



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

April 11, 2019

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

Subject: Conditional Approval of Warehouse Pad Extension, UtahAmerican Energy, Inc., Horse Canyon Mine, C/007/0013, Task #5910

Dear Ms. Madsen:

The above-referenced amendment is approved conditioned upon receipt of 2 clean copies prepared for incorporation. Please submit these copies by May 10, 2019.

This amendment is also conditioned upon a bond increase of \$237,000, from a posted bond of \$1,817,000 to \$2,054,000. Please submit the bond rider to increase your bond along with the required exhibits to revise the Horse Canyon Reclamation Agreement to the Division. If you have any questions, please contact Suzanne Steab, Bond Coordinator at (801) 538-5265.

Once these conditions have been met, final approval will be granted.

A stamped incorporated copy of the approved plans will also be returned to you at that time, for insertion into your copy of the Mining and Reclamation Plan.

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

Sincerely,

Steve Christensen
Coal Program Manager

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Technical Analysis and Findings
Utah Coal Regulatory Program

PID: C0070013
TaskID: 5910
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 the 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 the 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 meets the requirements of the Utah R645 Coal Rules for topsoil handling.

The application updates the available soil resources table (Chap 2, p. 9). The table reports 79,274 CY of topsoil and subsoil has been or will be salvaged from 32.67 acres and stockpiled. This figure is 7,287 CY greater than that reported in the 2018 Annual Report.

The 7,287 CY is the estimated volume to be recovered from small islands of undisturbed in the shop/warehouse pad location. These undisturbed areas are shown on Plates 5-2 and Plate 2-3 and are labeled UDA-1 and UDA-2 (totaling 1.09 acres) on the Topsoil Accounting map in the 2018 Annual Report. Small fragments of both UDA-1 and UDA-2 will remain due to steep terrain or dangerous conditions (high voltage power lines) that would interfere with salvage. As-built Plates 2-3 and 5-2 will show the remaining fragments. (The EIS Consultants who authored the 2018 Topsoil Accounting advised that the stockpile volume 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).

pburton

Hydrologic Diversion General

Analysis:

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

The amendment updates the permit to reflect the as-built state of diversion DD-14a. Chapter 5 had and narrative for a weir that was designed to divert water into Sediment Pond 1 or into the undisturbed bypass culvert UC-1a. This weir was never constructed and the narrative for the weir has been removed from the text. The diversion would have routed too much undisturbed runoff through Pond 1 to be adequately treated before discharging. All disturbed runoff is still routed through Pond 1 and all undisturbed runoff will continue to be routed past the pond in UC-1a.

The amendment updates tables and calculations for the extension of the warehouse pad. The disturbed watershed parameters, runoff calculations, drainage paths/sediment control structures, disturbed ditch designs have all been updated to reflect the new runoff pattern within the facilities yard. 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

Maps Facilities

Analysis:

The amendment meets the State of Utah R645 requirements for Sediment Control Structures.

Lila Canyon mine's 'Disturbed Area Hydrology' Drawing 7-2 shows the new runoff boundaries with extension of the warehouse pad. The new adjustment to the boundaries will still route all disturbed area runoff to the sediment ponds to be treated.

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