

UtahAmerican Energy, Inc.



Lila Canyon Project  
P. O. Box 910  
East Carbon, Utah 84501  
Phone: (435) 888-4000  
(435) 650-3157  
Fax: (435) 888-4002

*C/007/013 Incoming*

#3867

*K*

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 Chapter 7 Water Monitoring Deficiencies 11-010

Dear Mr. Haddock,

Please find attached five (5) copies of the response to the deficiencies to the water monitoring submittal.

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

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  
0002

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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: Chapter 7 revisions, response to deficiencies 11-010						Mine: Horse Canyon
						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 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.

Signed - Name - Position - Date \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

Notary Public \_\_\_\_\_

My Commission Expires: \_\_\_\_\_, 19 \_\_\_\_ }  
 Attest: STATE OF \_\_\_\_\_ }  
 COUNTY OF \_\_\_\_\_ }

) ss: \_\_\_\_\_

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ASSIGNED TRACKING NUMBER

# Application for Permit Processing

## Detailed Schedule of Changes to the MRP

Permit Renewal. Revised Chapter 7 water monitoring deficiency response  
11-010

Permit Number: ACT/007/013

Mine: Horse Canyon

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	Cover Page and Pages 52 to end with new pages Cover and Pages 52 to end <b>KEEP "ALL" FIGURES AT THE END OF THE CHAPTER</b>
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plate 5-5 with New Plate 5-5
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plate 7-1 with New Plate 7-1
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	Plate 7-4 with New Plate 7-4
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Any other specific or special instructions required for insertion of this proposal into the Mining and Reclamation Plan?

KEEP ALL FIGURES AT THE END OF THE CHAPTER 7 TEXT

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**Horse Canyon Extension  
Lila Canyon Mine**

**Chapter 7  
Hydrology  
11-006**

**Volume 6 of 7**

**731.122 Surface-Water Quantity** Surface water quantity and flow rates will be protected as described in Section 731.

**731.200 Water Monitoring** The water monitoring program has been implemented since July, 2000. Baseline data has been collected from both surface and groundwater monitoring sites. These sites established the current baseline data set that has been approved by the Division as representing the current surface and groundwater conditions.

Preceding each five year permit renewal, ground (springs) and surface waters will be sampled for baseline parameters, same as listed in Tables 7-4 and 7-5. Sampling of ground and surface waters will be conducted according to the operational monitoring plan, even if the monitoring has been temporarily suspended. It has been determined that minimal monitoring is required based on the anticipated impacts and no appropriated surface water use downstream.

**731.210 Ground-Water Monitoring** The ground-water monitoring plan is based on results of the Baseline Study and PHC determination. Based on results of these studies, the only ground water expected to be affected in the permit area is that which has been identified as springs or seeps and that which may be expected from perched aquifers encountered by the planned mining. Since no portals are presently discharging on or adjacent to the permit area and since current mining has not encountered water, no underground water is presently available for sampling. Therefore, selected springs are sampled under the Ground Water Monitoring Plan.

If ground water is encountered in future mining, of a quantity which requires discharge, the water will be monitored in accordance with requirements of this section and a monitoring plan will be proposed at that time.

For purposes of the water monitoring program, springs and seeps are considered ground water and will be monitored as such.

**731.211 Ground-Water Monitoring Plan** Based on information in the PHC determination (Appendix 7-3), and as indicated above, the only ground water resources on or adjacent to the permit area that can be monitored at this time are springs and seeps. See Appendix 7-6 for a detailed description of the water monitoring locations.

There are a total of 11 ground water monitoring sites proposed for this property (see Table 7-3). Station L-5-G is the potential mine discharge point, and will be monitored at least monthly, or as discharge occurs, in accordance with U.P.D.E.S. Permit requirements (see Table 7-4).

Stations L-7-G, L-8-G, L-9-G, L-11-G, and L-12-G are significant springs or seeps located over the area of proposed mining. These springs will be monitored on a quarterly basis for parameters listed in Table 7-5.

Station L-6-G is in the vicinity of two listed water right springs, Mont Spring and Leslie Spring. These springs are within the same small drainage, and may in fact be the same spring. Close examination of spring/seep and baseline monitoring stations show only one site in this drainage with any consistent flows - site H-18; therefore, this site was originally chosen to monitor the Mont and Leslie Springs area. However in recent years L-6-G has been dry and a new wet area upstream of L-6-G, Location L-11-G, has been added to replace site L-6-G. Sampling at L-6-G was suspended as of the First Quarter of 2003.

Monitoring site L-7-G is intended to monitor a listed site known as Cottonwood Spring. Once again, a close examination of water rights information along with spring/seep and baseline monitoring has shown only one site in this area with any consistency - site #9; therefore, this is the site chosen for monitoring of Cottonwood Spring.

L-8-G is an unnamed spring that matches Earthfax sample site 10.

L-9-G is known as Pine Spring. There are two locations that are identified as Pine Spring. These are water rights 91-2517 and 91-2539, which are part of the same water right filing. In the spring and seep inventories there has never been any flow identified in the area of 91-2517 as the site is located off of the stream channel. It is assumed that the filing for 91-2517 is a duplicate but the location is wrong. There have been numerous seep/spring notations in the local area, but the only consistent flowing site is 91-2539; this is the site that will be monitored for Pine Spring. (In a recent archeological study, the location of the site that has

been monitored as L-9-G was determined using GPS coordinates. The location for this site was determined to be different than what was plotted on the Plates 7-1, 7-1A, and 7-3. Based on this new data, the location of the spring has been updated.)

L-10-G is also an unnamed spring that matches Earthfax sample site 14. Since this site is located over 1 mile south of the permit area, it has been replaced with L-12-G which is a more appropriate site to monitor. Monitoring of site L-10-G was suspended as of the First Quarter of 2003.

L-11-G is located in the bottom of the upper reaches of Lila Canyon. This is in the same drainage as the Mont and Leslie Springs water right locations. In recent years L-6-G (H-18) has been dry. However, there has been some minimum flow observed approximately one hundred yards above L-6-G where L-11-G was established.

L-12-G is an unnamed spring which had been developed but is now abandoned.

L-13-S, L-14-S, L-15-S, and L-18-S are sites being monitored to assist in characterization of the various drainages.

L-16-G and L-17-G are seeps being monitored in Stinky Spring Canyon. These sites were not identified during baseline surveys and are believed to exist intermittently and are not always evident. These two seeps appear to be an important source of water for Bighorn sheep specifically in the early spring.

L-20-G is a seep located north of the permit boundary along a tributary to Little Park Wash. It was identified in the original spring and seep survey and will now be monitored.

It should be noted that data has been gathered on the various seeps/springs as part of the original baseline inventory for the South Lease by I.P.A. The data was gathered over the years 1993, 1994 and 1995 and was stopped. In the second quarter of 2001 water monitoring continued.

The seep/spring inventory data is shown in Appendix 7-1 and locations are shown on Plate 7-1. Proposed water monitoring sites are shown on Plate 7-4.

IPA-1, -2 and -3 are groundwater piezometers in the Little Park Wash area. These holes will be checked quarterly for water depth only. Monitoring of these sites will continue until the mining or subsidence renders them unusable.

At a minimum, total dissolved solids or specific conductance corrected to 25 degrees C, pH, total iron, total manganese and water levels will be monitored, on all points except IPA-1, -2 and -3.

**731.212 Monitoring Reports** During periods of active monitoring, ground water will be monitored and data will be submitted at least every three months for each monitoring location. Monitoring submittals will include analytical results from each sample taken during the approved reporting period. When the analysis of any ground-water sample indicates noncompliance with the permit conditions, then the operator will promptly notify the Division and immediately take the actions provided for in 145 and 731.

**731.213 Waiver of Monitoring** N/A - No waiver is requested.

**731.214 Ground-Water Monitoring Duration** Ground-water monitoring will continue through mining and reclamation until bond release.

The Division may approved modifications to the monitoring plan if, based on the monitoring data, it finds:

**731.214.1** "The coal mining and reclamation operation has minimized disturbance to the prevailing hydrologic balance in the permit and adjacent areas and prevented material damage to the hydrologic balance outside the permit area; water quantity and quality are suitable to support approved postmining land uses"; or,