



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

Permit Number:	C0070013
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, November 18, 2014
Start Date/Time:	11/18/2014 7:00:00 AM
End Date/Time:	11/18/2014 12:30:00 PM
Last Inspection:	Wednesday, October 22, 2014

Representatives Present During the Inspection:	
Company	Jay Marshall
Company	Karen Odendahl
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp. 16 Deg. F.

InspectionID Report Number: 4025

Accepted by: JHELFRIC
12/1/2014

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
74.26	Phase I
74.26	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 Division inspector announced himself at the main office located at the West Ridge Mine. Jay Marshall and Karin Odendahl, UtahAmerican Energy, were at the main office. The paperwork review was conducted at the West Ridge Main Office prior to the complete field inspection of the Lila Canyon Mine. Both Jay Marshall and Karin Odendahl accompanied the Division inspector during the field inspection.

Karl R. Houskeeper

Inspector's Signature:

Date: Tuesday, November 18, 2014

Karl Houskeeper,
Inspector ID Number: 49

Note: This inspection report is a public document. It is available for review by the public. For more information, contact the Division of Oil, Gas and Mining, telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



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 checked="" 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" 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 checked="" 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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

Division of Oil, Gas and Mining Permit C/007/0013 was issued for the Horse Canyon/Lila Canyon Mine on May 6, 2011 and expires on May 6, 2016.

Surety bonds for Horse Canyon Mine/Lila Canyon mine is through Rockwood Causality Company and XL Specialty Insurance Company. There are three bonds associated with this mining permit.

Insurance is covered by Federal Insurance Company. The policy was issued on April 4, 2014 and expires on June 1, 2015. Minimum coverage requirements have been met. Explosion coverage is part of the policy. The certificate holder is listed as the State of Utah. The cancellation clause is acceptable to the Division.

UPDES Permit General UTG-040000, site specific UTG_040024 effective September 1, 2013 and expires at midnight on August 31, 2018. There are two outfalls or discharge points associated with this permit. 001 is for Sediment Pond #1 and 002 is for mine water discharge.

Air Quality Permit DAQE-AN0121850002-08 issued October 23, 2000 and still remains in effect.

Reclamation agreement is signed by the company and the Division on December 14, 1998.

SPCC Plan is dated August 2012. The plan is P.E. dated, Stamped and Signed by a Utah P.E. on August 14, 2014.

2. Signs and Markers

The mine identification sign was checked on entrance into the mining permit area from the public access road. The sign was found to meet all of the requirements set forth in the Utah R645 Coal rules relative to mine identification signs. Permit area perimeter markers were observed in place which show the extent of the permit area associated with the mining permit.

3. Topsoil

The topsoil pile was observed as part of the complete inspection. The topsoil pile is identified with a topsoil pile sign. An engineered berm is placed around the perimeter of the topsoil pile for protection against soil loss. The pile has been seeded to aid in the protection of the pile.

4.a Hydrologic Balance: Diversions

The diversions through out the mine site were checked to make sure that they were functional. This inspection included ditches and culvert inlets and outlets. A permit amendment has been submitted to the Division to replace certain ditches with culverts. This task is under review by the Division and has been assigned Task ID #4712. Amanda Daniels of the Division of Oil, Gas & Mining has been assigned as the lead on this project. The projected review deadline date is currently set as December 3, 2014.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

During the complete inspection sediment pond #2 was examined. This sediment pond is considered a temporary sediment pond and is slated to be removed as the overall design of the mining facilities is achieved. This pond does not have a discharge point, but is total containment. Field observation showed that the existing sediment level is below the sediment cleanout marker.

Sediment Pond #1 was also inspected during the complete inspection. Field observations also showed that the sediment cleanout marker is still visible and that the existing sediment level is below the 60% clean elevation. This sediment pond does have a discharge point and is known as outfall 001 under the current UPDES Permit.

The Fourth Quarter 2014 and Annual 2014 combined sediment pond inspection report was reviewed during the complete inspection. The inspection was conducted on November 13, 2014. This report was then P.E. Stamped, Dated and Signed by a Registered P.E. in the State of Utah on November 14, 2014.

4.c Hydrologic Balance: Other Sediment Control Measures

Silt fences on the site were observed and found to be functional. In addition wattles throughout the site were also observed and found to be functional.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for outfalls 001 sediment pond #1 and 002 mine water discharge were reviewed for July, August and September 2014. No discharges occurred from the referenced outfalls for the months that were reviewed.

5. Explosives

The powder and cap magazines were observed during the inspection. The explosive area is marked with signs. The magazines are grounded in case of lighting strike.

8. Noncoal Waste

Roadways, ponds and pad areas were checked for noncoal waste items. All noncoal waste items were properly stored at the time of the inspection.

16.a Roads: Construction, Maintenance, Surfacing

Construction work was taking place at the time of the inspection. Concrete footers were being formed and poured.

16.b Roads: Drainage Controls

Road diversions were also checked during the inspection and found to be functional.

20. Air Quality Permit

Air Quality Permit DAQE-AN0121850002-08 issued October 23, 2000 and still remains in effect.

21. Bonding and Insurance

Three bonds are in place for this mining permit. The total current bond is \$1,799,000.00