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**Hidden Splendor Resources**  
**Horizon Mine**  
**3266 South 125 West, Price, Utah 84501**  
**Phone: (435) 636-0820 – Fax: (435) 636-0817**

February 5, 2008

Ms. Pamela Grubaugh-Littig  
Utah Coal Program  
Utah Division of Oil, Gas and Mining  
1594 West North Temple – Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801

Re: Permit Amendment – Paved Areas

Dear Pam:

*Income*  
*2/10/07/0020*  
*# 2922*

Pursuant to telephone conversations with Dave Darby and Wayne Western of your office, Hidden Splendor Resources, Inc., Horizon Mine, respectfully submits a revised amendment to the currently approved Mining and Reclamation Plan.

The amendment contains Forms C-1 and C-2, Replacement Page 3-6, Replacement Page 7-59, Replacement Total Bond Estimate, Replacement Demolition Totals Bond Calculations, New Demolition Bond Calculations for New Road 019, Replacement Plate 3-1 (Surface Facilities Map) and Replacement Plate 3-4 (Access/Haulage Road Design). Please note the Plates have already been submitted.

As was discussed earlier, the Consumers Road was paved from the Wildcat Loadout to the Horizon Mine site. This project was made possible by the Carbon County Special Service and Transportation District securing funding from the Community Impact Board, with additional support from the Carbon County Commission. Nielsen Construction was awarded the contract for this project.

As the project was nearing completion, Hidden Splendor Resources, Inc. (HSR), contracted with Nielsen Construction to apply blacktop to the approach and parking areas at the Horizon Mine. These areas are shown with the red outline on the enclosed map, "Plate 3-1, Surface Facilities". The applied material equates to approximately 258 cubic yards of blacktop.

HSR believes that this will improve sediment and runoff control at the mine site and will not have any effect on Hydrology issues at the site in that the controls currently in place are sufficient. The existing ditches are of sufficient size and design to handle any increase in runoff that might occur. It should also be noted that the soil was already compacted prior to the paving as shown on Plate 3-4.

Additionally, HSR believes that the current Reclamation Bond is sufficient to cover the reclamation of this material since no additional equipment or resources would be required for removal that would not already be onsite, and disposal would be concurrent with other materials being disposed of as indicated in the bond calculations. Additional disposal costs, if any, would be very minimal.

As you are also aware, Hidden Splendor Resources, Inc., filed for Chapter 11 Bankruptcy protection on October 15, 2007. Because the road project was nearing completion, HSR felt that we had a very narrow window to make these improvements, in that, the equipment was already mobilized, resulting in a greatly reduced cost to have this done now, rather than at a later date, which would have at least tripled the cost.

Please feel free to contact me at 435-636-0820 if you have any questions or comments.

Sincerely,



Kit Pappas  
Manager of Engineering and Environmental Services

Encl:

RECEIVED

FEB 07 2008

DIV. OF OIL, GAS & MINING

# APPLICATION FOR COAL PERMIT PROCESSING

Permit Change  New Permit  Renewal  Exploration  Bond Release  Transfer

**Permittee:** HIDDEN SPLENDOR RESOURCES, INC.

**Mine:** HORIZON MINE

**Permit Number:** C/007/020

**Title:** PAVED AREAS

**Description,** Include reason for application and timing required to implement:

PAVING OF ACCESS ROAD AND PARKING AREAS

**Instructions:** If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes  No 1. Change in the size of the Permit Area? Acres: \_\_\_\_\_ Disturbed Area: \_\_\_\_\_  increase  decrease.
- Yes  No 2. Is the application submitted as a result of a Division Order? DO# \_\_\_\_\_
- Yes  No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes  No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes  No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes  No 6. Does the application require or include public notice publication?
- Yes  No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes  No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes  No 9. Is the application submitted as a result of a Violation? NOV # \_\_\_\_\_
- Yes  No 10. Is the application submitted as a result of other laws or regulations or policies?  
*Explain:* \_\_\_\_\_
- Yes  No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes  No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes  No 13. Does the application require or include collection and reporting of any baseline information?
- Yes  No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes  No 15. Does the application require or include soil removal, storage or placement?
- Yes  No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes  No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes  No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes  No 19. Does the application require or include certified designs, maps or calculation?
- Yes  No 20. Does the application require or include subsidence control or monitoring?
- Yes  No 21. Have reclamation costs for bonding been provided?
- Yes  No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes  No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

**Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you.** (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

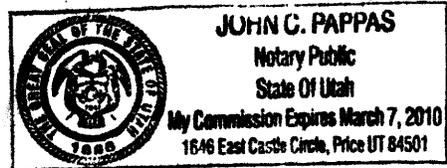
DAN BAKER  
Print Name

*Dan Baker* Vice President 2-5-08  
Sign Name, Position, Date

Subscribed and sworn to before me this 5 day of FEBRUARY, 2008

*John C. Pappas*  
Notary Public

My commission Expires: MARCH 7, 2010  
Attest: State of UTAH } ss:  
County of CARBON



<b>For Office Use Only:</b>	Assigned Tracking Number:	Received by Oil, Gas & Mining  <div style="text-align: center; font-size: 1.2em; font-weight: bold;">RECEIVED</div> <div style="text-align: center; font-size: 1.1em; font-weight: bold;">FEB 07 2008</div> <div style="text-align: center; font-size: 0.8em; font-weight: bold;">DIV. OF OIL, GAS &amp; MINING</div>
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**Support Facilities.** Support facilities at the Horizon Mine will be operated in accordance with the permit issued for the mine. Support facilities will be located, maintained, and used in a manner that:

- Prevents or controls erosion and siltation, water pollution, and damage to public or private property;
- To the extent possible, using the best technology currently available, minimizes damage to fish, wildlife, and related environmental values; and
- Minimizes additional contributions of suspended solids to stream flow or runoff outside the permit area.

All support facilities will be removed following mining in accordance with the reclamation plan discussed in Section 3.5 of this M&RP.

**Water Pollution Control Facilities.** Water pollution control facilities at the Horizon Mine consist of the sedimentation pond and the appurtenant structures associated with the sedimentation pond. All water pollution control facilities will be removed following mining in accordance with the reclamation plan discussed in Section 3.5 of this M&RP. The sedimentation pond and appurtenant structures were constructed as discussed in Chapter 7.

#### 3.2.3.3 Road Classification

Primary roads within the disturbed area include the lower haul road loop and the upper pad road. The upper pad (approach) road and parking area have been paved. See Plates 3-1 and 3-4. No ancillary roads exist within the disturbed area. The locations of these roads are shown on Plates 3-1 and 3-4. Typical cross sections representing these roads are shown on Plate 3-4.

The unimproved dirt roads outside of the disturbed area but within the permit area will not be classified. They may be used by Horizon for access to the lease area surfaces for the collection of monitoring data (environmental and subsidence data) as well as other uses deemed appropriate by Horizon and as allowed by the associated landowner.

#### 3.2.3.4 Description of Transportation Facilities

No surface conveyors (other than those in the mine yard immediately adjacent to the portals) or rail systems will be constructed, used, or maintained within the permit area. A description of the conveyor systems that will be used in the mine yard is provided in this M&RP.

**Road Specifications.** Cross sections of roads that will be used or maintained by Horizon are provided on Plate 3-4. This plate provides information regarding road widths, gradients, surfaces, etc. Information regarding road drainage structures is presented in Chapter 7.

The road which will access the mine is the Beaver Creek county road that extends from Consumers Road to the town of Clear Creek. Letters from Carbon County regarding the use of both Beaver Creek Road and Consumers Road are provided in Appendix 3-1. As indicated in this appendix,

Disturbed-area culverts will be installed to convey runoff beneath roadways on the facility pad. Culvert DC-1 will be installed to carry runoff from the fan-portal access road beneath the main pad roadway into diversion DD-1. The peak discharge to this culvert from the 25-year, 6-hour precipitation event will be 0.60 cfs. An 18-inch diameter culvert is planned to be installed at this location, based on inlet control conditions with a headwater to depth ratio of one or less. This culvert will be extended to facilitate the installation of a transformer adjacent to the conveyor. The culvert is shown on Plate 7-4.

Culvert DC-2 was installed to convey runoff from the coal loadout area beneath the main facility roadway and into the sediment pond. The peak discharge to this culvert from the 25-year, 6-hour precipitation event will be 0.59 cfs. Culvert DC-2 will consist of an 18-inch diameter culvert, based on inlet control conditions for the culvert with a headwater to depth ratio of one or less.

Culvert DC-3 was installed to convey runoff from the hillside on the north side of Portal Canyon and below culvert DC-1. Waters discharging to DC-3 will run beneath the roadway and into diversion DD-1. The peak discharge to this culvert from the 25-year, 6-hour precipitation event will be 0.04 cfs. Culvert DC-3 consists of an 18-inch diameter culvert, based on inlet control conditions for the culvert with a headwater to depth ratio of one or less.

Drainage from the ancillary roads will be controlled by the use of water bars and berms. Plate 7-4 shows the location of the water bars on the ancillary roads to the fan portal and the monitoring well. Plate 3-4a shows the details of the water bars. Each of the water bars has been sized to handle the drainage from the 10 year - 6 hour event for the largest area reporting to a water bar. The worst case peak flow is estimated to be 0.24 cfs (maximum discharge). Based on the water bar details, the anticipated flow depth for this peak flow is 0.2 foot with a flow velocity of 1.48 feet per second. Appendix 7-4 presents the design calculations and a diagram outlining the largest drainage area reporting to a water bar on either ancillary road. The design depth of the water bar is 1 foot, thence the freeboard is 0.8 foot. The velocity is not erosive as it is less than 5 feet per second. Therefore, the proposed design for water bars on the ancillary roads, as indicated on Plate 3-4a, is adequate. The road is now asphalt and previously was compacted therefore, the runoff curves are comparable. This road is a temporary road.

The water diverted by the water bars will be collected in a half-round culvert and conveyed over the downslope into a gravel lined basin. The water will then travel overland into the diversion channel and into the sediment pond.

In two places the ancillary road will need to cross the DD-1 ditch. In both locations, the cross-section of ditch DD-1 will transition to a 1 foot deep, 5H:1V sideslope, triangular shaped ditch. The channel slope through the transition section will be limited to 0.05 foot per foot. Based on the calculations presented in Appendix 7-4, the flow depth through these transition section will be 0.29 foot deep and the design velocity will be 3.02 fps.

Sedimentation Pond Design. Runoff from the disturbed area and adjacent undisturbed areas will be directed to the sedimentation pond as indicated above. The areas around all surface facilities, including buildings, trash containers, coal storage, and the topsoil stockpile, will be sloped so that the drainage from these facilities will be directed to the sedimentation pond.

Bond Summary

Direct Costs

Subtotal Demolition and Removal	\$128,720.00	
Subtotal Backfilling and Grading	\$69,646.00	
Subtotal Revegetation	\$124,961.00	
Direct Costs	\$323,327.00	

Indirect Costs

Mob/Demob	\$32,333.00	10.0%
Contingency	\$16,166.00	5.0%
Engineering Redesign	\$8,083.00	2.5%
Main Office Expense	\$21,986.00	6.8%
Project Mainagement Fee	\$8,083.00	2.5%
Subtotal Indirect Costs	\$86,651.00	26.8%

Total Cost \$409,978.00

Escalation 0.032  
 Number of years 1  
 Escalation \$13,119.00

Reclamation Cost \$423,097.00

Bond Amount (rounded to nearest \$1,000)  
 2011 Dollars \$423,000.00

Bond Posted 2003 \$445,000.00

Difference Between Cost Estimate and Bond \$21,903.00  
 Percent Difference 5.20%

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost	
	New Road 019																				
	Structure's Demolition Cost																				
	Structure's Vol. Demolished																				
	Rubble's Weight (exclude steel)																				
	Truck's Capacity																				
	Haulage																				
	Transportation Cost Non Steel Truck																				
	Transportation Cost Non Steel Drive																				
	Disposal Cost Non Steel																				
	Steel's Weight																				
	Truck's Capacity																				
	Haulage																				
	Transportation Cost Steel																				
	Transportation Cost Steel Driver																				
	Disposal Cost Steel																				
	Subtotal																				
	Equipment's Disposal Cost																				
	Dismantling Cost																				
	Equipment's Vol. Demolished																				
	Loading Costs																				
	Transport Costs																				
	Disposal Costs																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Cost																				
	Subtotal																				
	Concrete Demolition																				
	Demolition Cost																				
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	Loading Cost																				
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	Demolition Cost																				
	Concrete's Vol. Demolished																				
	Loading Cost																				
	Transportation Cost																				
	Disposal Cost																				
	Subtotal																				
	Total																				6021

