



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

OK

Inspection Report

Permit Number:	C0070013
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, March 08, 2011
Start Date/Time:	3/8/2011 8:58:00 AM
End Date/Time:	3/8/2011 1:30:00 PM
Last Inspection:	Wednesday, February 09, 2011

Inspector: Pete Hess

Weather: Clear and cold; 30's F.

InspectionID Report Number: 2671

Accepted by: jhelfric

3/17/2011

Representatives Present During the Inspection:	
Company	Jay Marshall
OGM	Pete Hess

Permitee: **UTAHAMERICAN ENERGY INC**
 Operator: **UTAHAMERICAN ENERGY INC**
 Site: **HORSE CANYON MINE**
 Address: **PO BOX 910, EAST CARBON UT 84520-0910**
 County: **CARBON**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

5,992.07	Total Permitted
42.60	Total Disturbed
74.26	Phase I
74.26	Phase II
74.26	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The site received a skiff of snow the night before today's unannounced inspection.
 Fresh coal was observed on the upper pad (shop/warehouse pad).
 The submittal of Annual Report information for the Lila project is pending.

RECEIVED

MAR 30 2011

DIV. OF OIL, GAS & MINING

Inspector's Signature:

Pete Hess,

Inspector ID Number: 46

Date

Tuesday, March 08, 2011



Permit Number: C0070013
 Inspection Type: COMPLETE
 Inspection Date: Tuesday, March 08, 2011

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The Permittee submitted a permit renewal application (Task ID # 3736) on February 7, 2011. The review of that application is in process. The current permit expires on May 6, 2011.

3. Topsoil

No topsoil is being recovered at this time.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Mr. Marshall completed the Fourth Quarter 2010 impoundment inspections for ponds #1 and #2 on November 12, 2010. There were no indications of unstable conditions, structural weakness, or other hazards reported in the reports, dated January 4, 2011. Both ponds are incised. The Annual inspection with P.E. certification for the two impoundments was completed during the second quarter of 2010. This will be included in the 2010 Annual Report for the Lila Canyon project.

4.d Hydrologic Balance: Water Monitoring

DOGM hydrologists completed a review of the 3rd Quarter 2010 water monitoring data submitted via the electronic data base on February 23, 2011. The only comment noted in that review was that the reviewing hydro felt that the Permittee should modify the ground water monitoring regime in the MRP to include Quaker Spring. According to Mr. Marshall, Quaker Spring is located east of the 3rd Level / 2 Dip section of the old Geneva Mine workings. Thus, it is well outside the current mine projection subsidence area for Lila Canyon. The Permittee is monitoring this spring for future baseline information, but to date, the MRP ground water monitoring regime has not been modified to require this sampling point. The data base contains baseline and parameter information for the second, third, and fourth quarters of 2010. The Permittee's water sampling personnel notified the DOGM on March 14, 2011 that the fourth quarter 2011 data had been inserted into the data base pipeline and was ready for uploading.

4.e Hydrologic Balance: Effluent Limitations

Discharge monitoring reports for outfall #001 and 002 for the month of January 2011 were reviewed. Both were reported as "no discharge" situations. The current UPDES permit for this site remains in effect through April 30, 2013. Outfall 001 has never discharged to date; outfall 002 has yet to be constructed.

14. Subsidence Control

The main access entries are still being developed.

18. Support Facilities, Utility Installations

Dismantling of the temporary UP & L substation (in the flat area west of Lila Canyon) is occurring. The power is disconnected and the metering devices have been recovered. UAE will recover the single transformer and place it in storage at the Centennial Mine. Additional reclamation requirements remain to be discussed with the BLM.

20. Air Quality Permit

The current air quality approval order went into effect on August 27, 1999.

21. Bonding and Insurance

The current general liability insurance remains in effect through June 1, 2011. All requirements of R645-301-890 are being met by the current policy. The bond amount to ensure reclamation is posted at \$ 1,807,000. This amount includes an \$ 8,000 bond to ensure the continued reclamation success of the Ditch 31 area (the old Geneva Mine roadside waste rock facility).