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# State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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Outgoing  
C0070020  
OK

January 20, 2011

Kit Pappas, Manager of Environmental and Engineering  
Hidden Splendor Resources Inc.  
3266 South 125 West  
Price, Utah 84501

Subject: Beaver Creek Protection and Enhancement Plan and Raptor Survey Requirements,  
Hidden Splendor Resources Inc., Horizon Mine, C/007/0020

Dear Mr. Pappas:

Thank you for meeting with the Division on January 12, 2011 to discuss the Hidden Splendor's development of a protection and enhancement plan for potentially affected fish and wildlife in the Beaver Creek area at Horizon Mine. As we discussed during the meeting, it is the opinion of the Division that additional and more complete subsidence monitoring will provide sufficient information to demonstrate whether second mining under Beaver Creek has caused subsidence-related damage. In the event that the subsidence monitoring shows subsidence effects on Beaver Creek or its associated habitat, mitigation measures will then be evaluated by Hidden Splendor Resources in consultation with the Division of Oil, Gas and Mining and the Division of Wildlife Resources.

As we agreed during our meeting, the Division is providing this letter to enumerate the modifications to the MRP that were discussed. The following modifications should be submitted as an amendment to the Horizon MRP:

1. Hidden Splendor will include a commitment in the MRP to establish a minimum of two new monitoring sites located between SS-7 and SS-8 for measuring discharge in Beaver Creek prior to one month before any additional retreat mining under Beaver Creek. The new monitoring sites will be identified by Hidden Splendor Resources with Division concurrence and will be selected based on access, location relative to retreat mining panels and channel characteristics.
2. Hidden Splendor will include a commitment in the MRP to increase monitoring frequency for discharge in Beaver Creek to a weekly basis one month prior to retreat mining beneath Beaver Creek (weather conditions permitting). The weekly monitoring will continue until one month after retreat mining has been completed. Monitoring will then be reduced to monthly for an additional six months, after which water monitoring



will resume at the operational monitoring schedule (quarterly). The increased monitoring frequency will include stream monitoring sites SS-7, SS-8 and SS-12 and the new monitoring sites located between SS-7 and SS-8. Hidden Splendor will provide the Division weekly monitoring reports via email during the increased monitoring period. Discharge measurements will be submitted to the Division's water database quarterly.

3. Hidden Splendor Resources will revise the MRP to include a commitment to expand the subsidence monitoring network by establishing new or additional monitoring stations above the panels that will be mined beneath Beaver Creek and above panels where pillaring has occurred or is projected to occur.
4. Hidden Splendor Resources will revise the MRP to include a commitment to supply all of the information related to subsidence monitoring to the Division on a yearly basis during the annual reporting period. This information shall include but is not limited to:
  - Updated yearly raw subsidence data (Easting, Northing, Elevations) of each subsidence monitoring monument/station (whether it is considered active or inactive by HSR);
  - Baseline subsidence data for each subsidence monitoring monument/station; and
  - Photographs and coordinates (Easting, Northing) of any cracks, fractures, slumps, or other subsidence related abnormalities that are encountered during subsidence surveys.
5. Within section 3.4.8.5, on page 3-29 of the MRP in the paragraph that begins "Multiple readings...", Hidden Splendor Resources will modify this paragraph to include a commitment to conduct subsidence monitoring annually throughout the process of mining operations and for two years after cessation of mining operations.
6. Within section 3.4.8.5, on page 3-29 of the MRP in the paragraph that begins "A land (pedestrian) survey..." Hidden Splendor Resources may choose to modify this paragraph to eliminate the time frame for monitoring as the Division will expect the monitoring to be conducted annually. This will allow Hidden Splendor Resources to conduct subsidence during optimal time frames/seasons and will allow subsidence monitoring and reporting to be systematic.
7. Hidden Splendor Resources will review and act on its commitments stated within the Subsidence Control and Monitoring Plan, including the paragraph that begins with "To establish an actual..." This commitment is located within section 3.4.8.5, on page 3-29 of the MRP.
8. Hidden Splendor Resources will provide a general description of a mitigation plan for circumstances where subsidence effects have occurred. If effects are identified, Hidden

Splendor Resources will develop a complete mitigation plan in consultation with the Division of Oil, Gas and Mining and Division of Wildlife Resources.

9. Hidden Splendor Resources will correct the appropriate maps (e.g., the mine map submitted with Annual Reports) to correctly depict that monitoring well HZ-95-3 has been mined through.
10. As a matter of housekeeping, Hidden Splendor Resources should include the revisions previously submitted for Section 10.5.1.2 describing raptor surveys (Task ID #s 3587 and 3666). The revisions to Section 10.5.1.2 have not yet been incorporated into the MRP due to deficiencies associated with other material included with the submittals.

Please submit the requested permit amendment by March 3, 2011. If you have any questions, please feel free to call me at (801) 538-5325 or Kevin Lundmark at (801) 538-5352.

Sincerely,

A handwritten signature in black ink, appearing to read "Daron R. Haddock" with "DRH" written at the end.

Daron R. Haddock  
Permit Supervisor

DRH/KWL/sqs  
cc: Leroy Mead, DWR  
Price Field Office  
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