28) Sediment Pond
- 29) Slope Access Road / Portal Access Road
- 30) Rock Slopes
- 31) Mine Facilities Road / Truck Loadout Road
- 32) Office/Bathhouse/Warehouse Asphalt Parking Area
- 33) Mine Parking
- 34) Fuel Tanks
- 35) Powder and Cap Magazines
- 36) Culvert locations are shown on Plate 7-2.

A description of new structures and facilities:

Office/Bathhouse

The office and bathhouse building is shown on Plate 5-2. This building will jointly house all support personnel such as accounting, administration, engineering, and safety and will provide a comfortable office environment for all employees. Bathhouse and toilet facilities will be found for all employees at this location. The bathhouse will provide a location for underground miners to change from clean street clothes to clothing suitable for underground use. The area will provide showers for employees for use after their scheduled work shifts so they can clean up prior to returning home. Both the bathhouse and office buildings will be of prefabricated construction and will rest on a concrete pad. The pad dimensions will be approximately 150' by