

C/007/020 Incoming

#3741

OK

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

March 17, 2011

Mr. James D. Smith
Permit Supervisor
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: Beaver Creek Protection and Enhancement Plan and Raptor Survey Requirements, Tasks ID #3741 & 3587, Hidden Splendor Resources, Inc., Horizon Mine, C/007/0020

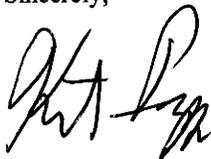
Dear Mr. Smith:

In response to your March 14, 2011 letter, enclosed, please find six copies of Replacement Pages 3-29 and 3-30 and Replacement Pages 10-40 & 10-41 to replace the existing pages in the Hidden Splendor Resources, Inc. MRP. These pages are to satisfy the requirements of Tasks 3741 and 3587.

Also included are C1 and C2 forms for the submittal.

If you have any questions or comments, please feel free to contact me at 435-636-0820.

Sincerely,



Kit Pappas
Manager of Environmental and Engineering Services

Encl:

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MAR 22 2011
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\00020

Title: REPLACEMENT PAGES 3-29, 3-30, 10-40 & 10-41 RESPONSE TO MARCH 14 2011 LETTER TASK #3741 & TASK #3587

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

BEAVER CREEK PROTECTION AND ENHANCEMENT PLAN TASK #3741 & TASK #3587

Instructions: If you answer yes to any of the first eight 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?
- Yes No 24. Does the application include confidential information and is it clearly marked and separated in the plan?

Please attach three (3) review copies of the application. If the mine is on or adjacent to Forest Service land please submit four (4) 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 R. BAKER CEO 03/17/2011 *Dan R. Baker*
 Print Name Position Date Signature (Right-click above choose certify then have notary sign below)

Subscribed and sworn to before me this 17th day of March, 2010

Notary Public: JOHN C. PAPPAS *John C. Pappas*, state of Utah.

My commission Expires: MARCH 7, 2014
 Commission Number: 563390
 Address: 1646 EAST CASTLE CIRCLE
 City: PRICE State: UT Zip: 84501



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- (4) Subsidence, should it occur, is not likely to affect the Beaver Creek flow due to the numerous beds of swelling shales within the overburden and interburden. Fractures within these sedimentary deposits have a strong tendency to heal due to the swelling of the shales and sandy shales contained therein.

Refer to Sections 3.4.8.2 and 7.1.6 for a discussion of water resource mitigation measures.

3.4.8.5 Subsidence Control and Monitoring Plan

The subsidence monitoring network will consist of permanent survey monuments located outside of the anticipated area of subsidence and a series of monitoring stations within the potential subsidence zone. New or additional stations will be installed above the projected pillar panels underlying Beaver Creek. (Plate 3-3). The monitoring stations are located so at least one is subsided each year that mining occurs and will be installed with steel re-bar/rod with aluminum caps or other permanent metal or steel structures set so that weather, frost heave, or livestock will not disturb them. The locations are approximate in that they may be moved in the field if the panel moves underground.

Additionally, four (4) monuments will be placed along Beaver Creek and at Water Monitoring Locations SP-4 and SP-9. The locations of the monuments can be found on Plate 3-3, Mine Plan (By Year) With Seam Height And Overburden & Subsidence Monitoring Points. The locations of Springs SP-4 and SP-9 can be found on Plate 7-1, Water Monitoring Location.

Multiple readings will be taken where necessary to ensure accuracy. Monitoring of the subsidence stations noted on Plate 3-3 will be performed annually and for a period of two years following final cessation of mining operations. Reports of monitoring will be sent to the UDOGM on a yearly basis.

A land (pedestrian) survey will be conducted over each panel in conjunction with the annual surveys.

As shown on Plate 3-3, two "angle of draw" lines have been calculated. One for 35 degrees and one for 22.5 degrees. Both lines were calculated based on the depth of cover in the particular mining area.

The 35 degree angle is considered a maximum in the United States and is recommended by C. Richard Dunrud, P.E. as a maximum in the Western Coal Fields (Dunrud, 1976). The 22.5 degree angle is considered more likely in this area as the nearby Beaver Creek Mines used a 20 degree angle (Guy, 1985) and other mines in the Wasatch and Bookcliffs Coal Basins use values from 20 degrees to 25 degrees.

To establish an actual "angle of draw" value, Hidden Splendor commits to locating a "Draw Line" on the surface over one of the first panels mined and pillared, (2nd Left off 2nd Left off 3rd West Mains). This "Draw Line" will be placed over the panel, perpendicular to the mining direction and will extend far enough on either side of the panel to include the potential 35 degree angle of draw. This "Draw Line" will consist of surveyed points approximately every 50 feet along its length and will be installed before pillaring. After pillaring is complete in the panel, the line will be surveyed a second time to provide a "before" and "after" profile for the surface. These profiles can then be compared to each other to determine the actual angle of draw for this overburden.

Additionally, two new water monitoring sites will be established along Beaver Creek located between current sites SS-7 and SS-8 for stream flow measurements prior to any retreat mining beneath Beaver Creek. These locations will be determined by Hidden Splendor Resources, Inc. in conjunction with DOGM. HSR will increase stream flow monitoring for Beaver Creek to a weekly basis one month prior to retreat mining beneath Beaver Creek (weather conditions permitting). The weekly flow monitoring will continue until one month after retreat mining has been completed, at which time monitoring will then be reduced to monthly for an additional six months, after which monitoring will return to the normal operational schedule (quarterly). This increased monitoring frequency will include sites SS-7, SS-8, SS-12 and the two newly established sites. HSR will submit the weekly flow monitoring data to the Division via e-mail during the increased monitoring period. Discharge measurements will be submitted to the water database quarterly.

HSR will provide all information related to subsidence to the Division on a yearly basis in the Annual Report. This information will include, but not necessarily be limited to:

Updated yearly raw subsidence data (Easting, Northing, Elevations) of each subsidence monitoring station (whether considered active or inactive by HSR), baseline subsidence data for each subsidence monitoring station, photographs and coordinates (Easting, Northing, Elevations) of any cracks, fractures, slumps, or other subsidence related abnormalities that are encountered during subsidence surveys.

In the event that any negative effects or impacts from subsidence are discovered, HSR in cooperation with UDOGM and DWR will develop a plan to minimize and correct any negative subsidence caused impacts.

Habitat protection measures center on avoiding especially important or sensitive areas, such as riparian zones, and not using persistent pesticides, which would diminish the long-term health of an ecosystem.

Reclamation is particularly important as a means of controlling erosion and restoring disturbed areas to productive wildlife habitat. Recommended procedures in achieving the reclamation goal include (1) planting a diverse mixture of native grasses, forbs, and where appropriate woody species, (2) using seedling stock rather than relying solely on seeds for trees or shrubs, (3) planting vegetation to create an edge effect by clumping selected shrub or tree species, (4) actually transplanting stock or turf from new disturbed sites to reclaimed sites, and (5) leaving islands of natural vegetation in new disturbed sites.

Wildlife management is important for minimizing harmful effect (e.g., fencing animals out of areas containing toxic substances) and preventing damage to newly reclaimed areas (e.g., excluding large herbivores and possibly controlling rodents).

Direct impacts on springs and seeps on or adjacent to the permit area are not expected based on past mining experiences in the area. However, if mining operations negatively impact these features, Horizon plans to provide measures for replacement. See Chapter 7 for a discussion of the permit area hydrology.

10.5.1.1 Mammals

For small mammals, most of which are secretive and have small home ranges, mitigation will be almost totally related to habitat protection and reclamation (minimizing short and long-term habitat loss). For larger species the problem is complicated by their large home ranges, seasonal movements, and sensitivity to disturbance.

Disturbance-related impacts will be mitigated to a significant extent by Horizon Coal Corporation Hidden Splendor Resources, Inc., policies against harassing or hunting wildlife in the permit area by employees. These policies will continue throughout the operation of the mine. Sensitive aspects of the ecosystem will be avoided during future exploration, operation, and reclamation activities.

10.5.1.2 Birds

Like small mammals, songbirds and other small species are most sensitive to habitat loss, and mitigation will therefore focus on habitat protection and reclamation. In addition, active raptor nests or nest trees will not be disturbed.

Due to the fact that the only possible impact to raptor nests is escarpment failure protection plans for raptor nests are only needed in areas where escarpments are located. These plans will be incorporated in the following manner. An active raptor nest will be verified prior to full pillar extraction being completed within 500 feet of an active nest. If the nest is still active, full pillar mining will leave a 200 foot barrier around the nest location. If the nest is inactive, a barrier of 100' will be left around the nest location. Mitigation of nests either active or inactive being lost due to subsidence or other mine related causes will be corrected by the placement of a replacement nest

constructed under the guidelines and assistance of the DWR. The replacement nest would be placed at or near the site of the lost nest. Currently there is only one area where escarpments exist inside the permit area. Hidden Splendor Resources has designed their min plan so that there will not be any full pillar extraction within 500 ft of this area so no raptor surveys are currently needed.

10.5.1.3 Reptiles and Amphibians

Besides minimizing habitat loss and restoring native vegetation, the principal mitigation measures for reptiles will be to avoid killing individuals and to not disturb or destroy snake dens, amphibian breeding ponds, and other sensitive use areas.

10.5.2 Aquatic Habitats and Organisms

Habitat loss or deterioration of the North Fork Gordon Creek aquatic ecosystem will be limited by constructing a sediment pond to protect the stream from an increased sediment load from the mine affected area. Additional details of these procedures for protecting stream quality are provided in Chapter 7 of the mine permit application.

10.6 Stream Buffer Zone Determination

Refer to Chapter 7 for details concerning buffer zones, sedimentation, and runoff controls.

10.7 Protection and Enhancement Plan for Subsidence Effects along Beaver Creek

Because the portion of Beaver Creek that extends through the proposed mining area contains possible high value and/or crucial habitat and riparian areas, Hidden Splendor Resources has developed a protection and enhancement plan. This plan is that Hidden Splendor Resources commits to not create any surface disturbance in this area. Because of this commitment the only possible impact is possible loss of water resources due to underground activities which is covered by the water replacement regulations. Additionally in order to provide further protection beyond what the law requires Hidden Splendor Resources has designed their mine layout to only undermine these resources in areas where more than 900 feet of overburden exists. Based on the Mining Reference Handbook¹ and past history, 900 feet of overburden is sufficient to prevent impacts to these resources.

(¹ Lowrie, Raymond L., ed. 2002 "SME Mining Reference Handbook" pp. 256)