

**HORIZON COAL CORPORATION
HORIZON MINE NO. 1**

1997 ANNUAL REPORT

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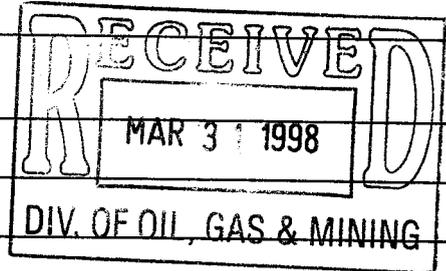
1997 ANNUAL REPORT

ACT/007/020

MARCH 1998

GENERAL INFORMATION

1. Permit Number	ACT 007/020
2. Mine Name	Horizon
3. Permittee Name	Horizon Mining, LLC
4. Operator Name (if other than Permittee)	
5. Permit Expiration Date	October 11, 2001
6. Company Representative, Title	Larry G. Jones
7. Phone Number	(435) 472-3994
8. Fax Number	(435) 472-3980
9. Mailing Address	P.O. Box 599
	Helper, Utah 84526
10. Resident Agent, Title	Denise A. Dragoo
Mailing Address	Van Cott, Bagley, Cornwall and McCarthy
	50 South Main Street
	Suite 1600
	Salt Lake City, Utah 84144-0450



IDENTIFICATION OF OTHER PERMITS

Identify other permits which are required in conjunction with mining and reclamation activities.

Permit Type	ID Number	Description	Expires on
1. MSHA Mine ID(s)	42-02074	Horizon No. 1 Mine	
	42-02075	Horizon No. 2 Mine	
2. MSHA Impoundment(s)		None	
3. NPDES/UPDES Permit(s) (water)	UTGO 40019	One Discharge Point	4/30/98
4. PSD (Air) Permit(s)	BAQE 336-91	Approval Order	
5.			
6.			

CERTIFIED REPORTS

List the certified inspection reports as required by the rules and under the approved plan which must be periodically submitted to the Division. Specify whether the information is included as APPENDIX A to this Annual Report or currently ON FILE with the Division.

Certified Reports:	Reports Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Excess Spoil Piles		X		X		
2. Refuse Piles		X		X		
3. Impoundments	X		X			
4.						
5.						

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan which must be periodically submitted to the Division. Specify whether the information is included as APPENDIX B to this Annual Report or currently ON FILE with the Division.

Technical Data:	Reports Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Climatological Data		X		X		
2. Subsidence Monitoring Data	X		X			
3. Vegetation Monitoring Data		X		X		
4. Soils Monitoring Data		X		X		
5. Water Monitoring Data	X				X	
First Quarter Report	X				X	
Second Quarter Report	X				X	
Third Quarter Report	X				X	
Fourth Quarter Report		X				
6. Geological/Geophysical Data		X				
7. Engineering Data						
8. Other Data						

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

Changes in administration or corporate structure can often bring about necessary changes to information found in the mining and reclamation plan. The Division is requesting that each permittee review and update the legal, financial, compliance and related information in the plan as part of the Annual Report. Provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other changes as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include any certified financial statements, audits or worksheets which may be required to meet bonding requirements. Specify whether the information is currently ON FILE with the Division or included as APPENDIX C to this Annual Report.

Legal/Financial Data:	Report Required?		INCLUDED or ON FILE w/DOGM?			Comments
	YES	NO	YES	NO	ON FILE	
1. Department of Commerce, Annual Report of Officers		X		X		
2. Other						

MINE MAPS

Copies of mine maps, current and up-to-date through at least December 31, 1997, are to be provided to the Division as APPENDIX D to this Annual Report in accordance with the requirements of R645-301-525.270. These map copies shall be made in accordance with 30 CFR 75.1200, as required by MSHA. Upon request, mine maps shall be kept confidential by the Division.

Map Number(s)	Map Title / Description	Confidential?
	Horizon Mine	Yes

OTHER INFORMATION

Please provide any comments or further information to be included as part of the Annual Report. Any other attachments are to be provided as APPENDIX E to this Annual Report.

Additional attachments to this report? No Yes

APPENDIX A

Certified Reports

Excess Spoil Piles
Refuse Piles
Impoundments

as required under R645-301-514

CONTENTS

Pond Inspections

POND 1 - INSPECTION REPORT

Horizon Coal Company

1st Quarter 1997

Date of Inspection: 1/6/97

Potential Safety Hazards:

The pond, berm and rocks were covered in snow during the site visit. Due to the inaccessible nature of the site during this quarter the potential for hazard was limited.

Slope Stability:

The slopes appeared stable.

Erosion:

No visible erosion.

Construction and Maintenance Performance Standards:

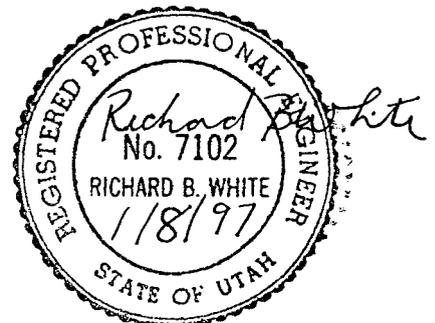
Construction was supervised by a licensed engineer. Maintenance has not been necessary during this quarter since the mine is not in operation and the site has been inaccessible and under snow.

Recommendations/Comments:

The pond was covered by snow the day of inspection. The site was access by truck, foot, and on snowshoes on January 6, 1997. Due to the extraordinary snowfall during the remainder of January, February and March of 1997 the site has been inaccessible since the site visit on the 6th of January.

I have performed the above inspection on this pond and do hereby certify it to be a true and accurate representation of the pond at this time.

Ucky A. Barley



POND 1 - INSPECTION REPORT
Horizon Coal Company
2nd Quarter 1997

Date of Inspection: 6/4/97

Potential Safety Hazards:

The berm and rocks barriers which had been placed around the pond were in place and showed no signs of being breached. Due to the county road being inaccessible periodically through the second quarter, only persons associated with mining have traveled the area. The pond is visible from a distance so does not present the potential of surprising either persons or wildlife in the area.

Slope Stability:

The slopes appeared stable.

Erosion:

Minor rills have developed along the slopes inside the pond.
The embankments have grasses and forbs growing with no signs of erosion.

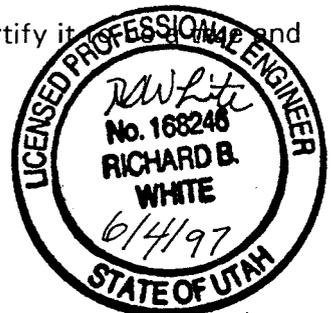
Construction and Maintenance Performance Standards:

Previous construction was supervised by a licensed engineer, but construction has not yet been completed. Maintenance has included the minimal replacement of riprap in the inlet channel.

Recommendations/Comments:

I have performed the above inspection on this pond and do hereby certify it is a true and accurate representation of the pond at this time.

Urchy A. Bailey



POND INSPECTION FORM

POND NAME: HORIZON LOCATION: HORIZON MINE
HELPER, UT
 INSPECTOR'S NAME AND AFFILIATION: Vicky Bailey, EARTHFAX ENG.
 Storage Level at Time of Inspection: AVAILABLE STORAGE 12.5'
 Outflow: Outlet: 0 Spillway: 0
 Weather: Sunshine 8/29/97

Note: A [No] in the Not applicable column means not observed due to current field conditions.

EMBANKMENT	Not Applicable	No Problem	Minor Problem	Needs Repair	Critical
Settling	[]	[X]	[]	[]	[]
Erosion	[]	[]	[X]	[]	[]
Seepage	[]	[X]	[]	[]	[]
Drains	[]	[X]	[]	[]	[]
Riprap	[]	[]	[X]	[]	[]
Vegetation	[]	[X]	[]	[]	[]
Rodents	[]	[X]	[]	[]	[]
Debris	[]	[X]	[]	[]	[]

Comments and Photographs: INLET RIPRAP NEEDS SOME WORK AFTER
6 HR 100 YEAR STORM. ALL DISTURBED AREA WATER REPORTED TO
POND. AFTER STORM POND CONTAINED APPROXIMATELY 3'
OF WATER. VEGETATION HAS STARTED GROWING ON EMBANKMENT.

EMERGENCY SPILLWAY	Not Applicable	No Problem	Minor Problem	Needs Repair	Critical
Leakage	[]	[X]	[]	[]	[]
Erosion	[]	[X]	[]	[]	[]
Siltation	[]	[X]	[]	[]	[]
Debris	[]	[X]	[]	[]	[]
Vegetation	[]	[X]	[]	[]	[]
Outfall Channel	[]	[X]	[]	[]	[]

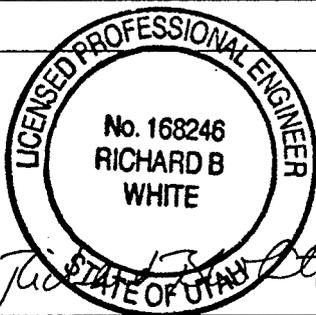
Comments and Photographs: _____

PRINCIPAL SPILLWAY	Not Applicable	No Problem	Minor Problem	Needs Repair	Critical
Intake					
Siltation	[]	[]	[]	[]	[]
Debris	[]	[]	[]	[]	[]
Trash Rack	[]	[]	[]	[]	[]
Conduit					
Displacement	[]	[]	[]	[]	[]
Deterioration	[]	[]	[]	[]	[]
Blockage	[]	[]	[]	[]	[]
Leakage	[]	[]	[]	[]	[]
Downstream Channel					
Pooling	[]	[]	[]	[]	[]
Erosion	[]	[]	[]	[]	[]
Vegetation	[]	[]	[]	[]	[]
Debris	[]	[]	[]	[]	[]

Comments and Photographs: _____

POND BASIN	Not Applicable	No Problem	Minor Problem	Needs Repair	Critical
Fractures	[]	[]	[]	[]	[]
Sinkholes	[]	[]	[]	[]	[]
Sedimentation	[]	[]	[]	[]	[]
Debris	[]	[]	[]	[]	[]
Vegetation	[]	[]	[]	[]	[]
Storage Gage	[]	[]	[]	[]	[]

Comments and Photographs: _____



Signature of Certifying Engineer: Richard B. White P.E. License No. 168246 State Utah Date 8 Sep 1997

POND 1 - INSPECTION REPORT
Horizon Coal Company
4th Quarter 1997

Date of Inspection: 10/31/97

Potential Safety Hazards:

The pond lies adjacent to a county road which runs the length of the pond on the west side. A berm and large rocks have been placed along the west side of the pond to deter entrance by vehicles.

Slope Stability:

The slopes appeared stable.

Erosion:

No visible erosion.

Construction and Maintenance Performance Standards:

Photographic history was collected during the construction of the pond (October - December 1996). Construction was supervised by a licensed engineer.

Recommendations/Comments:

Pond contained water the day of inspection.

I have performed the above inspection on this pond and do hereby certify it to be a true and accurate representation of the pond at this time.

Verly A - Bailey



APPENDIX B

Reporting of Technical Data

including monitoring data, reports, maps, and other information
as required under the approved plan
or as required by the Division

in accordance with the requirements of R645-301-130 and R645-301-140.

CONTENTS

Subsidence Map

APPENDIX D

Mine Maps

as required under R645-301-525.270.

CONTENTS

Horizon Mine Map