



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, September 13, 2011
Start Date/Time:	9/13/2011 8:00:00 AM
End Date/Time:	9/14/2011 4:00:00 PM
Last Inspection:	Thursday, August 11, 2011

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

Inspector: Pete Hess

Weather: Cooler, monsoonal rains over the last week.

InspectionID Report Number: 2863

Accepted by: jheltric
10/6/2011

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:

Coal was being mined and shipped via Savage trucks during the inspection portion of August 14, 2011.

Inspector's Signature:

Pete Hess,

Inspector ID Number: 46

Date

Friday, September 16, 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 checked="" 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 checked="" 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 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 current State issued coal mining permit remains in effect through May 6, 2016. Two Special Conditions are in place: 1) water monitoring data must be submitted in an electronic fashion to the DOGM data base, and 2) an annual inspection of the Geneva Mine fan portals located in Lila Canyon must be conducted and a report filed with the BLM and DOGM by May 5th of the following year. The report must indicate what the integrity of the chain link seal barricades is at the time of the inspection. The current UPDES permit remains in effect through April 30, 2013. The current Air Quality Approval Order was issued in August of 1999. Task ID # 3822, which requested approval from the Division for revisions to the water monitoring regime(s), was reviewed and returned to the Permittee with a list of deficiencies. As of the date of this report, one deficiency remains to be addressed by the Permittee.

3. Topsoil

Mr. Marshall stated that any topsoil recovered by the development of the North portals bench was stored in rock rooms inside the Mine. These rooms may be sealed in the future to prevent contamination. As there is no access to the 5 of the eight permitted portals from the surface, all reclamation work related to those five will need to be performed from inside the Mine.

4.a Hydrologic Balance: Diversions

Several lengths of road drainage ditch were observed as being deeply cut; the Permittee needs to blade these. An examination of Table 8, Disturbed Ditch Design Summary in Chapter 7 of the MRP indicates that only 3 of the permitted 39 disturbed area ditches are required to have rip-rap. Slopes varying from 10 to 13 % are indicated, but no rip-rap is required. The Division is not aware of the rain fall amounts which were received causing the aforementioned ditch erosion, but recommends that Table 8 be re-evaluated. Extensive erosion of the drainage controls could present a compliance issue if the ditches are not properly designed for the 10 year 24 hour event.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Mr. Marshall conducted the 3rd Quarter 2011 impoundment inspections for Ponds #1 and #2 on August 15, 2011; these are also considered as the Annual inspections for 2011. There were no indications of structural instability or other safety issues identified in the report, which was completed August 25, 2011. Mr. Marshall completed the P.E. certification requirements for the pond reports on August 25, 2011. As observed this day, Pond #1 contained some water in the SE corner; Pond 2 was damp at the base of the spillways.

4.c Hydrologic Balance: Other Sediment Control Measures

The Permittee needs to update Plate 7-5, Proposed Sediment Control, and Chapter 7, Hydrology, Appendix 7-4, page 59 to show the drainage controls and other treatment facilities as they currently exist at this site. The current Plate is out of date. The descriptions of the alternate sediment control areas in the MRP (including the 3 ventilation breakouts on the south side of the main entries and two fan portal breakouts on the North side) should be updated by the Permittee to meet the requirements of Tech Directive 003A (dated March 15, 2007).

4.d Hydrologic Balance: Water Monitoring

The OGM water monitoring data base contains uploaded water data for the first quarter of 2011. Many sites were reported as "no access" due to snow depths. The Permittee's water monitoring specialist notified the Division on September 15, 2011 that the 2nd Quarter surface and ground water monitoring data for the Lila Canyon permit area was in the DOGM data base pipeline ready for uploading. Review of the field notes for the 3rd quarter of 2011 water data collection was performed; data was collected from August 8-20, 2011.

4.e Hydrologic Balance: Effluent Limitations

As noted elsewhere, the current UPDES permit remains in effect through 2013. Neither of the two permitted outfalls (#001 / Pond #1 spillway to right fork of Lila Creek) or #002 (Mine water discharge to right fork of Lila Creek) have ever flowed.

9. Protection of Fish, Wildlife and Related Environmental Issues

Rocky Mountain bighorn sheep were observed below the #2 North Portal. A golden eagle was observed circling above the County road / US 6 & 50 junction. The Permittee needs to install chain link barriers in the North Portals entries to keep out wildlife.

14. Subsidence Control

The Permittee continues to develop the sump area in the Mine; no secondary mining is occurring.

16.b Roads: Drainage Controls

The bench between the new breakouts (North Portals #1 and #2) is sloped with the dip of the Sunnyside coal seam. Thus, any precipitation falling on the bench will run into the Mine. This is an ASCA area.

17. Other Transportation Facilities

Double trailer coal trucks are being loaded on the coal stockpile pad.

18. Support Facilities, Utility Installations

The two entries broken out at the coal outcrop on the North side of the main mine entries were holed through on August 2, 2011. The disturbed area was inspected this day. A bench exists between the two portals, which have been well supported with rock bolts, I beams and lagging. Jersey barriers have been placed outby #2 portal on the edge of the escarpment, with I-beam posts and steel cables running along this edge to the #1 portal. The sandstone above the portals is well fractured, and MSHA has expressed a concern about this to the Permittee. A Tensar installation with applied shotcrete may be forthcoming in the future to secure the highwall. A mine fan is to be installed on the bench, and when operating, will be the main ventilation force at Lila Canyon. Mr. Marshall intends to submit a permit amendment to the Division to permit the facility.

19. AVS Check

The Permittee recently updated the ownership and control information for the Division through Task ID # 3885, which was approved on August 11, 2011.

21. Bonding and Insurance

The current general liability insurance remains in effect through June 1, 2012. Coverage amounts for the each occurrence and general aggregate categories are in excess of the requirements listed in R645-301-890.100. Coverage for damage incurred from the use of explosives is provided. Coverage for subsidence damage is provided (\$500,000 property damage deductible per claim) with the general liability policy. The posted bond amount is \$1,807,000, of which \$8,000 is applicable to the Ditch 31 disturbance at Geneva Mine and \$ 5,000 is delegated to the maintenance of the Lila Canyon remote portals.