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State of Utah

Department of Natural Resources

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA  
Division Director

JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

Representatives Present During the Inspection:	
Company	Kit Pappas Manager of Environmental/Engineering
OGM	Karl Houskeeper Environmental Scientist III

**Inspection Report**

Permit Number:	C0070020
Inspection Type:	COMPLETE
Inspection Date:	Friday, March 23, 2007
Start Date/Time:	3/23/2007 9:30:00 AM
End Date/Time:	3/23/2007 1:00:00 PM
Last Inspection:	Friday, February 23, 2007

Inspector: Karl Houskeeper, Environmental Scientist III

Weather: Partly Cloudy, Temp. 56 Deg. F.

InspectionID Report Number: 1247

Accepted by: pgrubaug  
4/4/2007

Permitee: **HIDDEN SPLENDOR RESOURCES INC**

Operator: **HIDDEN SPLENDOR RESOURCES INC**

Site: **HORIZON MINE**

Address: **3266 S 125 W, PRICE UT 84501**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

**Current Acreages**

1,577.00	<b>Total Permitted</b>
9.50	<b>Total Disturbed</b>
	<b>Phase I</b>
	<b>Phase II</b>
	<b>Phase III</b>

**Mineral Ownership**

- Federal
- State
- County
- Fee
- Other

**Types of Operations**

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

**Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:**

Permit Condition #1 states that Hidden Splendor Resources will enter their water monitoring information into the electronic database, EDI. This condition is being met.

Inspector's Signature:

Date

Friday, March 23, 2007

Karl Houskeeper, Environmental Scientist III

Inspector ID Number: 49

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

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Permit Number: C0070020  
 Inspection Type: COMPLETE  
 Inspection Date: Friday, March 23, 2007

**Inspection Continuation Sheet**

**REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS**

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
  - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
  - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
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 type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: 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	<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 checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**1. Permits, Change, Transfer, Renewal, Sale**

The current DOGM permit C/007/020 was issued effective 10/11/2006 and expires 10/11/2011.

-Certificate of Insurance policy number TBD, issued 09/30/2006 and terminates 09/30/2007.

-UPDES permit UTG040000 (General) UTG040019 (Site Specific) effective 05/01/2003 and expires midnight 04/30/2008.

-Air Quality permit DAQE-700-70, issued November 7, 2000.

-SPCC Plan dated June 2006. The Plan is P.E. certified, stamped, signed and dated 6/20/06 by a Utah P.E.

**2. Signs and Markers**

The mine ID sign was observed at the point of public access to the mine. The sign contained the name of the mine, address, phone number, permit number, and MSHA number.

**4.b Hydrologic Balance: Sediment Ponds and Impoundments**

The first quarter 2007 pond inspection was done on 03/08/07. No problems were noted.

**4.d Hydrologic Balance: Water Monitoring**

Fourth quarter 2006 water monitoring information is in the EDI website and is uploaded. Water monitoring is current.

**4.e Hydrologic Balance: Effluent Limitations**

Outfall 001a did not discharge in February 2007. Outfall 002a did discharge in February 2007, but did not exceed any parameters.

**20. Air Quality Permit**

The Air Quality Permit Approval Order DAQE-700-00 was issued on November 7, 2000. Recent documentation shows the approval order number as DAQP-002-06.

**21. Bonding and Insurance**

The bond is secured by a letter of credit through Bank One in the amount of \$57,000 and collateral to add up to the amount of \$342,000. This letter of credit will expire on January 20, 2007. The appraisal was updated as of 12/20/06 for the real estate (collateral) and the appraisal is now \$625,000 - the updated reclamation cost estimate is \$445,000 in 2011 dollars.