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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 4, 2013

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

Subject: Completion of Midterm Review, Task ID #4406, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013

Dear Mr. Marshall:

On October 2, 2013, UtahAmerican Energy, Inc. was informed that the Division of Oil, Gas and Mining had commenced a midterm permit review for the Horse Canyon Mine.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author is listed following the deficiency.

Your response to these deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1 and C2 forms by no later than December 4, 2013.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5325 or James Owen at (801)538-5306.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
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FINDINGS DOCUMENT

Utah Coal Regulatory Program

PID: C0070013
TaskID: 4406
Mine Name: HORSE CANYON MINE
Title: MIDTERM PERMIT REVIEW

Reclamation Plan

Bonding Determination of Amount

Deficiencies Details:

Item E Evaluate the Reclamation Bond
 In accordance with the requirements of R645-301-830, 830.140;
 Findings:
 The Permittee must update the unit costs used to develop the 2008 reclamation cost estimate using 2013 R.S. Means unit costs from their Heavy Construction Data manual.
 That total, including direct and indirect costs, must be escalated to 2018 using the current 2013 escalation factor of 1.5 % to determine the bond amount required to be maintained to keep the Lila Canyon Mine in compliance relative to R645-301-830.140.

phess

Operation Plan

Fish and Wildlife Protection and Enhancement Plan

Deficiencies Details:

The information in the current MRP is not adequate to meet the requirements of this section of the regulations. Prior to approval the following information is required in accordance with;R645-301-322, -301-333, -301-342, -301-358.

MRP COMMITMENTS

HABITAT ENHANCEMENT AND MITIGATION Install two artificial eagle nests in consultation with USFWS.

STATUS According to the text on page 10, of Chapter 3 the eagle nests were to be mitigated by a prey base off-site vegetation treatment project with a reference to page 19. The reference needs to be corrected to pages 11, 17 and 18. The vegetation treatment is scheduled to be completed in the fall of 2013.

RAPTOR AND NEST PROTECTION For possible subsidence impacts to raptor nests, the Permittee will develop a mitigation plan that must be submitted and approved within 6 months after issuance of permit and apply for take permit through USFWS 2 years prior to subsidence of the nests.

STATUS The mitigation is scheduled to be completed in the Fall of 2013. The permittee needs to identify which nests are being referred to (previously identified or from future surveys). If nests are identified through aerial surveys the permittee must apply for take permit through USFWS 2 years prior to subsidence of the nests.

RAPTOR PROTECTION Employee educational to remove road kill from the coal haul road.

STATUS Ongoing, the permittee needs to correct the pagination error that begins on page 20. The employee awareness program should include annual training and as needed as well as text that describes the removal of animal carcasses.

RAPTOR PROTECTION Escarpment barrier of at least 200' to prevent cliff habitat loss.

STATUS The text of Chapter three, page 13, Section 332 (1) needs to be revised or clarified to demonstrate how the 200' barrier will be measured.

SEED MIX TAGS Provide the Division biologist with seed mix tags prior to or during interim, contemporaneous, and final reclamation projects.

STATUS The division is recommending that the topsoil pile and disturbed areas not being utilized for mining activities be scarified and seeded in the Fall of 2013 to minimize the current infestation of hallogeten. Seed tags should be provided to the inspector.

VEGETATION TEST PLOT To test whether summer seeding will increase establishment of the warm season species (blue grama and galleta). Area 1 and 4 were seeded in July and area 2 and 3 were seeded in October following construction.

STATUS The Division needs to meet with the permittee in the Spring of 2014 to visit the test plot areas and discuss the information provided in the 2012 annual report to determine what recommendations should be made regarding the warm season seeding of blue grama and galleta spp.

NOXIOUS WEED CONTROL To control invasive species in and adjacent to the disturbed area. The permittee should implement a noxious/invasive species weed control program.

STATUS The Division is recommending that this commitment be added to the Lila Canyon MRP list of commitments. The regulatory basis is found at R645-301-357.320-.324. The permittee needs to address the current infestation of hallogeten and Russian thistle in these areas. The Division has recommended scarifying and seeding in the Fall of 2013 and spraying based on a site inspection in the Spring of 2014.

jheltric

Topsoil and Subsoil

Deficiencies Details:

R645-301-251, The phased construction plan should not preclude follow through on statements in Section 234.230 that the topsoil stockpile will have an irregular, pitted surface and will be mulched and seeded (and treated with inoculum) and have a silt fence at the base. The south half of the topsoil stockpile requires final treatment as soon as possible, regardless of the progress of construction. The Division requests that the MRP include a deadline for completion of topsoil pile construction and that the deadline be set for late fall (late November - mid-December) 2014.

pburton

Hydrologic General

Deficiencies Details:

Item A
R645-301-700-731.214 The MRP should be updated in the following sections to more clearly define the current water monitoring plan:
Page 56 of Chapter 7 should be updated to reflect the current monitoring plan for Quaker Spring now that baseline data collection has been completed.
Section 731.224.2 should be updated to clarify which sites are temporarily suspended.
Table 7-3 should be updated to indicate the current water monitoring plan for Quaker Spring.

adaniels

Maps Facilities

Deficiencies Details:

R645-301-121.100, Plate 5-2 should reflect current site conditions with regard to shading of the disturbed area within the permit boundary. Placement of an aerial photo layer over the Plate 5-2 design would enable distinction between existing conditions and future approved construction depicted on the map.

pburton