



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 26, 2019

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

Subject: Warehouse Pad Extension, UtahAmerican Energy, Inc., Horse Canyon Mine,
C/007/0013, Task #5867

Dear Ms. Madsen:

The Division has reviewed your application. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The deficiencies authors are identified so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application.

If you have any questions, please call me at (801) 538-5350.

Sincerely,

Steve Christensen
Permit Supervisor

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070013
TaskID: 5867
Mine Name: HORSE CANYON MINE
Title: WAREHOUSE PAD EXTENSION

Operation Plan

Mining Operations and Facilities

Analysis:

The application meets the State of Utah R645 requirements for Mining Operations and Facilities.

The application satisfies the requirements of R645-301-521.170 and -521.180 because narrative on pages 8 - 18 of Chapter 5 describes proposed facilities that will be constructed within the permit area. These proposed structures include the following: shop/warehouse, temporary water tanks on the lower pad, temporary loadout structures on the middle pad, temporary concrete retaining walls on the middle pad, and an expansion to the existing bathhouse facility. In addition to narrative describing the dimensions and intended purpose of each structure, Plates 5-2, 5-8, and 8-1 also detail the proposed locations of these structures within the permit area. Plate 5-8 offers a cross-sectional profile of the proposed loadout structures that are planned to be built on the Middle Pad.

jeatchel

Topsoil and Subsoil

Analysis:

The application does not meet the requirements of the Utah R645 Coal Rules for topsoil handling, because during construction of the shop/warehouse, topsoil from undisturbed area shown on Plate 5-2 (incorporated 5/17/2018) must be accounted for. This undisturbed within the disturbed is shown as fragmented areas UDA-1 and UDA-2 (totaling 1.09 acres) on the Topsoil Accounting map in the 2018 Annual Report. The acreage to be salvaged is not clear, since the undisturbed area shown on Plate 5-2 (incorporated 5/17/2018) and that shown on the 2018 Topsoil Report (2018 Annual Report) is different.

The application updates the available soil resources table (Chap 2, p. 9). The table reports 71,987 CY of topsoil salvaged from 33.99 acres and stockpiled. This figure is equal to that reported in the 2018 Annual Report, which is based on Scamp Excavation's truck count. This figure does not include salvage from the shop pad for construction of the shop/warehouse. (The EIS Consultants who authored the 2018 Topsoil Accounting advised that the 71,987 figure be confirmed by a survey.)

This revision of Plate 5-2 adds undisturbed lands to the disturbed area to the North of the entrance and on the NE of the portal pad. These lands were noted as undisturbed within the disturbed as a result of the aerial survey conducted in 2018. This additional disturbed area is accounted for in the increase from 40.11 to 40.12 acre disturbed/bonded area (Appendix 5-8).

Deficiencies Details:

The application does not meet the R645-301-121.200, clear and concise requirements. The following deficiency must be addressed prior to final approval:

R645-301-121.200,

The application must account for the volume of topsoil to be salvaged from the undisturbed areas shown on existing Plate 5-2 (incorporated 5/17/2018) and also shown on the 2018 annual report topsoil accounting map.

pburton

Hydrologic Diversion General

Analysis:

The amendment meets the State of Utah R645 requirements for Diversions.

The amendment updates runoff calculations, drainage paths/sediment control structures, disturbed ditch designs and sediment pond sizing in Appendix 7-4. The updated values are slightly smaller or larger than the original permitted values or within the tolerances of the original designs so no additional hardening of diversions or increased sizing of treatment structures is necessary.

kstorrar

Reclamation Plan

Bonding Determination of Amount

Analysis:

The application satisfies the State of Utah R645 requirements for Determination of Bonding Amount.

The application meets the requirements of R645-301-830 because detailed bonding calculations have been included to account for the demolition and removal of the proposed facilities upon reclamation. The direct costs for Demolition and Removal were increased by \$112,680 as a result of the proposed changes, and the Backfilling and Grading costs were increased by an additional \$115,160. After applying indirect costs, an inflation factor of 2.32% was added and escalated to 2021. All unit costs were obtained from the 2017 R.S. Means Heavy Construction Cost manual, and include overhead and profit for all direct costs. The total bond amount in 2021 dollars amounts to \$2,054,000, which is an overall increase of \$237,000. The current bond posted with the Division amounts to \$1,817,000, therefore the Permittee must post an additional \$237,000 to account for the proposed changes to the permit and remain adequately bonded.

jeatchel