

UtahAmerican Energy, Inc.



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

#3863

R

June 28, 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 11-009 Clean Copies

Dear Mr. Haddock,

Please find attached three (5) copies of the response to Violation # 10086 (Clean Copies)

C1 and C2 forms are included.

If you have any questions please give me a call.

Sincerely,

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

File in:

Confidential

Shelf

Expandable

Date Folder

070511/0070013

RECEIVED

JUL 05 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: 11-009 Addressing Citation #10086 (Clean Copies)						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 5 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. Lynn Marshall 6/28/11
Signed - Name - Position - Date

Subscribed and sworn to before me this 28 day of June, 19 2011

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



Notary Public
LINDA KERNS
Commission #578211
My Commission Expires
March 27, 2013
State of Utah

Received by Oil, Gas & Mining

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JUL 05 2011

DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER

- 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

loading.

Reclaim Tunnel, Escape Tunnel, Fans

Design for the escape and reclaim tunnels is not complete. Standard practice is to construct the tunnels from either concrete or corrugated metal. The reclaim tunnel is approximately 350' long with a 14' diameter. The escape tunnel will be approximately 300' long with a diameter of 4'. Appropriate safety and environmental concerns will be addressed upon detailed design. The preliminary layout is shown on Plates 5-2 and 5-8.

ROM Storage Pile

The run of mine storage pile receives coal directly from the underground works and provides storage for the coal until it is crushed and loaded into trucks for transportation to a unit train loadout. The coal from the underground run of mine belt will be dropped into a stacking tube located in the center of the run of mine storage pile. This tube will help reduce any fugitive dust. The stacking tube will be approximately 80' high and will allow for approximately 200,000 tons of open storage in the run of mine storage pile. A 30 ton rock dust bin will be located in this area. The run of mine storage pile is shown on Plates 5-2 and 5-8.

Crusher

The enclosed crusher will crush coal from the 8" minus down to a 2" minus size, at the rate of approximately 1000 tons per hour. The coal will be first screened then the oversized will be crushed. Crushed coal will be stored temporarily in a 500 ton storage bin located above the truck loadout. The crusher and screen locations are shown in Plates 5-2 and 5-8.

Truck Scale and Loadout

Coal will be reclaimed from the coal storage bin, weighed and then loaded into coal haul trucks for transportation to the various unit train loadouts. A small loadout shack will be constructed to provide cover and protection for the various equipment and controls need for the coal loading process. The truck scale and loadout are shown on Plates 5-2 and 5-8.

The equipment and supply storage area is approximately 350' by 400'. This storage area will be used to store mine supplies and equipment from the time of delivery until they are needed underground. Supplies such as timbers, bolts, plates, rock-dust, pipes, resin, screens, concrete blocks, steel, cables, and numerous other materials may be stored in this area. Equipment both new and used will be stored in this area. Many various longwall pieces such as shields, pan-lines, shears, chains, head and or tail drives, transformers, belt drives, pumps and numerous other material will be stored in this storage area. This secure area provides for a good storage area for diesel, gasoline, hydraulic, and roadway chemicals. All oil tanks will have appropriately designed berms or retaining walls. The equipment and supplies storage area is shown on Plate 5-2. Any explosives will be stored here according to appropriate MSHA regulations.

Topsoil Pile

The topsoil pile has been located on the south west end of the surface facilities. The pile has been designed to contain adequate topsoil for redistribution according to the reclamation plan found in Chapter 5. The proposed location provides for good protection from wind contamination as well as protection from mine related activities. The location of the topsoil pile is shown on Plate 5-2.

Mine Development Waste Pile

A temporary mine development waste area has been designed to provide a location for the storage of underground development waste that is brought to the surface. Any underground development waste, other than rock slope material, will be placed in the temporary pile then blended back into the coal stream for sale. The rock slope material will be used as fill as per Appendix 5-7. The capacity of the temporary pile will only be a few hundred tons. The area for the rock slope material is shown on Plate 5-2.

Sediment Pond

The sediment pond has been design to provide for adequate sediment protection for the project area. All water running off the disturbed area will be routed into the sediment pond for treatment. The sediment pond has been designed according to the appropriate R645 regulations and the designs can

Bonding Calculations
Horse Canyon MineC/007/013
Lila Canyon Section

Bond Summary

Direct Costs

Subtotal Demolition and Removal	\$673,943.00	
Subtotal Backfilling and Grading	\$417,838.00	
Subtotal Revegetation	\$340,586.00	
Direct Costs	\$1,432,367.00	

Indirect Costs

Mob/Demob	\$143,237.00	10.0%
Contingency	\$71,618.00	5.0%
Engineering Redesign	\$35,809.00	2.5%
Main Office Expense	\$97,401.00	6.8%
Project Mainagement Fee	\$35,809.00	2.5%
Subtotal Indirect Costs	\$383,874.00	26.8%

Total Cost \$1,816,241.00

Escalation factor for 2011 @1.7%	0.017041
Number of years	3
Escalation	\$94,445.00

Reclamation Cost \$1,910,686.00

Bond Amount (rounded to nearest \$1,000)
2013 Dollars \$1,911,000.00

Bond Posted Up to December 2010 \$1,807,000.00

Difference Between Cost Estimate and Bond
Percent Difference -\$104,000.00
-5.76%

