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EVENT VIOLATION INSPECTOR'S STATEMENT

Company/Mine: Utah American Energy, Inc.
Permit #: C/007/013 Lila Canyon Mine

NOV # 10086
Violation # 1 of 1

A. SERIOUSNESS

1. What type of event is applicable to the regulation cited? Refer to the DOGM reference list of event below and remember that **the event is NOT the same as the violation.** Mark and explain each event.

- a. Activity outside the approved permit area.
- b. Injury to the public (public safety).
- c. Damage to property.
- d. Conducting activities without appropriate approvals.
- e. Environmental harm.
- f. Water pollution.
- g. Loss of reclamation/revegetation potential.
- h. Reduced establishment, diverse and effective vegetative cover.
- i. No event occurred as a result of the violation.
- j. Other.

Explanation: The Permittee initiated construction of a bulk rock dust tank installation without permitting and obtaining Division approval.

2. Has the event occurred? Yes Division approval.
If yes, describe it. If no, what would cause it to occur and what is the probability of the event(s) occurring? None

Explanation: _____

3. Did any damage occur as a result of the violation? ~~Yes~~ No
If yes, describe the duration and extent of the damage or impact. How much damage may have occurred if the violation had not been discovered by a DOGM inspector? Describe this potential damage and whether or not it would extend off the disturbed and/or permit area.

Explanation: _____

B. DEGREE OF FAULT (Check the statements which apply to the violation and discuss).

- Was the violation not the fault of the operator (due to vandalism or an act of God), explain. Remember that the permittee is considered responsible for the actions of all persons working on the mine site.

Explanation: _____

- Was the violation the result of not knowing about DOGM regulations, indifference to DOGM regulations or the result of lack of reasonable care.

Explanation: _____ *The Permittee has been cited in the past for initiating activities without proper approvals, although not at this Mine.*

- If the actual or potential environmental harm or harm to the public should have been evident to a careful operator, describe the situation and what, if anything, the operator did to correct it prior to being cited.

Explanation: _____

- Was the operator in violation of a specific permit condition?

Explanation: _____

- Has DOGM or OSM cited the violation in the past? If so, give the dates and the type of warning or enforcement action taken.

Explanation: _____

C. GOOD FAITH

1. In order to receive good faith for compliance with an NOV or CO, the violation must have been abated before the abatement deadline. If you think this applies, describe how rapid compliance was achieved (give date) and describe the measures the operator took to comply as rapidly as possible.

Explanation: _____

2. Explain whether or not the operator had the necessary resources on site to achieve compliance.

Explanation: *Yes. The Permittee must permit this installation to abate the violation. This is a paperwork exercise.*

3. Was the submission of plans prior to physical activity required by this NOV / CO? Yes If yes, explain.

Explanation: _____

Event Violation Inspector's Statement

NOV/00 # 10086
Violation # 1 of 1

Peter Hess Peter H. Hess June 9, 2011
Authorized Representative Signature Date

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