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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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INSPECTION REPORT

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PRL
by
SD

Partial: _____ Complete: XXX Exploration: _____
Inspection Date & Time: 09/18/2001 / 8:45-11:15 AM
Date of Last Inspection: 08/06/2001

Mine Name: Horizon Mine County: Carbon Permit Number: C/007/020
Permittee and/or Operator's Name: Lodestar Energy, Inc.
Business Address: HC 35 Box 370, Helper, Utah 84526
Type of Mining Activity: Underground XXX Surface _____ Prep. Plant _____ Other _____
Company Official(s): Mr. Kit Pappas, Engineering Dept.
State Official(s): Peter Hess Federal Official(s): None
Weather Conditions: Cool, clear, 60's Fahrenheit
Existing Acreage: Permitted 711 Disturbed 9 Regraded _____ Seeded _____
Status: Active XXX

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	<u>EVALUATED</u>	<u>N/A</u>	<u>COMMENTS</u>	<u>NOV/ENF</u>
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

INSPECTION REPORT

(Continuation sheet)

PERMIT NUMBER: C/007/001

DATE OF INSPECTION: 9/18/2001

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

Note: The permittee continues the processes necessary to initiate coal production.

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The current UDNR/OGM permit expires on October 11, 2001. The permittee indicated this day that all of the permit deficiencies which have been previously identified by the UDNR/OGM prior to today's inspection have been addressed, such that the renewal can be addressed.

The air quality approval order was most recently updated on November 7, 2000. The site has a determined throughput of 1.2 million tons per rolling 12-month period.

The current UPDES permit went into effect on July 15, 1999, and remains so until April 30, 2003. Utah DWQ has approved water collection sumps in the Mine for treatment purposes. UPDES point 002A is the Mine water discharge point.

The SPCC plan was last certified by Mr. Richard B. White of EarthFax Engineering on June 4, 1999. The current plan has been included as Appendix 7-10 in the mining and reclamation plan, as well as the inspection book set up by the permittee for that purpose.

Although the plan appears to have been last reviewed in 1999, a review of that plan indicated that there appear to be some deficiencies. Two of these are as follows:

- 1) There are no telephone numbers listed for the Mine's officials and/or responsible parties in case a spill occurs. The current plan says a copy of same is in the Mine Superintendent's office and the Mine Engineer's office, as well as a copy in the Company's corporate headquarters in Lexington, Kentucky. It is recommended that the permittee keep a copy of the current plan **at the Mine site for availability and use of any responsible official.**
- 2) There are no names listed as to who the responsible parties are for the permittee. The plan does mention the titles Mine Superintendent and Mine Engineer; however, it is not possible to determine who those responsible individuals are from this current edition of the SPCC plan. It was recommended to Mr. Pappas that the permittee have a registered P.E. re-review and re-certify the plan and correct these and any other deficiencies found. This is particularly important as the Mine prepares to go into a production mode.

2. SIGNS AND MARKERS

Today's field inspection noted that there are several disturbed area perimeter signs missing or in poor condition. Mr. Pappas indicated that new signs have been ordered to correct this condition.

3. TOPSOIL

The Division's July inspection report made note of exposed soil on several of the topsoil piles. These were noted during today's field inspection and are listed as follows:

- a) ASCA-1, which is located SSE of the mine site sediment pond, shows exposed soil over its entire area. This area is only very slightly roughened.

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- b) The topsoil pile located in the NE end of Portal Canyon could use some additional enhancement relative to vegetation on the SW end of the pile. Soils are also exposed here.
- c) The topsoil storage area on the NW side of the Mine site access road has bare soils exposed. The steep slope of this pile may need to utilize other methods of revegetation in order to adequately protect it.

The permittee has previously committed to installing mulch and filter blanket where bare soils have been observed.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The permittee needs to redefine ditches DD-4A. Vehicles parked along the diversion tend to push material into same. Concrete discharged from the wash out of a mixer was observed set up in the ditch. The flows in this ditch and those ditches down canyon of DD-4A report directly to Jewkes Creek. It is recommended that the permittee discharge effluent from concrete mixers into the sediment pond rather than a ditch reporting to an undisturbed drainage. Sediment buildup and the flatness of the ditch cross-section in this area have necessitated the need for its re-definement.

Ditch DD-1F and the NE end of DD-1G need re-definement. Both are located on the SE side of the Mine's ROM belt in a tightly confined area. A very shallow ditch gradient exists here, and rocks and sediment have built up to the point that it is difficult to determine if a ditch ever really did exist here. Hand cleaning may be necessary to return these ditches to specification, as defined within the mining and reclamation plan.

The culvert designated as DC-1 has had the ends cleaned. Same has been extended to underlie the new transformer permitted through C/007/020-AM01A.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The site only has one sediment pond which received its third quarter inspection on September 9, 2001. Mr. Pappas did not note any signs of instability or other hazardous conditions. The water level was noted as being six feet below the 60% sediment level clean-out elevation.

There are no slurry cells or MSHA ponds at the Horizon Mine. The site only has one sediment pond which received its third quarter inspection on September 9, 2001. Mr. Pappas did not note any signs of instability or other hazardous conditions. The water level was noted as being six feet below the 60% sediment level clean-out elevation.

There are no slurry cells or MSHA ponds at the Horizon Mine.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The permittee needs to replace the straw bales located at the SW end of the topsoil storage pile in upper Portal Canyon. This area was mentioned above and is somewhat sparse relative to vegetative cover. The straw bales are the primary means of sediment control for the SW length of this ASCA, and preserve the resource prior to any effluent reporting to ditch DD-1D. Mr. Pappas agreed to repair the bales.

ASCA-1 lies on the SE end of the Mine site disturbed area between Carbon County Road 290 and Jewkes Creek. Although this topsoil storage area is somewhat roughened, vegetation is lacking over the resource. Straw bales line the SW and SE perimeter. However, there is no sediment retention device in place between the topsoil storage area and the stream buffer zone along Jewkes Creek. It was recommended that the permittee

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PERMIT NUMBER: C/007/001

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install some type of sediment retention along this 140 foot length of the disturbed area perimeter. A ditch/berm combination would be the easiest to implement and maintain in this area.

4D. HYDROLOGIC BALANCE: WATER MONITORING

All third quarter water monitoring requirements have been completed with the exception of the ground water monitoring wells. According to Mr. Pappas, these will be completed on September 20.

Second quarter water monitoring has been completed and forwarded to the UDNR/OGM/SLO.

Discharge monitoring reports for the months of June, July and August were reviewed. No exceedances were noted for UPDES discharge point 002A, which is the Mine water discharge point. The sediment pond (001A) did not discharge during the three month period. The only concern noted was that the July reports were noted as being submitted on September 13, 2001. UPDES reporting requirements are such that DMR's must be postmarked by the 28th day of the month following the reporting period. Examination of the permittee's discharge monitoring reports indicates that the Mine water discharge volume to Jewkes Creek averages between 750 and 850 gallons per minute (not constant flow).

9. PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL VALUES

There is an old mine road located on the east side of the disturbed area which parallels the high voltage power line. Approximately fifty feet of this road lies within the Mine's disturbed area boundary at the North end of that road. Runoff from the road has created some minor erosion gullies on the fifty foot length. Machinery accessibility to this road section does not exist. It was suggested that native rock material be hand placed in these erosion features to slow their growth.

It was noted this day that the Utah Division of Wildlife Resources is requiring the permittee to submit a quarterly report evaluating the number of deer and elk which are killed by the vehicle traffic on Carbon County Road 290.

21. BONDING AND INSURANCE

The most recent Acord general liability insurance form for the permittee indicates that coverage will terminate as of August 31, 2001. According to the permittee, the premium has been paid, and it is assumed that their coverage has been extended. Mr. Pappas indicated during the White Oak Mines September partial inspection that the permittee's insurance provider was headquartered in the New York City World Trade Center, which was attacked by terrorists on September 11, 2001. Mr. Pappas was not able to provide additional information relative to this situation during today's inspection.

Inspector's Signature: 
Peter Hess #46

Date: September 19, 2001

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
David Miller, Lodestar
Price Field office

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