

0010



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

**Inspection Report**

Permit Number:	C0070020
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, July 16, 2008
Start Date/Time:	7/16/2008 9:30:00 AM
End Date/Time:	7/16/2008 1:00:00 PM
Last Inspection:	Friday, June 20, 2008

Inspector: Karl Houskeeper, Environmental Scientist III

Weather: Overcast, Temp. Deg. 75 F.

InspectionID Report Number: 1705

 Accepted by: jhelfric  
7/17/2008

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

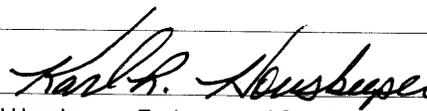
**Types of Operations**

- 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: \_\_\_\_\_



Karl Houskeeper, Environmental Scientist III

Inspector ID Number: 49

Date Wednesday, July 16, 2008

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

Permit Number: C0070020  
 Inspection Type: COMPLETE  
 Inspection Date: Wednesday, July 16, 2008

**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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 2609456, issued 09/30/2007 and terminates 09/30/2008.
- UPDES permit UTG040000 (General) UTG040019 (Site Specific) effective 05/01/2008 and expires midnight 04/30/2013.
- 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 2007 Annual pond inspection was done on 09/17/2007. Second Quarter 2008 pond inspection was done on 06/30/2008. No problems were noted

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

Baseline information was collected in September 2007. The information is being held by the lab and the matter is tied up in a chapter 11 bankruptcy court proceeding. The information is to be made available after the court case is finalized. Chain of custody sheets were available to verify that the samples were collected. This explanation is contained in the 2007 Annual Report. First quarter 2008 water monitoring is in the EDI website and has been uploaded. Water monitoring is current.

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

The May and June 2008 discharge monitoring reports were reviewed. No discharge occurred from 001. Outfall 002 discharge for both months but did not exceed any parameters.

**14. Subsidence Control**

Subsidence information is contained in the 2007 Annual Report. The report is in a good format. The only concern is that no baseline or historical information is contained to give a correlation. Only the current 2007 location and elevation of each point is given. Baseline and historical information is probably available if time is spent to go through old annual reports. A Copy of the 2007 Annual Report review is attached to the scanned version of this report.

Permit Number: C0070020  
Inspection Type: COMPLETE  
Inspection Date: Wednesday, July 16, 2008

**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 expired 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 and the collateral is adequate. The updated reclamation cost estimate is \$445,000 in 2011 dollars.

**22. Other**

A review of the 2007 Annual Report was conducted in conjunction with this the third quarter complete inspection. A copy of the 2007 Annual Report review is attached to the scanned version of this inspection report.

## 2007 Annual Report Review

**Permittee:** Hidden Splendor Resources Inc.  
**Mine Name:** Horizon Mine  
**Permit Number:** C/007/0020  
**Date Report Received:** July 15, 2008

**Assigned Reviewer:** Karl R. Houskeeper
**Date Completed**  
July 16, 2008

**Instructions:** The assigned inspector will review the Annual report during the third quarter complete inspection and provide a written determination (finding) on how the mine has or has not met the permit requirements for reporting. If the report is deficient or remedial action is required to obtain compliance, this should be noted and the mine lead notified. A copy of this review will be filed with the Inspection Report. Should any of the sections require additional technical analysis, the inspector will notify the permit supervisor so that it can be scheduled during the 4<sup>th</sup> quarter.

**SECTIONS TO REVIEW**                      **SUBMITTED**                      **FINDINGS**

YES   NO   NA

SECTIONS TO REVIEW	YES	NO	NA	FINDINGS
Cover Sheet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
General Information	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Information was included on the cover sheet before the Division sent it to the permittee.
Identification of other Permits	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Information was included on the cover sheet before the Division sent it to the permittee.
Annual Impoundment Certification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All four quarter of 2007 inspection reports were included in the report. The annual and third quarter 2007 inspections were conducted at the same time. There is a typographical error on the report. The report date is 09/17/07 the report shows the inspection date as 06/27/07 but the inspection date is the same as the report date of 09/17/07. The second quarter 2007 inspection and report date were 06/27/07 and the date failed to be changed on the 3 <sup>rd</sup> quarter and annual 2007 report.
Annual Overburden, Spoil, Refuse, Floor, etc. Certified Report	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Annual Technical Requirements (Commitments)				
Climatological	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Subsidence	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The report is in a good format, however no baseline or historical information is provided in the 2007 annual report. No direct correlation can be made if subsidence has occurred or to what extent. The baseline and historical information is probably available in past annual or subsidence reports. The map that contains the subsidence points also shows 2007 production and future projections.
Vegetation monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Raptor Survey	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Soils Monitoring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

## 2007 Annual Report Review

Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Water monitoring baseline is required every five (5) years. The baseline information was collected and submitted to the lab. The horizon Mine went into Chapter 11 bankruptcy. The lab still holds the information and the bankruptcy court will not allow its release until the company bankruptcy is resolved. The 2007 annual report contains chain of custody sheets to verify that the samples were actually pulled.</p> <p>Mine water discharge information is also contained in the report showing date, gallons pumped, duration and average gallons per minute.</p>
Geological/Geophysical	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Engineering	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Non-Coal Waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Abandoned Underground Equipment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
AVS; Legal/ Financial Update	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Mine Sequence Map	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The submitted map shows subsidence points, 2007 production and future projections. The map is P.E. certified, stamped, dated and signed by a P.E. in the State of Utah.
Other Information	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A big game road kill fatality report is contained with the 2007 Annual Report. The report shos information from 1997 through 2007 and is broken down by quarter.

O:\Annual\_RPT\A template AR\_07.doc