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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

July 1, 2014

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

Subject: 2013 Annual Report Review Completion, Horse Canyon Mine, C/007/0013, Task ID #4551

Dear Mr. Marshall:

The Division staff has completed the review of the 2013 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on July 1, 2014.

As noted in the Reviewer Comments:

1. During the 2013 midterm review, the vegetation success of the test plot was evaluated and recommendations were provided to the permittee with regard to seeding and weed control. The annual report needs to include this information.
2. The confidential portion of the annual report only includes a raptor survey map. A map showing the current and 5 yr mining projection needs to be provided in the annual report. Map 5-3 needs to be updated.

Please submit the listed information to the Division by July 31, 2014.

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

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1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801

telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



Print Form

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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 the date specified in the cover letter. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION			
Company Name	Utah American Energy	Mine Name	Lila Canyon Mine
Permit Number	C/007/0013	Permit expiration Date	2016-05-06
Operator Name	UtahAmerican Energy, Inc.	Phone Number	+1 (435) 888-4000
Mailing Address	794 North "C" Canyon Road P.O. Box 910	Email	jmarshall@coalsource.com
City	East Carbon		
State	Utah	Zip Code	84520

DOGM File Location or Annual Report Location

Excess Spoil Piles

- Required
 Not Required

Refuse Piles

- Required
 Not Required

Impoundments

- Required
 Not Required

Ponds #1 and #2 Annual Certification is attached.

Other:

OPERATOR COMMENTS

REVIEWER COMMENTS

- Met Requirements Did Not meet Requirements

The certified annual inspection reports for ponds 1 and 2 are provided with the annual report. The inspections were conducted on August 15, 2013 and reported on September 6, 2013. For both ponds there was no appearance of instability, structural weakness or other hazardous condition.

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: Ongoing since 2005. The map must coincide with the data set and the data set must be discernible. The follow up survey data, if any, 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 2013 Raptor Survey is being submitted for insertion into the confidential binder and is not included with the annual report.

Reviewer Comments Met Requirements Did Not Meet Requirements

The 2013 survey indicated that there were no active nests within 1 mile of the active mining operations.

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 depletion calculation for the CO River Endangered Fish Recovery Program is attached.

Reviewer Comments Met Requirements Did Not Meet Requirements

The current consumptive use of water at the mine is 4.55 ac-ft/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: Year one sampling occurred in 2011. Occular estimation is due in 2012, and 2013 and a possible quantitative survey may be required by the Division.

Reports: Annual report

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

Operator Comments

The occular estimation was done in 2012 but was not done in 2013 following recommendations in the 2012 report.

Reviewer Comments Met Requirements Did Not Meet Requirements

During the 2013 midterm review the vegetation success of the test plot was evaluated and recommendations were provided to the permittee with regard to seeding and weed control. The annual report needs to include this information.

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

Reviewer Comments Met Requirements Did Not Meet Requirements

A rain gauge report was included in the annual report. Four quarters of rain gauge data was included in the report, with data demonstrating the typical rainfall conditions in the area of the mine permit area. (ad)

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, Topsoil salvage will resume in 2012.

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

No earth work was done and no soil was salvaged in 2012. Since no soil was salvaged the soil salvage records were not updated.

Reviewer Comments Met Requirements Did Not Meet Requirements

The comments above refer to 2012, rather than 2013. However, the Division has no record of any soil salvage occurring in 2013. There were seeding treatments on bare soil surrounding the stockpile. (PWB, 6/30/2013).

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

No subsoil was moved or relocated in 2013. The subsoil will be tracked when it is moved or relocated.

Reviewer Comments Met Requirements Did Not Meet Requirements



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: Please keep confidential map 5-3 updated with correct mine workings to indicate when mining will occur under MSO habitat.

Reports: Submit final reports in annual report.

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

Operator Comments

Map Confidential 5-3 shows the current estimated timing which indicates when mining will occur under MSO habitat.

Reviewer Comments Met Requirements Did Not Meet Requirements

The confidential portion of the annual report only includes a raptor survey map. A map showing the current and 5yr mining projections needs to be provided in this annual report. Map 5-3 needs to be updated.



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-6-G, L-7-G, L-8-G, L-9-G, L-10-G, L-11-G, L-12-G, L-13-S, L-14-S, L-15-S, L-18-S, L-19-S, L-20-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 division will be notified once quarterly sampling resumes.

Reviewer Comments Met Requirements Did Not Meet Requirements

The listed surface water sampling locations have not yet resumed monitoring. (ad)

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

A report summarizing the annual inspection of the old Geneva fan portals in Lila Canyon is attached.

Reviewer Comments Met Requirements Did Not Meet Requirements

The Permittee contracted EIS Environmental & Engineering Consulting, Helper, Utah to conduct the required annual inspection of the U S Steel Geneva Mine / Lila Canyon fan portals. This requirement is a condition of the State issued DOGM permit C/007/013. Mr. Matthew Serfustini (EIS) conducted the inspection of the north and south portal barricades on January 3, 2014. No vandalism or tampering was found to either barricade. The posted signs (no trespassing and possible dangerous atmosphere) were in place, and from the photos taken, appear to be in good condition. The photos were taken on January 3, 2014. The Permittee has met the requirements of this permit condition. (PHH, 4/3/2014)

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: 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

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. Baseline submitted in 2011. Next round of photos are due in 2016. A comparison between 2016 and 2011 photos will be required in 2016.

Reports: Annual Report

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

OPERATOR COMMENTS (OPTIONAL)

REVIEWER COMMENTS

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

MAPS

Copies of mine maps, current and up-to-date, 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	Not required	<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

Mine maps need to include 5 year projections of mining. The confidential portion of the annual report only includes a raptor survey map. A map showing the current and 5yr mining projections needs to be provided in this annual report.