



State of Utah

Department of Natural Resources

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Division of Oil, Gas & Mining

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March 9, 2005

Derrell Curtis, General Manager
Hidden Splendor Resources, Inc.
57 West 200 South, Suite 400
Salt Lake City, Utah 84101

Subject: Permit Boundary Expansion, Hidden Splendor Resources, Horizon Mine,
C/007/0020, Task ID #2115

Dear Mr. Curtis:

On May 21, 2004, the Division received a permit boundary expansion application for the Horizon Mine; this was assigned Task # 1933. The expansion includes the remaining portion of lease U-74804, approximately 866 acres extending Northward from Beaver Creek. The lease is in Carbon County and can be located on the Jump Creek 7.5 minute quadrangle map in portions of sections 6, 7 and 8, T. 13 S., R. 8 E., SLBM.

On September 21, 2004, the Division sent Hidden Splendor Resources the technical analyses of the application and on January 14, 2005 the Division received Hidden Splendor's response to the Division's analyses. The Division assigned the new submittal Task # 2115.

Before the Division can approve this amendment, the Permittee must provide the information outlined in the following deficiencies, in accordance with the R645 Coal Mining Rules cited. For clarification or more information, you can contact the Division specialist whose initials are at the end of each deficiency.

DWD	Dave Darby	(801) 538-5341
JCH	Joe Helfrich	(801) 538-5290
JDS	Jim Smith	(801) 538-5262
WHW	Wayne Western	(801) 538-5263

Draft Technical Memos and a draft TA have been prepared, but final versions of these documents will not be prepared until all technical deficiencies have been resolved. Please respond to the following deficiencies by April 8, 2005.

Page 2
Derrell Curtis
March 9, 2005

If you have any questions, please call me at (801) 538-5268 or Jim Smith at (801) 538-5262.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

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cc: Price Field Office
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TECHNICAL DEFICIENCIES

R645-301-121.200, The Permittee cannot use circular references. The Permittee stated in Section 3.4.8.2, Renewable Resources that they addressed water replacement in Section 7.1.6. In Section 7.1.6, the Permittee made a few general commitments and referred to Section 7.3 but did not address specific replacement methods and then the Permittee referenced back to Section 3.4.8.2 for more information about water replacement [WHW].

R645-301-121.200, The Permittee must present the information in the MRP in a clear and concise manor:

- The Permittee must move or duplicate the subsidence information in Section 3.2 (surface facilities) to Section 3.4.8 (subsidence.)
- The Permittee must state in Section 3.3.1.5 of the submittal the percent of coal that they expect to recover [WHW].

R645-301-122, The Permittee must provide an explicit citation for Leatherwood and Duce (1988) in the References section of Chapter 6 [JDS].

R645-301-122, The Permittee must include specific reference for the claims made relating to subsidence such as:

- Water levels in the Blue Blaze Mine.
- Pillaring by Swisher Coal Company under Beaver Creek did not result in water loss.
- That the Castlegate Sandstone is unlikely to allow fractures to reach the surface.
- The shales in the area will be self-healing [WHW].

R645-301-521.190, On Plate 1-1, Permit Boundary, and in other relevant sections of the MRP, the Permittee must show that the permit area expansion occurred in 2005 [WHW].

R645-301-521, The Permittee must have all required maps and cross sections listed under section R645-301-512 certified by a qualified professional engineer who is licensed in the State of Utah. Mark Wayment, who is licensed in the State of Indiana, certified the maps and cross sections in the submittal. The Division cannot accept an out of state certification. Note: An engineer licensed in another state may be able to get a Utah license by application. See the Utah Division of Occupational and Professional Licensing for details [WHW].

R645-301-521, R645-301-122 and R645-301-131, The Permittee must state the references and sources that were used to determine the location of the old mine workings. In addition the Permittee must list the mine map

repositories that they contacted as those at the Utah Geological Survey, BLM and OSM [WHW].

R645-301-522, The Permittee must give the Division enough information for the Division to make a determination of maximum economic coal recovery. One option is for the Permittee to provide the Division with a copy of the updated R2P2, a summary of R2P2, or approval letter from the BLM [WHW].

R645-301-525.290, The Permittee must give the Division the following information:

- The calculations they used to determine in Section 3.4.8.4 that subsidence would be 2.3 feet (Figure 3-5 is not included in the amendment).
- A stream profile for Beaver Creek that shows the pre-subsidence and anticipated subsidence profiles.
- The protection and mitigation plans for the roads within the subsidence zone [WHW].

R645-301-525.490, The Permittee must place a subsidence monitoring station along Beaver Creek and the seeps and springs in the area. The Permittee must use the information collected to determine if subsidence caused any damage to water rights [WHW].

R645-301-525.110, The Permittee must show that they conducted a pre-survey of the potential subsidence zone in order to determine if there are any existing structures. The information in the Division of State History records may not be adequate. The Division recommends that the Permittee conduct an on the ground search as well as contact surface owners [WHW].

R645-301-521.160, The Permittee must show the location of the modified conveyor system and the crushing and screening plant on the surface facilities map [WHW].

R645-301-622, The Permittee must identify the overburden isopach thickness linetype in the Explanation panel of Plate 3-3 [JDS].

R645-301-731.530, -525.480, Section 7.1.6 is given as the location for the water replacement plan. There the Permittee has committed to “replace the water supply of any land owner if such water supply proves to be contaminated, diminished, or interrupted as a result of the mining operations”. In Section 7.1.6:

- The Permittee must specifically address prompt replacement of state-appropriated water supplies as required by R645-301-731.800 (e.g.,

trucking of water, transfer of water rights, pre-mining construction of water collection and distribution systems).

- The Permittee must clarify that the statement “Approval for a site-specific mitigation plan will be received from DOGM and Water Rights prior to implementation of the plan” does not apply to water replacement under R645-301-731.800. In order to be prompt, water replacement cannot wait for development of a plan followed by a period for approval by the Division and Water Rights; the R645-301-731.800 water replacement plan must be part of the MRP, which means it will already have the Division’s approval and Water Rights and water users will have had the opportunity to review and comment on it.
- The Permittee should remove or clarify the phrase “of any land owner”; although replacement of water supplies is tied to ownership of real property under R645-301-731.800, replacement of water supplies under R645-301-731.530 is not.
- The Permittee must remove or clarify the statement that the Division will first make a determination of material damage: R645-301-731.530 does not have a material damage restriction (nor does the impact need to be attributed to subsidence) - the criterion for action under R645-301-731.530 is diminution, contamination, or interruption as determined from baseline data [JDS and WHW].

R645-301-830.140, The Permittee must submit updated reclamation cost estimates that include the modifications to the surface facilities [WHW].