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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

Inspection Report

Permit Number:	C0070013
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, June 07, 2011
Start Date/Time:	6/7/2011 8:00:00 AM
End Date/Time:	6/7/2011 11:40:00 AM
Last Inspection:	Tuesday, May 24, 2011

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

Inspector: Pete Hess
Weather: Clear and warm; 70's F.
InspectionID Report Number: 2771

Accepted by: jheffric
6/14/2011

Permittee: **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
51.56	Phase I
51.56	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 Permittee is hopeful that the BLM approval of the lease modification for the breaking out of the two northside portals will happen soon. The fan which currently sits on the air shaft at the Aberdeen Mine (Centennial Project) will be installed at this alternate sediment control area to provide the main ventilation requirements for continued development of the Lila Canyon Mine.

A support framework with concrete pad was being constructed at the site to install a 30 ton bulk rock dust tank. A check of the MRP revealed that the Permittee had not permitted or bonded for the demolition of the new facility. N10086 was issued on June 8, 2011 to update the MRP surface facility map and the reclamation cost estimate. Review of the Permittee's response is pending.

Inspector's Signature:

Date: Tuesday, June 7, 2011

Pete Hess,
Inspector ID Number: 46



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Inspection Continuation Sheet

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 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" 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 checked="" type="checkbox"/>
19. AVS Check	<input checked="" 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 permit issued by the State of Utah for the Horse Canyon Mine (permit areas "A" and "B" (Lila Canyon)) was renewed on April 18, 2011.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The Permittee completed the first quarter of 2011 impoundment inspections for ponds #1 and #2 on March 31, 2011. Neither pond was noted as having any signs of instability or other hazard. As observed this day, both ponds were dry. Sediment markers were observed; the levels are well below the 60 % cleanout elevations. The inlet ditch of pond #2 is eroding where the flow drops into the pond. The method used to repair the area was discussed. Either belting or a half-round culvert should be installed to minimize the erosive action at the top of the bank. This work has been scheduled with the surface foreman.

4.d Hydrologic Balance: Water Monitoring

Flow was not occurring within the disturbed area. There was no flow in either fork of Lila Creek.

4.e Hydrologic Balance: Effluent Limitations

The current UPDES permit for the Lila Canyon permit area remains in effect through April 30, 2013. Two outfalls (001/ Pond #1 spillways and 002/ Mine Water Discharge point) are permitted. Pond #2 will be pumped to pond #1 before it is allowed to discharge. Discharge monitoring reports for the months of February, March, and April of 2011 were reviewed; all were reported as "no discharge" situations.

5. Explosives

No surface blasting is occurring at this time. The storage magazines are located on the pad north of the shop/warehouse pad (now used as coal storage).

9. Protection of Fish, Wildlife and Related Environmental Issues

No wildlife was observed during today's inspection.

14. Subsidence Control

The underground workings are being developed. There are no areas where pillaring or longwalling activities are occurring.

16.a Roads: Construction, Maintenance, Surfacing

The Permittee was grading the portal access road during today's inspection.

16.b Roads: Drainage Controls

The installation of the under-road culvert identified as DC-2 on Plate 7-5, PROPOSED SEDIMENT CONTROL was discussed. The permitted design calls for an 18 inch culvert. The Division stated that the Permittee's site has now been established long enough that the remaining drainage controls should either be installed, or should be in the process of being installed. Mr. Marshall indicated he would be purchasing a culvert for the DC-2 installation.

18. Support Facilities, Utility Installations

A support base which included "I" beams and a small concrete pad was being constructed for the purpose of erecting a 30 Ton bulk rock dust storage tank. The tank was to be set on June 9, 2011. Upon checking the MRP, it was determined that the tank facility was not bonded for, and was not described in the surface facilities section of the MRP. It was determined that a compliance action was necessary. N10086 was written on June 8, 2011. Remedial actions to abate the citation include 1) update the surface facilities section and the support facilities description to include this bulk rock dust tank ; 2) develop a demolition cost using current unit cost information and update the demolition and removal section of the reclamation cost estimate, and 3) update the surface facilities map Plate 5-2, including the facilities list and the location of the bulk dust storage tank.

20. Air Quality Permit

The current air quality approval order (DAQE-702-99) was finalized August 27, 1999. As observed this day, the portal access road had recently been watered.

21. Bonding and Insurance

The Permittee provided an Acord renewal document for the general liability insurance coverage on Monday, June 6, 2011. This policy is renewed annually. Coverage amounts for the general aggregate and each occurrence categories are \$ 2,000,000 and \$ 1,000,000 respectively. Coverage for damage incurred from the use of explosives is provided. The renewal policy meets the requirements of the R645-301-890 coal mining rules.