

C/007/03 Incoming  
cc: James

Q

# Office of Surface Mining - Denver Field Division

## Inspection Report and Enforcement Action Distribution

Distribution For:  INSPECTION REPORT

TDN # \_\_\_\_\_

NOV # \_\_\_\_\_

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CO # \_\_\_\_\_

Modif.  Term.  Vac.

**RECEIVED**  
**JAN 10 2013**  
**DIV. OF OIL, GAS & MINING**

Date of Distribution: \_\_\_\_\_ By: \_\_\_\_\_

Mine Name: Horse Canyon Mine B (Lick Canyon Mine)

Inspection Date: 12-13-2012

Inspector: Christine Belka

- OSM File
- State Utah DOGM  
Attn: Steve Christensen  
P.O. Box 145801  
Salt Lake City, UT 84114
- Company (NOV, CO, TDN, MIER, Narrative)

Utah American Energy Inc.  
Attn: Jay Marshall  
P.O. Box 910  
East Carbon, UT 84520

BLM  UT  CO  AK  
(NOV, CO, TDN, MIER, Narrative)

USFS  UT  CO  AK  
(NOV, CO, TDN, MIER, Narrative)

Inspector Belka

Other \_\_\_\_\_



**U.S. DEPT. OF THE INTERIOR  
OFFICE OF SURFACE MINING  
Mine Site Evaluation  
State Program**



<b>1. Permittee/Person</b> <input style="width:95%;" type="text" value="UTAHAMERICAN ENERGY"/>		<b>9. Permit Number</b> <input style="width:95%;" type="text" value="UT-007-013"/>		<b>10. Permit Type</b> <input style="width:95%;" type="text" value="PP"/>	
<b>2. Address</b> <input style="width:95%;" type="text" value="PO BOX 910"/> <input style="width:95%;" type="text"/>		<b>11. Field Visit Date</b> <input style="width:95%;" type="text" value="12/13/2012"/> <small>mm - dd - yyyy</small>		<b>12. Purpose</b> <input style="width:95%;" type="text" value="OC"/>	
<b>3. City</b> <input style="width:95%;" type="text" value="EAST CARBON"/>		<b>4. State</b> <input style="width:95%;" type="text" value="UT"/>		<b>13. SRA Present</b> <input style="width:95%;" type="text" value="Y"/>	
<b>5. Zip Code</b> <input style="width:95%;" type="text" value="84520"/>		<b>6. Phone Number</b> <input style="width:95%;" type="text" value="(435) 655-3177"/>		<b>14. Permit Status</b> <input style="width:95%;" type="text" value="A"/>	
<b>7. Operator Name, if Different than Permittee</b> <input style="width:95%;" type="text"/>		<b>15. Site Status</b> <input style="width:95%;" type="text" value="AP"/>		<b>16. Facility Type</b> <input style="width:95%;" type="text" value="B"/>	
<b>8. Mine Name</b> <input style="width:95%;" type="text" value="HORSE CANYON"/>		<b>17. OSM Office #</b> <input style="width:95%;" type="text" value="140"/>		<b>18. CCID #</b> <input style="width:95%;" type="text"/>	
		<b>19. Land Code</b> <input style="width:95%;" type="text" value="F"/>		<b>20. M.S.H.A. ID #</b> <input style="width:95%;" type="text"/>	
		<b>21. State Abbrev.</b> <input style="width:95%;" type="text" value="UT"/>		<b>22. County/Burrough</b> <input style="width:95%;" type="text" value="CARBON"/>	
		<b>23. AVS Permittee Entity ID Number</b> <input style="width:95%;" type="text"/>		<b>24. State Office</b> <input style="width:95%;" type="text"/>	

<b>25. Hours</b> <table style="width:100%; border-collapse: collapse;"> <tr><td style="width:15%; border: 1px solid black; text-align: center;">3.0</td><td style="padding-left: 5px;">a. Permit Review</td></tr> <tr><td style="border: 1px solid black; text-align: center;">2.8</td><td style="padding-left: 5px;">b. Site Visit Time</td></tr> <tr><td style="border: 1px solid black; text-align: center;">4.0</td><td style="padding-left: 5px;">c. Travel Time</td></tr> <tr><td style="border: 1px solid black; text-align: center;">3.0</td><td style="padding-left: 5px;">d. Report Writing</td></tr> </table>	3.0	a. Permit Review	2.8	b. Site Visit Time	4.0	c. Travel Time	3.0	d. Report Writing	<b>26. Signature Block</b> <div style="text-align: center; margin-top: 10px;">               Signature:  <input style="width: 90%; border: 1px solid black;" type="text" value="Christine Belka, ID#182"/>              Printed Name:              Date: <input style="width: 150px; border: 1px solid black;" type="text" value="12/18/2012"/> </div>	<b>27. Reviewing Official:</b> <div style="text-align: center; margin-top: 10px;">               Signature:              Review Date: <input style="width: 100px; border: 1px solid black;" type="text" value="12/21/2012"/>  <small>mm - dd - yyyy</small>              Is Supplemental MSE Page Used Y/N <input checked="" type="checkbox"/> Y         </div>
3.0	a. Permit Review									
2.8	b. Site Visit Time									
4.0	c. Travel Time									
3.0	d. Report Writing									

**Permit Type - Item 10** IP = Interim Program PP = Permanent Program NP = No Permit

**Purpose Type Codes - Item 12**  
 Oxx...Oversight Rfx...Reclamation Fees CCR...Citizen Complaint Referral (non-site visit)  
 Axx...Assistance Fxx...Federal Actions CC...Citizen Complaint (initial site visit)  
 CCF...Assistance

**Joint Inspection - Item 13** A joint inspection is when a state inspector accompanies an OSM inspector at any time during the review of the mine site

**Permit Status - Item 14**

<p><b>A</b> Active: Coal mining activities occurring or permitted but not yet disturbed.</p> <p><b>IN</b> Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit): Coal mining completed and reclamation activities initiated.</p> <p><b>BR</b> Bond Release: Reclamation completed and State Regulatory Authority(RA) has released all of the bond (Phase III Release).</p>	<p><b>AB</b> Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g).</p> <p><b>AB1</b> Bond Forfeiture: Bond forfeiture officially in process or completed and reclamation in progress or not yet commenced.</p> <p><b>AB2</b> Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.</p> <p><b>AB3</b> Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.</p> <p><b>NA</b> Not Applicable: When site is unpermitted.</p>	<p><b>NS</b> Non-Site Visit: Status of site not determined. Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.</p> <p><b>FR</b> Forfeited and Reclaimed: Forfeiture reclamation completed.</p> <p><b>FO</b> Abandoned Site: Abandoned site that is permitted but there is no bond.</p> <p><b>WC</b> Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.</p>
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**Site Status - Item 15**

<p><b>ND</b> No Disturbance: No coal mining and reclamation operations have been started.</p> <p><b>EX</b> Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.</p> <p><b>AP</b> Active Coal Producing: Coal surface mining activities are occurring.</p> <p><b>AN</b> Active Non-Producing: Active non-producing facility such as tipple or preparation plant.</p> <p><b>NM</b> No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not graded.</p>	<p><b>MC</b> Mining Complete: No mining activity on site, site regraded and awaiting bond release.</p> <p><b>TC</b> Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.13(b).</p> <p><b>P1</b> Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.</p> <p><b>P2</b> Phase II Release: At least Phase II bond release for the entire permitted area.</p> <p><b>P3</b> Phase III Release: Reclamation completed and the RA has released all bond.</p>	<p><b>NS</b> Non-Site Visit: Status of site not determined. Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.</p> <p><b>FR</b> Forfeited and Reclaimed: Forfeiture reclamation completed.</p> <p><b>FO</b> Abandoned Site: Abandoned site that is permitted but there is no bond.</p> <p><b>WC</b> Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.</p>
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**Facility Type Codes - Item 16**

<p><b>A</b>...Surface</p> <p><b>B</b>...Underground</p> <p><b>C</b>...Preparation Plant</p>	<p><b>D</b>...Ancillary (Haulroad, Conveyor, and/or Rails</p> <p><b>E</b>...Refuse and/or Impoundment</p> <p><b>F</b>...Loading Facility and/or Tipple</p> <p><b>G</b>...Stockpiles</p>	<p><b>H</b>...Exploration Permits</p> <p><b>I</b>...Notice of Intent to Explore</p> <p><b>J</b>...Exempt 16 and 2/3</p> <p><b>K</b>...Government Financed Construction Exemption</p> <p><b>L</b>...Remining site permitted under 30 CFR 785.25</p>
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**Small Business Regulatory Enforcement Fairness Act (SBREFA)**  
Your Comments are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

Page 1

U.S. DEPT. OF THE INTERIOR  
OFFICE OF SURFACE MINING  
Mine Site Evaluation

Permittee/ Person	UTAHAMERICAN ENERGY	Permit Number	UT-007-013	Field Visit Date	12/13/2012	State Program Continuation Page
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## 28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited, 7=Permit Defect

<p><b>A. Administrative</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Mining within Valid Permit</li> <li>2. <u>1</u> Mining within Bonded Area</li> <li>3. <u>1</u> Terms &amp; Conditions of Permit</li> <li>4. <u>1</u> Liability Insurance</li> <li>5. <u>1</u> Ownership and Control</li> <li>6. _____ Temporary Cessation</li> <li>7. _____ AML Rec. Fees - Non-Respondent</li> <li>8. _____ AML Rec. Fees - Failure to Pay</li> </ol> <p><b>B. Hydrologic Balance</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Drainage Control</li> <li>2. <u>1</u> Inspections &amp; Certifications</li> <li>3. <u>1</u> Siltation Structures</li> <li>4. <u>1</u> Discharge Structures</li> <li>5. <u>1</u> Diversions</li> <li>6. _____ Effluent Limits</li> <li>7. _____ Ground Water Monitoring</li> <li>8. _____ Surface Water Monitoring</li> <li>9. _____ Drainage - Acid-Toxic Materials</li> <li>10. <u>1</u> Impoundments</li> <li>11. <u>1</u> Stream Buffer Zones</li> </ol> <p><b>C. Topsoil &amp; Subsoil</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Removal</li> <li>2. _____ Substitute Materials</li> <li>3. <u>1</u> Storage and Protection</li> <li>4. _____ Redistribution</li> </ol>	<p><b>D. Backfilling &amp; Grading</b></p> <ol style="list-style-type: none"> <li>1. _____ Exposed Openings</li> <li>2. _____ Contemporaneous Reclamation</li> <li>3. _____ Approximate Original Contour</li> <li>4. _____ Highwall Elimination</li> <li>5. _____ Steep Slopes (includes downslope)</li> <li>6. _____ Handling of Acid and Toxic Materials</li> <li>7. _____ Stabilization (rills and gullies)</li> </ol> <p><b>E. Excess Spoil Disposal</b></p> <ol style="list-style-type: none"> <li>1. _____ Placement</li> <li>2. _____ Drainage Control</li> <li>3. _____ Surface Stabilization</li> <li>4. _____ Inspections &amp; Certifications</li> </ol> <p><b>F. Coal Mine Waste (Refuse Piles/Impoundments)</b></p> <ol style="list-style-type: none"> <li>1. _____ Drainage Control</li> <li>2. _____ Surface Stabilization</li> <li>3. _____ Placement</li> <li>4. _____ Inspections &amp; Certifications</li> <li>5. _____ Impounding Structures</li> </ol> <p><b>G. Use of Explosives</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Blaster Certification</li> <li>2. _____ Distance Prohibitions</li> <li>3. _____ Blast Survey/Schedule</li> <li>4. _____ Warnings &amp; Records</li> <li>5. _____ Control of Adverse Effects</li> </ol>	<p><b>H. _____ Subsidence Control Plan</b></p> <p><b>I. Roads</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Road Construction</li> <li>2. _____ Certification</li> <li>3. <u>1</u> Drainage</li> <li>4. <u>1</u> Surfacing and Maintenance</li> <li>5. _____ Reclamation</li> </ol> <p><b>J. Signs &amp; Markers</b></p> <ol style="list-style-type: none"> <li>1. <u>1</u> Signs</li> <li>2. <u>1</u> Markers</li> </ol> <p><b>K. _____ Distance Prohibitions</b></p> <p><b>L. Revegetation</b></p> <ol style="list-style-type: none"> <li>1. _____ Vegetative Cover</li> <li>2. _____ Timing</li> </ol> <p><b>M. _____ Postmining Land Use</b></p> <p><b>N. Other</b></p> <p>General Performance Category</p> <p>_____</p> <p>_____</p> <p>_____</p>
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Performance Standard Categories 30 CFR Counterparts		E. Excess Spoil Disposal _____ (816/817.71-74)	
<b>A. Administrative</b> _____		1. Placement _____	71(e)
1. Valid Permit _____	773.11	2. Drainage Control _____	71(f)
2. Mining within Bonded Area _____	773.11	3. Surface Stabilization _____	71(g)
3. Terms & Conditions of Permit _____	773.17	4. Inspections & Certifications _____	71(h)
4. Liability Insurance _____	800.60	<b>F. Coal Mine Waste (Refuse Piles/Impoundments) _____ 816/817.81-84</b>	
5. Ownership and Control _____	778.13	1. Drainage Control _____	83(a)
6. Temporary Cessation _____	842.11(e) & 816/817.131	2. Surface Stabilization _____	83(b)
7. AML Rec. Fees - Non-Respondent _____	870.15(b)	3. Placement _____	83(c)
8. AML Rec. Fees - Failure to Pay _____	870.15(a)	4. Inspections and Certifications _____	83(d)
<b>B. Hydrologic Balance</b> _____ (816/817.41-57)		5. Impounding Structures _____	84
1. Drainage Control _____	45	<b>G. Use of Explosives</b> _____ (816/817.61-68)	
2. Inspections & Certifications _____	49(a)(10)	1. Blaster Certification _____	61(c)
3. Siltation Structures _____	46	2. Distance Prohibitions _____	61(d)
4. Discharge Structures _____	47	3. Blast Survey/Schedule _____	62-64
5. Diversions _____	43	4. Warnings & Records _____	66 & 68
6. Effluent Limits _____	42	5. Control of Adverse Effects _____	67
7. Ground Water Monitoring _____	41(c)	<b>H. Subsidence Control Plan</b> _____ (817.121-122)	
8. Surface Water Monitoring _____	41(e)	<b>I. Roads</b> _____ (816/817.150-151)	
9. Drainage - Acid - Toxic Materials _____	41(f)	1. Road Construction _____	150(c)
10. Impoundments _____	49	2. Certification _____	151(a)
11. Stream Buffer Zones _____	57	3. Drainage _____	150(b), 151(d)
<b>C. Topsoil &amp; Subsoil</b> _____ (816/817.22)		4. Surfacing and Maintenance _____	150(e)-151(d)
1. Removal _____	22(a)	5. Reclamation _____	150(f)
2. Substitute Materials _____	22(c)	<b>J. Signs &amp; Markers</b> _____ (816/817.11)	
3. Storage and Protection _____	22(c)	1. Signs _____	11(a),(b),(c)
4. Redistribution _____	22(d)	2. Markers _____	11(a),(b),(d),(e),(f)
<b>D. Backfilling &amp; Grading</b> _____ (816/817.95-107)		<b>K. Distance Prohibitions</b> _____ (761.11)	
1. Exposed Openings _____	816/817.13, 14, 15, & 823.11 & 21	<b>L. Revegetation</b> _____ (816/817.111-116)	
2. Contemporaneous Reclamation _____	100	1. Vegetative Cover _____	111 & 116
3. Approximate Original Contour _____	102(a)(1)	2. Timing _____	113
4. Highwall Elimination _____	102(a)(2)	<b>M. Postmining Land Use</b> _____ (816/817.133)	
5. Steep Slopes (includes downslope) _____	107		
6. Handling of Acid & Toxic Materials _____	102(c)		
7. Stabilization (rills and gullies) _____	95(b)		

### Mine Site Inspection

**Mine Name:** Lila Canyon Mine (Horse Canyon Mine Part "B")

**Permittee:** UtahAmerican Energy, Inc. (UAE)

**Permit ID #:** C/007/013

**Inspection Date:** December 13, 2012 10:00 – 12:50

**Weather Conditions:** Overcast, cool (40's)

**Participants:**

Christine Belka, Office of Surface Mining (OSM) #182

James Owen, Division of Oil, Gas and Mining (DOGGM)

Jay Marshall, UtahAmerican Energy Inc. (UAE)

### Field Evaluation

Lila Canyon is an underground coal mine currently in the development stage. This mine was permitted under the Horse Canon Mine permit – an adjacent, reclaimed, underground coal mine. The Lila Canyon mine is currently producing approximately 300,000 tons/year, but could produce 1.5M – 4.5M tons/year when in full production.

Topsoil: The topsoil stockpile is properly marked and protected by a perimeter berm and diversion ditch (see photo 9383).

Hydrology / sediment control: The diversion ditch just east of the topsoil stockpile is in need of maintenance. Sediment has accumulated and should be cleaned out (see photo 9389). The culvert under the road near the portals is approximately 50% in-filled with sediment and should also be cleaned out (see photo 9384). The culvert is placed at approximately a 90° angle from the diversion channel. UAE might consider redesigning this channel / culvert when the road is reconfigured. The silt fence between an undisturbed area and the current coal stockpile pad is ok, but will need regular maintenance soon. We discussed alternative silt fence materials that could work better and require less maintenance, such as a product produced by a company called Ertec ("S-fence"). The silt fence north of the road leading to the portal area has recently been replaced and new straw wattles have been properly installed (see photo 9386).

Pond 1 was dry at the time of inspection. The pond appears to be extremely oversized and will eventually receive all disturbed area drainage from the mine face up and facilities area (see photo 9385). Pond 2 was also dry at the time of inspection. This pond will be reclaimed at a later stage of mine development. Drainage entering the pond used to down-cut the bank around the inlet culvert. The operator placed conveyor belt material under the culvert to allow water to enter the pond without compromising the pond embankment.

Signs and markers: All topsoil, stream buffer zone, undisturbed boundary, and explosives markers were in place. The mine identification sign included the name, address, and telephone number of the mine permittee as required under R645-301-521.243.

Roads: All roads traveled were in good repair with proper drainage structures.

General compliance: All surface disturbances are confined to permitted areas. All fuel tanks are stored in secondary containment structures. The undisturbed area where coal fines had been deposited, for which UAE previously received a notice of violation, has been appropriately cleaned (see photo 9388).

I&E Inspection Photos

Permit: UT-007-013      Inspection Date: 12/13/2012

Permittee: UTAHAMERICAN ENERGY



Notes:

[Empty box for notes]

Photo ID: 9383

Photographer: SMCBELKA

Date Taken: 12/13/2012

State: UT

County: CARBON

Latitude: 39.41759611

Longitude: -  
110.33478750

Subject: TOPSOIL STOCKPILE MARKED AND PROTECTED

Mine Name: HORSE CANYON



Notes:

[Empty box for notes]

Photo ID: 9384

Photographer: SMCBELKA

Date Taken: 12/13/2012

State: UT

County: CARBON

Latitude: 39.41767861

Longitude: -  
110.33432806

Subject: CULVERT PARTIALLY IN-FILLED WITH SEDIMENT

Mine Name: HORSE CANYON

I&E Inspection Photos

Permit: UT-007-013      Inspection Date: 12/13/2012

Permittee: UTAHAMERICAN ENERGY



Notes:

Photo ID: 9385

Photographer: SMCBELKA

Date Taken: 12/13/2012

State: UT

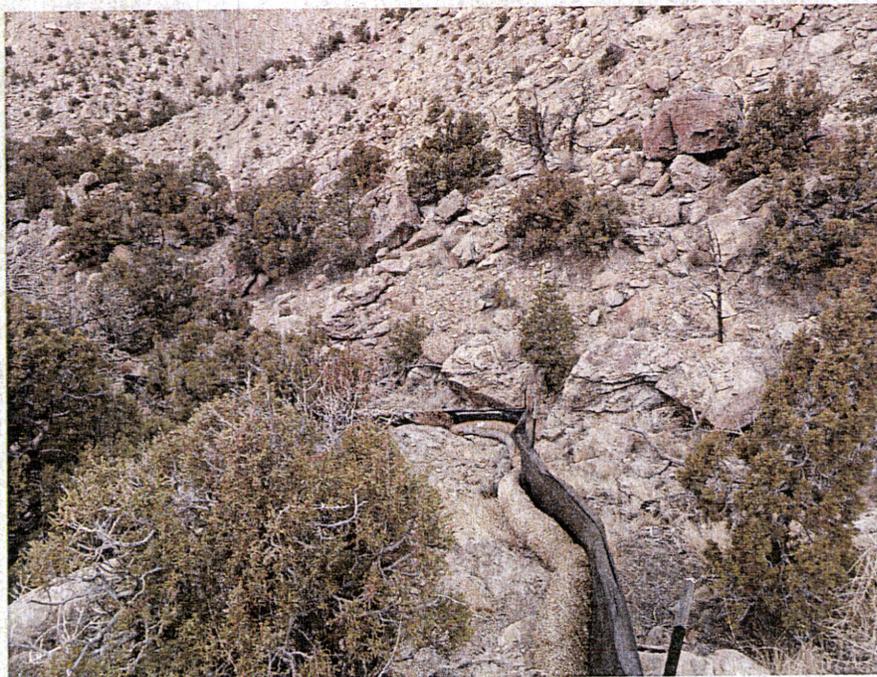
County: CARBON

Latitude: 39.41742528

Longitude: -  
110.33487889

Subject: POND 1

Mine Name: HORSE CANYON



Notes:

Photo ID: 9386

Photographer: SMCBELKA

Date Taken: 12/13/2012

State: UT

County: CARBON

Latitude: 39.41767861

Longitude: -  
110.33432806

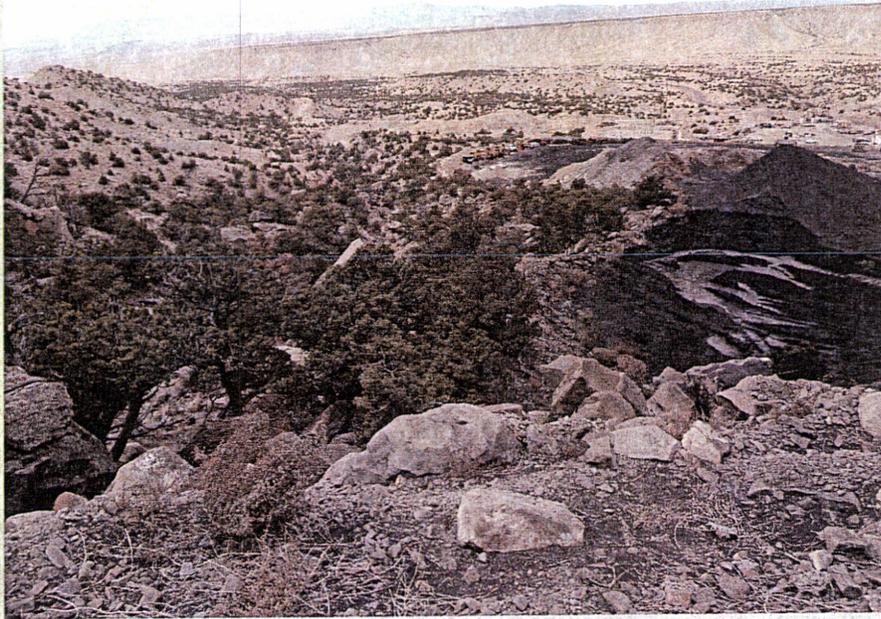
Subject: NEW SILT FENCE INSTALLED

Mine Name: HORSE CANYON

I&E Inspection Photos

Permit: UT-007-013      Inspection Date: 12/13/2012

Permittee: UTAHAMERICAN ENERGY



Notes:

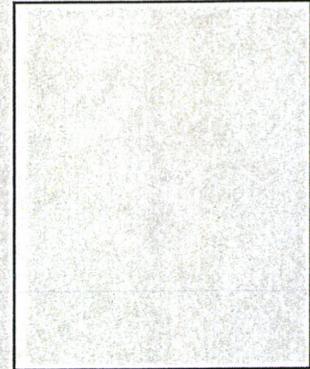


Photo ID: 9388

Photographer: SMICBELKA

Date Taken: 12/13/2012

State: UT

County: CARBON

Latitude: 39.41768139

Longitude: -  
110.33433750

Subject: FORMER COAL FINE DEPOSITION AREA, CLEAN NOW

Mine Name: HORSE CANYON



Notes:

Sediment has accumulated and should be cleaned out (routine maintenance).

Photo ID: 9389

Photographer: SMICBELKA

Date Taken: 12/13/2012

State: UT

County: CARBON

Latitude: 39.41759611

Longitude: -  
110.33478750

Subject: DIVERSION EAST OF TOPSOIL STOCKPILE

Mine Name: HORSE CANYON