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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

June 12, 2018

CERTIFIED RETURN RECEIPT
9590 9402 1618 6053 1296 97

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

Subject: Proposed Assessment for State Violation No. N 21203, UtahAmerican Energy, Inc.,
Horse Canyon Mine, C/007/0013, Task #5667

Dear Ms. Madsen:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Karl Housekeeper, on April 18, 2018. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.



2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment. Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,



John Webster
Assessment Officer

Enclosure

cc: Suzanne Steab, DOGM

Inspector: Karl Housekeeper, DOGM

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<u>PROBABILITY</u>	<u>POINT RANGE</u>	<u>PROBABILITY</u>	<u>POINT RANGE</u>
insignificant	1-4	Likely	10-19
Unlikely	5-9	Occurred	20

ASSIGN PROBABILITY OF OCCURRENCE POINTS 20

PROVIDE AN EXPLANATION OF POINTS: Inspector indicated that the event did occur and witnessed the construction taking place. The operator did not provide any information regarding this violation. Therefore points were assigned at the 'Occurred' level

3. What is the extent of actual or potential damage?: Potential damage.

ASSIGN DAMAGE POINTS (Range 0-25) 12

PROVIDE AN EXPLANATION OF POINTS: Three Convex Trailers were installed adjacent to the existing bathhouse without the proper permits. Potential damage is possible if the mine doesn't have enough surety to cover the trailers at the time of closure. Therefore the points were assigned at the mid range.

B. ADMINISTRATIVE VIOLATIONS (Max 25pts)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? _____
Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS N/A

PROVIDE AN EXPLANATION OF POINTS: _____

TOTAL SERIOUSNESS POINTS (A or B) 00

III. DEGREE OF FAULT

<u>LEVEL of NEGLIGENCE.</u>	<u>Point Range</u>
No Negligence Negligence (Was this an inadvertent violation which was unavoidable by the exercise of reasonable care?)	0
Negligence (was this a failure of a permittee to prevent the occurrence of a violation due to indifference, lack of diligence, or lack of reasonable care?)	1 - 15
Greater Degree of Fault (reckless, knowing or intentional conduct, or economic gain to the operator for not complying)	16 - 30

STATE DEGREE OF NEGLIGENCE:

ASSIGN NEGLIGENCE POINTS 14

PROVIDE AN EXPLANATION OF POINTS: Any New construction is required to go through the Division with the permit amendment process and approval. Points were therefore assigned at the high range level of Negligence.

IV. GOOD FAITH (Max 20 pts.)

(Either A or B) (Does not apply to violations requiring no abatement measures, or violations not abated at the time of assessment)

Has Violation Been Abated? YES / NO

A. **EASY ABATEMENT** (The operator had onsite, the resources necessary to achieve compliance of the violated standard within the permit area.)

	<u>Point Range</u>
Immediate Compliance (Immediately following the issuance of the NOV)	-11 to -20
Rapid Compliance (Permittee used diligence to abate the violation. Violation abated in less time than allotted.)	-1 to -10
Normal Compliance (Operator complied within the abatement period required, or, Operator requested an extension to abatement time)	0

B. **DIFFICULT ABATEMENT** (The operator did not have the resources at hand to achieve compliance, or the submission of plans was required prior to physical activity to achieve compliance.)

	<u>Point Range</u>
Rapid Compliance (Permittee used diligence to abate the violation. Violation abated in less time than allotted.)	-11 to -20
Normal Compliance (Operator complied within the abatement period)	-1 to -10
Extended Compliance (Operator complied within the abatement period required, or, Operator requested an extension to abatement time) (Permittee took minimal actions for abatement to stay within the limits of the violation, or the plan submitted for abatement was incomplete.)	0

EASY OR DIFFICULT ABATEMENT? Difficult

ASSIGN GOOD FAITH POINTS - 10

PROVIDE AN EXPLANATION OF POINTS: A permit amendment was submitted before the Division deadline of May 18, 2018. Therefore good faith points were assigned at the high end of the "Normal Compliance" range.

V. ASSESSMENT SUMMARY (R647-7-103.3)

I.	TOTAL HISTORY POINTS	<u>0</u>
II.	TOTAL SERIOUSNESS POINTS	<u>32</u>
III.	TOTAL NEGLIGENCE POINTS	<u>12</u>
IV.	TOTAL GOOD FAITH POINTS	<u>-10</u>
	TOTAL ASSESSED POINTS	<u>34</u>

TOTAL ASSESSED FINE \$1,540.00