



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 13, 2012
Start Date/Time:	3/13/2012 9:20:00 AM
End Date/Time:	3/13/2012 12:15:00 PM
Last Inspection:	Tuesday, February 14, 2012

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

Inspector: Pete Hess

Weather: Warm; high clouds

InspectionID Report Number: 3044

Accepted by: jheffric

3/20/2012

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 has met the due diligence requirements mandated under the Federal lease. UtahAmerican Energy idled the Lila Canyon Mine and the West Ridge Mine on March 8, 2012. 174 employees were affected.

Inspector's Signature:

Pete Hess,

Inspector ID Number: 46

Date

Tuesday, March 13, 2012



Permit Number: C0070013
 Inspection Type: COMPLETE
 Inspection Date: Tuesday, March 13, 2012

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 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The current DOGM permit remains in effect through May 2016 (date of issue, May 6, 2011). The current UPDES permit (UTG040024) remains in effect through April 30, 2013. The air quality Approval Order (DAQE-702-99) was issued August 27, 1999; throughput is approved for 4.5 M tons per 12 month rolling period.

3. Topsoil

No topsoil recovery is occurring at this time.

4.a Hydrologic Balance: Diversions

Task ID # 4005, Update Drainage Plan, which was submitted by the Permittee at the request of the assigned reclamation specialist, was denied and returned to the Permittee with three deficiencies. The deficiencies are relative to ASCA areas, effluent limitations, and depiction of the ASCA's on Maps 5-2 and 7-5.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Ponds 1 and 2 were both dry. The 4th Quarter Impoundment inspections for Ponds #1 and #2 were conducted by Mr. Marshall on October 31, 2011. There were no hazards or compliance issues identified during those inspections. The Annual Pond Inspections were performed by the Permittee's qualified individual on August 15, 2011. Neither pond 1 or pond 2 were noted as having any hazards. Both ponds are incised. All inlets and spillways appeared capable of functioning, as observed on December 15, 2011. Mr. Marshall certified the 8/15/2011 inspection reports on 8/25/2011, as required under R645-301-514.300. As observed on 3/13/2012, both ponds were dry. No compliance issues were identified.

4.d Hydrologic Balance: Water Monitoring

4th Quarter 2011 water monitoring data for the Lila Canyon Mine permit area has been entered into the DOGM electronic data base pipeline. Data for the Lower Rain Gauge at Lila was downloaded on October 8, 2011. Quaker Spring (3C) was the only other monitoring point to give reportable data. All other sites were either reported as "no flow" or damp / pooling / no flow. There was not any flow observed in the undisturbed channels adjacent to the permit area. All permit area diversions were dry. Mr. Mike Milburn, Range Creek Security Supervisor for the University of Utah, recently notified Mr. Marshall that access to Little Park was possible via ATV in the early morning was possible when the ground was still frozen. The completion of first quarter water monitoring in that area remains pending due to the access conditions. Mr. Marshall anticipates the access will improve prior to the end of March, 2012.

4.e Hydrologic Balance: Effluent Limitations

Discharge monitoring reports for the months of October, November and December of 2011, and January 2012 were reviewed for exceedances and timely submittal. Both of the permitted UPDES outfalls were reported as "no flow" situation for each of the four monitoring periods reviewed. The timeliness of each reporting period was in accordance with the permitted reporting criteria.

9. Protection of Fish, Wildlife and Related Environmental Issues

No wildlife was observed during today's inspection.

13. Revegetation

The Phase III bond release application for the Ditch 31 reclamation work (Task ID # 4008, Geneva Mine, Roadside Waste Rock site) has been returned to the Permittee for re-processing. The application was apparently submitted at a time when field verifications of the performed work would be difficult to evaluate. Also, a notarized statement indicating that all applicable reclamation activities had been accomplished was not provided. The Permittee is addressing these requirements in preparation for re-submittal.

14. Subsidence Control

To date, no secondary coal recovery is occurring.

15. Cessation of Operations

The Mine has been idled.

19. AVS Check

There have not been any changes in the Chapter 1, Ownership and Control information for UtahAmerican Energy.

20. Air Quality Permit

See the comment in Section 1.

22. Other

Development mining in the sump area has been completed; the main entries are now being developed down dip. In three cross-cuts, the entries will be turned toward the ESE and developed to the entry fault (See Plate 5-3, Subsidence Control Map, Lila Canyon MRP) .