



GARY R. HERBERT
Governor

GREGORY S. 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

Outgoing
C0070013
#3999
K

June 28, 2012

Jay Marshall, Resident Agent
UtahAmerican Energy, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: 2011 Annual Report Review Completion, Horse Canyon Mine, C/007/0013, Task ID #3999

Dear Mr. Marshall:

The Division staff has completed the review of the 2011 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on June 28, 2012.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
cc: Price Field Office
O:\007013.HOR\WG3999\ReviewCompletionLetter.doc

Print Form

Submit by Email

Reset Form

Annual Report

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by **March 30, 2012**. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION

Company Name

Mine Name

Permit Number

Permit expiration Date

Operator Name

Phone Number

Mailing Address

Email

City

State

Zip Code

DOGM File Location or Annual Report Location

Excess Spoil Piles

- Required
 Not Required

Refuse Piles

- Required
 Not Required

Impoundments

- Required
 Not Required

Other:

The annual pond inspections can be found on Page 2 of this report.

OPERATOR COMMENTS

REVIEWER COMMENTS

Met Requirements Did Not meet Requirements

Reviewed by James Owen. All required pond inspections were included in the annual report. The impoundments were inspected by Jay Marshall, PE. Impoundments were reported as free of instability, structural weakness, or other hazardous conditions. All requirements have been met.

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If additional written response is required, it should be filed as an attachment to this report.

Title: RAPTOR SURVEY

Objective: Identify and monitor all raptors and nests.

Frequency: Annually

Status: OVERDUE, UAE did not submit an adequate map and data in the 2010 report. The map must coincide with the data set and the data set must be discernible. The follow up survey data must also be submitted.

Reports: Annual Reports

Citation: MRP, Part B, Section 322.220, page 10, Section 330, page 20, Section 358.100 page 38

Operator Comments

The 2011 Raptor Survey is included in this report on Page 11. The 2010 data did coincide with the data set and the explanation is included on page 9 of this report. Follow up surveys are not required nor were they done.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Ingrid Campbell 6/26/12: The 2011 raptor nest survey was conducted by EIS Environmental Engineering and consulting on May 10, 2011. Two tended golden eagle nests were identified as well as one inactive falcon and one inactive raven nest. The tended nests were not located above proposed mine workings. Surface facilities are completed and no new construction is proposed that could disturb nesting eagles in the future. A follow up survey was not required.

Title: COLORADO RIVER ENDANGERED FISH RECOVERY PROGRAM

Objective: Report water depletion for the CO River Endangered Fish Recovery Program

Frequency: Annually

Status: Ongoing

Reports: Annual

Citation: MRP, Section 322.220, page 11

Operator Comments

The water usage calculation sheet can be found on Page 14 of this report.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Ingrid Campbell 6/26/12: The mine uses 2.68 acre feet of water per year. The USFWS requires a payment to the Colorado River Fish Recovery Program for consumptive uses over 100 acre feet per year.

Title: VEGETATION TEST PLOT

Objective: To test if summer seeding will increase establishment of the warm season species.

Frequency: Annually for three years

Status: Ongoing, no data has been submitted for 2010.

Reports: Annual report

Citation: MRP, Part B, Section 341.300, page 26. Section 354, page 28

Operator Comments

The first year data from the pond vegetation test plot can be found on Page 16 of this report.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Ingrid Campbell 6/26/12: The vegetation test plots were monitored by Matt Serfustini of EIS Environmental and Engineering consultants on November 9, 2011. The four test plots were monitored for vegetation success using ocular methods. The memo from Mr. Serfustini states that the highest amount of grass species were in Areas 1 and 2, the greatest amount of shrubs are in areas 2 and 4. No blue grama or galleta (warm season species) were present on any of the areas. There was a low number of the seeded species in all four areas and Mr. Serfustini proposed this is due to the time of year surveyed, steep slopes, or poor soil conditions. The memo does not state what the treatment of the four test plots was. According to page 29 of the MRP, Area 1 and Area 4 were seeded mid summer following construction. Area 2 and 3 were seeded late fall. The commitment requires that ocular estimates of the success of the reclamation will be implemented each fall for 3 years following the reclamation. In year 4, if there appears to be an apparent difference in success, a quantitative sample will be taken. The sample will identify both species composition as well as overall vegetative cover for both areas. 2011 was year one of the test plot sampling. Ocular estimations must occur in 2012 and 2013 and a possible quantitative survey will occur in 2014 if necessitated by the Division.

Title: RAIN GAUGES

Objective: Establish on site climatological database

Frequency: No less than monthly from May 1 to October 30, monthly when feasible during the remaining months.

Status: To be implemented within 30 days of Board's approval of the Stipulation for Dismissal.

Reports: Data will be downloaded quarterly and included in the Annual Report.

Citation: Conditions to the Permit, Attachment A, Special Conditions (December 21, 2007).

Operator Comments

Rain Gauge data for both the upper and lower rain gauges can be found starting on Page 17 of this report.

Reviewer Comments Met Requirements

Did Not Meet Requirements

Reviewed by Amanda Daniels. Rain gauge data for 2011 was reported as required. 2011 data for the upper and lower rain gauges were provided, although the upper rain gauge has now been removed. The lower rain gauge will continue to be monitored.

Title: MAINTAIN RECORDS OF SOIL SALVAGE

Objective: Records of soil salvage will be maintained and included in the annual report. A soil specialist will oversee the soil removal. Soil pedestals will be left to verify soil removal depths.

Frequency: During phase 1 and 2 construction, the soils specialist will record topsoil salvaged and placed in the topsoil stockpile and number of acres salvaged.

Status: Ongoing

Reports: Provide an update to the number of acres salvaged and volumes salvaged in the Annual report "Topsoil Movement and Construction Record" and include a map of salvaged and undisturbed acreage.

Citation: R645-301-232.500 and R645-301-232.100 and N10045 abatement.

Operator Comments

In 2011 there has been no soil salvage work done at Lila canyon. A report is not required.

Reviewer Comments Met Requirements

Did Not Meet Requirements

Reviewed by Priscilla Burton on 2/3/2012. Division inspection reports for 2011 state that there was repair to the topsoil stockpile berm; repair of erosion on the subsoil storage that forms the outslope of the warehouse/shop pad; soil and rock from construction of the north ventilation portals was placed inby; and a route on top of the coal stockpile pad was rotomilled to reduce fugitive dust emissions. The activity described above occurred on disturbed areas and 2011 inspection reports further state that there was no topsoil salvaged this year, but that topsoil salvage will resume in 2012. The Topsoil Removal Map dated July 2010 (provided with the 2010 annual report) shows the remaining undisturbed soils to be salvaged from the area to be developed as the truck load out road and from the expansion of the coal stockpile.

Title: SUBSOIL USED FOR CONSTRUCTION FILL

Objective: To record location of subsoil placement for use in reclamation. The location of subsoil with suitable reclamation characteristics will be mapped for ease of recovery and replacement during reclamation.

Frequency: During construction

Status: Ongoing

Reports: Annual report, Submit As built maps showing where subsoil materials have been used as fill material.

Citation: MRP, Section 232.500, Section 241, and Section 242.100.

Operator Comments

There have been no changes in cuts or fills in 2011. A report is not required.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Priscilla Burton on 2/3/2012. 2011 inspection reports document repair of erosion on the subsoil storage that forms the outslope of the warehouse/shop pad.

Title: CREST STAGE GAUGES AND SIPHON SAMPLERS

Objective: Additional water-quality and quantity data.

Frequency: Quarterly monitoring for 2 years; Installation, maintenance and inspection to follow USGS protocols and on a frequency established by the Division. Monitoring required through August 2010 to supply required two years of data.

Status: Devices were installed March 2008 and August 2008. Summary of monitoring through August 2011 required for 2011 annual report.

Reports: Crest stage gauge and siphon sampler results to be provided in the annual report. The MRP (and CHIA) to be updated as needed.

Citation: Conditions to the Permit, Attachment A, Special Conditions (December 21, 2007).

Operator Comments

The crest stage gauges and siphon samplers were installed in March and August of 2008. The requirement was to monitor for two years. The monitoring permit ended in March and August of 2010. Since UEI has met the monitoring requirements the crest stage gauges and samplers have been removed. Data collection in 2011 was not required and none was collected.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Amanda Daniels. Crest stage gauges and siphon samplers were removed in the Spring of 2011 after the 2 years of required data was collected.

Title: VEGETATION MONITORING

Objective: Submit color infrared photography. Submit and implement a mitigation plan, if results indicate impact from mining operations.

Frequency: Prior to any mining, and every 5 years after.

Status: Ongoing

Reports: Annual Report

Citation: MRP, Part B, Section 332, page 14.

Operator Comments

Infra-Red photography was done on August 21, 2011. A disk containing all the Infra-Red photography is attached to this submittal. There has been no second mining at Lila therefore, no impacts to vegetation is possible.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by Ingrid Campbell 6/27/2012: Infrared photos were submitted on a cd as .dwg files. These photos will serve as the baseline. The next round of photos will be due in 2016. A comparison must be made between future photos and the 2011 baseline photos for changes in vegetation.

Title: REACTIVATION OF OPERATIONAL MONITORING OF SURFACE WATER SAMPLING LOCATIONS

Objective: Quarterly sampling to initiate at least two years prior to resuming underground mining activities on sites L-7-G; L-8-G; L-9-G; L-11-G; L-12-G; L-13-G; L-14-G; L-18-S; L-19-S; IPA-1; IPA-2; IPA-3.

Frequency: Notify Division once, quarterly sampling

Status: Monitoring suspended as of October 2011, Division awaiting reactivation notification.

Reports: Annual Report, notify Division if/when mining is to occur.

Citation: MRP, Part B, Section 731.222, table 7-3

Operator Comments

The sites were deactivated in the third quarter of 2011. Reactivation of operational monitoring of surface water sampling locations was not required in 2011. The Division will be notified if/when mining will occur that could impact the sites.

Reviewer Comments Met Requirements Did Not Meet Requirements

N/A

Title: GENEVA MINE/ LILA CANYON FAN PORTAL BARRICADES

Objective: Inspect the Geneva Mine fan portal Barricades annually and report findings to Division and BLM.

Frequency: annually

Status: Ongoing

Reports: Annual Report.

Citation: MRP, Part B, Chapter 5, Section 529, page 54 and 55

Operator Comments

The old Geneva Mine fan portal barricades was monitored on September 26, 2011 by EIS. There was no evidence of vandalism or tampering. A full report with photos starts on Page 95 of this report.

Reviewer Comments Met Requirements Did Not Meet Requirements

Reviewed by James Owen. The annual report included the inspection report for the portals. Photographs taken during the inspection were included in the report. No evidence of damage or vandalism is reported. Requirements have been met.



FUTURE COMMITMENTS AND CONDITIONS

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the "status" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

Title: MEXICAN SPOTTED OWL

Objective: Conduct two-year calling survey at least two years but no more than four years prior to undermining identified habitat. Results will be submitted to USFWS, DWR, and the Division immediately following each nighttime survey. If owls are observed, the agencies will immediately coordinate to determine appropriate measures.

Frequency: Dependent on habitat and mine plan

Status: Ongoing

Reports: Submit final reports in annual report.

Citation: MRP, Part B, Section 333, page 17.

Title: SUBSOIL USE IN RECLAMATION

Objective: Subsoils found to be contaminated with oil, grease, or salts through visual evaluation will be hauled to a landfill site.

Frequency: Once

Status: Ongoing

Reports: None

Citation: MRP, part B, Section 232.500

Title: APPLICATION OF INNOCULUM

Objective: An inoculum will be applied to the reclaimed soil surface to re-establish bacteria, mycorrhiza and mycelium in the soil. At the time of permitting, the exact product to be applied to the soil is not defined, however, the Division expects that the best technology available at the time of reclamation will be employed, as per R645-301-333.

Frequency: During Reclamation

Status: Ongoing

Reports: Division consultation

Citation: MRP, Part B, Section 241.

Title: TWO MONITORING WELLS TO BE ESTABLISHED IN FUTURE BOREHOLES

Objective: Monitor water levels and water quality within the permit and adjacent areas.

Frequency: If wells are established.

Status: To be done when and if additional holes are bored from the surface to the coal seam.

Reports: Water quality and quantity data will be included in the quarterly hydrology reports. The MRP (and CHIA) to be updated as needed.

Citation: Conditions to the Permit, attachment A, special conditions (December 21, 2007).

Title: LILA CANYON MINE SALVAGE OF CRYPTOGRAMS ON TOPSOIL PILE PRIOR TO RECLAMATION.

Objective: Salvaged cryptograms will be added to the wood fiber mulch and hydrosprayed on the surface of the reclaimed site.

Frequency: Immediately after seeding of the reclaimed site.

Status: During reclamation of the Lila Canyon Mine.

Reports: Success of cryptogamic establishment will be evaluated (by Division and Permittee) prior to collection from topsoil stockpile.

Citation: MRP, Part B, Section 232.100, and Section 234.230

OPERATOR COMMENTS (OPTIONAL)

REVIEWER COMMENTS

N/A

REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

Reviewer Comments

N/A

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2011, are to be provided to the Division as an attachment to this report in accordance with the requirements of R645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Annual subsidence map		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mine Map		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Reviewer Comments Met Requirements Did Not Meet Requirements

Operator Comments: If the Division is NOT going to keep the requested map Confidential then they CANNOT require copies be made in accordance with 30 CFR 75.1200 as required by MSHA. MSHA keeps these maps Confidential according to CFR 75.1103. A striped down map has been submitted on Page 102 of this report. All CONFIDENTIAL information has been removed.

Reviewer Comments: Reviewed by James Owen. Annual subsidence map is not required due to status of development mining only. A mine map with projections was included with the Annual Report. All requirements have been met.