

C/007/013 Incoming

#3926

OK

UtahAmerican Energy, Inc.



Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84501
Phone: (435) 888-4000
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September 23, 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 11-012

Dear Mr. Haddock,

Please find attached five (5) copies of the total water monitoring revision submittal. This submittal incorporates the deficiencies identified in the 4/28/11, and the 6/28/201 submittals.

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

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

RECEIVED

SEP 26 2011

DIV. OF OIL, GAS & MINING

File in:
 Confidential
 Shelf
 Expandable
Date Folder 092611/CI 0070013
Incoming

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 complete submittal with response to deficiencies 11-012						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, herewith.

R. Jay Marshall
Signed - Name - Position - Date

Subscribed and sworn to before me this 24th day of September, 19 2011



Notary Public
My Commission Expires: 03.27.13
Attest: Utah STATE OF
Carbrow COUNTY OF

Received by Oil, Gas & Mining

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SEP 26 2011

DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER

Deficiency List

Task No. 3867

Task Name Water Monitoring Revisions

The members of the review team include the following individuals:

April A. Abate (AAA)

[R645-301-731.200]: The technical memo issued by Jim Smith on June 7, 2011 indicated that L-19-S will remain active to monitor Little Park Wash at the permit boundary. The resubmitted Table 7-3 indicates that L-19-S will be temporarily suspended from the monitoring plan. The Permittee needs to resolve this discrepancy and confirm whether or not L-19-S is intended for temporary suspension from the water monitoring plan. Also, Plate 7-4 shows this monitoring location as inactive.

[R645-301-731.200]: Another discrepancy was identified on page 58 of the MRP text states that L-15-S is a permanently suspended location as of 1st quarter 2003 on Table 7-3. However, the Division water database shows that a no flow monitoring event was recorded in 2009. Furthermore, the language on page 58 implies that baseline parameters were collected for two years at this location along with L-13-S, L-14-S, and L-18-S and each of these locations are to be temporarily suspended. The Permittee needs to clarify the status of L-15-S and update table 7-3 if necessary.

[R645-301-731.200]: *The technical memo issued by Jim Smith on June 7, 2011 indicated that L-19-S will remain active to monitor Little Park Wash at the permit boundary. The resubmitted Table 7-3 indicates that L-19-S will be temporarily suspended from the monitoring plan. The Permittee needs to resolve this discrepancy and confirm whether or not L-19-S is intended for temporary suspension from the water monitoring plan. Also, Plate 7-4 shows this monitoring location as inactive.*

Response: As indicated in the request in Section 731.224.2, UEI asked that the surface water sites away from the surface facilities be temporarily suspended. If the understanding of the DOGM was that L-19-S was to remain active and continue to be monitored in the April 2011 request, this was not the case. UEI's plan for L-19-S has been that this site also be temporarily suspended until two years prior to the start of second mining.

There are several reasons for requesting the temporary suspension of L-19-S monitoring. First, is the difficulties that have been experienced in sampling the surface water sites. To be able to sample the site one needs to be able to get to the sampling location. The only access to the site is up or down the channel itself. There are no other overland access routes. As pointed out in the MRP, the flows for the surface streams in the area are short duration, rapid response events. To be able to get to the site and sample the flows, one needs to be at the site location when an event occurs. This is generally not very likely. If you are in the site area, but not at the site, it is impossible to get to the site to sample as the only access is via the channel and it is unsafe to drive the channel during a runoff event.

It has been suggested in the past that single stage samplers and crest staff gages be used to collect data for these conditions. However, significant problems exist in use of these methods of sampling. This was pointed out in the MRP Section (301-724.200 - see attached), prior to approval of the permit. The DOGM accepted the arguments. SUWA challenged these assertions and brought this and other matters to the Board. In settlement, the Board arbitrated an agreement between SUWA and UEI, where UEI agreed to install the sampling instrumentation and collect data on at least a quarterly basis for a period of two years to document that the surface runoff conditions were as described in the MRP.

During the sampling efforts for the two year period, problems with sampling equipment was constant. This was pointed out in the annual reports for 2008 and 2009. Samplers were plugged with debris, flows were diverted by debris, flows by-passed the sampling and crest gauges due to the mobile bed of the channel, malfunction of the samplers resulting in no flow sample, and questionable data even when a flow reading was recorded or a sample collected. The issues are myriad. When did the event occur? How long has the sample sat before being collected? Has it exceeded the holding time for the parameters? If more than one precipitation event during period, which event resulted in the sample and what was the flow rate that corresponds to the sample?

The results of the two years of data collection showed that the conditions in the drainage of Little Park Wash is ephemeral in nature. The events are short duration rapidly occurring events. During most of the year, precipitation occurred as small, isolated storms that did not result in runoff. When high intensity, larger storms did occur, the flows tended to be flashy in nature with

short durations, higher peak flows. These flows carried considerable debris that tended to collect around and on the sampling instrumentation. This resulted in erroneous or no data.

It has been suggested that the site for L-19-S be shifted to a location down channel where the confluence of other streams might result in a better sampling location. UEI believes that there is no benefit to adjust this location. The condition of Little Park Wash is consistent as a mobile bed channel along its entire length through the project area. Photographs of the channel from the road crossing of the channel to the confluence with Greasewood Creek. These photographs are attached. They show a consistent channel condition and general channel shape along its entire location. Figure 1 shows the locations of each of these photographs.

Due to the above discussed difficulties, UEI does not believe that additional sampling of L-19-S will serve any additional purpose. Therefore, UEI still requests that sampling of L-19-S, along with all other surface water sites away from the surface facilities, be temporarily suspended until the two year period prior to second mining. Plate 7-4 shows the temporary suspension status of the various sites requested.

[R645-301-731.200]: *Another discrepancy was identified on page 58 of the MRP text states that L-15-S is a permanently suspended location as of 1st quarter 2003 on Table 7-3. However, the Division water database shows that a no flow monitoring event was recorded in 2009. Furthermore, the language on page 58 implies that baseline parameters were collected for two years at this location along with L-13-S, L-14-S, and L-18-S and each of these locations are to be temporarily suspended. The Permittee needs to clarify the status of L-15-S and update table 7-3 if necessary.*

Response: Table 7-3 does reference L-15-S as being suspended as of the 1st quarter of 2003. This is what UEI intended. However, whenever, the UEI field staff goes past the various field sites, a quick review of conditions are made and recorded in the field book. As indicated in your comment, a reading of no flow was added to the DOGM water database for L-15-S. This was an inadvertent error and was not intended by UEI to adversely affect the condition of the database. In the future, UEI will make efforts to ensure that no data for sites that are not part of the current monitoring program will be included in the data being electronically submitted. In the mean time, UEI asks that the erroneous data for L-15-S in 2009 be deleted from the database.

Also, the reference to L-13-S, L-14-S and L-18-S is in error. The text has been revised to reflect the requested change more clearly.