



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070020
#3811
R

June 28, 2011

Alexander H. Walker, III, Resident Agent
Hidden Splendor Resources, Inc.
57 West 200 South, Suite 400
Salt Lake City, Utah 84101

Subject: 2010 Annual Report Review Completion, Mine, C/007/0020, Task ID #3811

Dear Mr. Walker:

The Division staff has completed the review of the 2010 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed on June 28, 2011. Please submit copies of the following items as separate applications with a C1/C2 form for approval and incorporation into the official mining and reclamation plan by August 1, 2011.

- In accordance with R645-301-521, -525.240, please resubmit the mine workings map including the five-year mining projection for incorporation into the M&RP.
- Please resubmit the updated ownership and control information prepared for incorporation into the M&RP.
- Well HZ-95-3 is not a functional water-monitoring well; this well was destroyed when it was mined through. The MRP identifies that monitoring data collected at well HZ-95-3 "...will allow early assessments of mining impacts to be made" (MRP page 7-32). The MRP does not mention that well HZ-95-3 has been mined through. The MRP must be revised to describe the loss of this well, and the Groundwater Monitoring Plan must be updated accordingly. The Operator must either replace the well or demonstrate why monitoring data are no longer necessary to meet the objectives of the groundwater monitoring plan in the MRP (R645-301-731.214). Well HZ-95-3 must be properly abandoned (R645-301-731.215, R645-301-765). If the Operator desires to maintain the borehole from the destroyed monitoring well HZ-95-3 for a use other than groundwater monitoring (e.g., ventilation), then the MRP must be updated accordingly.

- The Operator must submit required mine inflow data. The Operator submitted quarterly water monitoring data for springs, streams, wells and UPDES outfalls to the Division's Electronic Data Input (EDI) web site; however, the Operator did not submit required mine inflow data. This information is to be summarized in the Annual Report and submitted to the database quarterly (pp. 7-34 and 7-47 of the MRP: "[a]nnual reports summarizing monitoring activity will also be submitted to the UDOGM..."). MRP Section 7.1.5 Groundwater Monitoring Plan (page 7-30) states that during the operation of the mine, ground-water monitoring will include "collection of flow and water-quality data from sustained inflows to the mine". Page 7-31 states and that "[d]ata collected from mine inflows will allow impacts to be quantified to all hydrologic resources that are affected by mine dewatering" and that "[c]hanges in the quantity and quality of mine inflows will be evaluated with the additional groundwater data to assess the overall hydrologic impacts of the mining operation"..

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,



Daron R. Haddock
Coal Program Manager

DRH/JDS/sqs
Enclosure

cc: Price Field Office

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Submit by Email

Print Form

Reset Form

Annual Report

Date

6/28/11

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by **March 31, 2011**. During a complete inspection an inspector will check and verify the information.

GENERAL INFORMATION

Company Name

Mine Name

Permit Number

Permit expiration Date

Operator Name

Phone Number

Mailing Address

Email

City

State

Zip Code

CERTIFIED REPORTS

DOG M File Location or Annual Report Location

Excess Spoil Piles

- Required
 Not Required

Refuse Piles

- Required
 Not Required

Impoundments

- Required
 Not Required

Other:

REPORTING OF OTHER TECHNICAL DATA

OPERATOR COMMENTS

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Quarterly and annual reports for sediment pond inspections are included in the 2010 annual report. The annual pond inspection report is P.E. certified by a Utah P.E.

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the MRP and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If additional written response is required, it should be filed as an attachment to this report.

Title: MACROINVERTEBRATE SURVEY

Objective: Macroinvertebrate surveys of Gordon Creek .2 miles above the confluence of Jewkes Creek and the North fork of Gordon Creek .1 of a mile below the confluence of those streams to monitor potential impacts from mining activities.

Frequency: every other year

Status: Due, last completed in 2008, due in 2010.

Reports: Include in annual report.

Citation:: Volume 3, chapter 10 section 10.2.3, page 10-4, paragraph 5.

OPERATOR COMMENTS

INCLUDED

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Reviewed by Ingrid Campbell 5/3/2011. The 2010 Macroinvertebrate studies on Gordon Creek was conducted by aquatic ecology consultant Richard Baumann in October of 2010. The last macroinvertebrate study in the area was conducted in 2008. Horizon mine is required to submit a macroinvertebrate study every other year to monitor the impacts of mining. Three samples were collected at two stations (above and below the discharge site) on the North Fork of Gordon Creek. The results were compared to data collected in 2004. In 2010, the total number of macroinvertebrates has decreased since 2004, however, most of the taxa have remained the same. At the station below the discharge, a pollution tolerant isopod was present in 2010, indicating the overall water quality at this site has decreased. Mr. Baumann could not completely attribute the quality decrease to the mine water discharge. Mr. Baumann indicated that high presence of Beaver in the area could effect the macroinvertebrate community.

Title: SUBSIDENCE CONTROL AND MONITORING

Objective: Pedestrian Survey to be conducted no sooner that 6 months but no later than 12 months after an area has been subsided.

Frequency: Annually.

Status: Overdue. On going.

Reports: Annual Report.

Citation: 3.4.8.5

OPERATOR COMMENTS

NO SECOND MINING CONDUCTED DURING 2010. PEDESTRIAN SURVEY CONDUCTED IN AUGUST 2010 REVEALED NO CRACKS, FRACTURES, SLUMPS OR OTHER ABNORMALITIES. REFER TO CHAPTER 3, SECTION 3.4.8.5 REPLACEMENT PAGES 3-29 & 3-30 INCORPORATED MARCH 14, 2011 FOR FUTURE SUBSIDENCE MONITORING REQUIREMENTS.

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

No subsidence info included in report except the statement above indicating a Pedestrian survey was conducted and the subsidence points are shown on the five year mine plan map. Comments above also indicate that no second mining was done in 2010.

Title: RAPTOR SURVEY

Objective: An active raptor nest will be verified prior to full pillar extraction being completed within 500 feet of the 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 feet will be left around the nest location. Mitigation of nests either active or inactive lost do to impacts from mining will be replaced under the guidelines and assistance from DWR

Frequency: Annually

Status: Ongoing for the life of the mine, The permittee is currently in the process of updating the raptor survey requirements. The permittee plans to avoid undermining cliff habitat.

Reports: Annual Report

Citation: Volume 3, chapter 10 section 10.5.1.2, pages 10-39 and 40, paragraphs 9 and 1.

OPERATOR COMMENTS

REFER TO CHAPTER 10, REPLACEMENT PAGES 10-40 &10-41 INCORPORATED MARCH 14, 2011.

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Horizon updated the Mining and Reclamation Plan regarding raptor survey requirements on March 14, 2011. Horizon commits to avoiding undermining within 500 feet of cliff escarpments. No impacts to nesting raptors is anticipated. In the future, if mining plans are changed, the protection and mitigation procedures listed on page 10-40 will need to be met. Also, if additional surface disturbances are requested, a raptor survey must be conducted if the disturbance is to take place during the breeding and nesting period (typically February- August).

Title: Reporting Water Monitoring Data to DOGM Water Quality Database.

Objective: Report water monitoring data for streams, springs, wells and mine inflows

Frequency: Quarterly

Status: Ongoing until Division releases from commitment.

Reports: Annual Summary in Annual report. (**Overdue**). Quarterly to Water Quality Database. Division will provide quarterly and annual review of monitoring data.

Citation: Chapter 7, pages 7-32, 7-34 and 7-34.

OPERATOR COMMENTS

WATER MONITORING DATA ENTERED IN DOGM DATABASE IS CURRENT.

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Operator submitted quarterly water monitoring data for springs, streams, wells and UPDES outfalls to the Division's Electronic Data Input (EDI) web site.

Operator did not submit required mine inflow data. MRP Section 7.1.5 Groundwater Monitoring Plan (page 7-30) states that during the operation of the mine, groundwater monitoring will include "collection of flow and water-quality data from sustained inflows to the mine". Page 7-31 states and that "[d]ata collected from mine inflows will allow impacts to be quantified to all hydrologic resources that are affected by mine dewatering" and that "[c]hanges in the quantity and quality of mine inflows will be evaluated with the additional groundwater data to assess the overall hydrologic impacts of the mining operation".

Operator did not submit an Annual Summary of monitoring data in annual report. Pages 7-34 and 7-47 state that "[a]nnual reports summarizing monitoring activity will also be submitted to the UDOGM".

Title: ESTABLISH ACTUAL ANGLE OF DRAW, SURFACE PROFILES

Objective: To determine the "actual angle of draw, Hidden Splendor commits to locating a "Draw line" on the surface of the first panels mined and pillared. After pillaring is complete in the panel, the line will be resurveyed to provide a "before and after" profile of the surface. The profiles can be compared to determine the actual angle of draw.

Frequency: once

Status: OVERDUE

Reports: MRP should be updated

Citation: MRP, Vol. 1, Chap. 3, Section 3.4.8.5, page 3-29, last paragraph.

OPERATOR COMMENTS

REFER TO CHAPTER 3, SECTION 3.4.8.5, REPLACEMENT PAGES 3-29 & 3-30 INCORPORATED MARCH 14, 2011.

REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

Title: Sealing of Wells.

Objective: Permanent closure of wells using measures required by DOGM to prevent access prevent contamination of groundwater.

Frequency: When no longer needed.

Status: Overdue. Well HZ-95-3 is no longer operational

Reports: Report status when mining is terminated or wells no longer needed. Update MRP as appropriate.

Citation: Chapter 6, page 6-10.

OPERATOR COMMENTS

WELL HZ-95-3 HAS BEEN MINED INTO BY PREVIOUS MINING, HOWEVER, THIS WELL CAN STILL BE CONSIDERED A MONITORING WELL FOR FUTURE USE AND SHOULD NOT BE PERMANENTLY CLOSED UNTIL FINAL RECLAMATION OF THE SITE TAKES PLACE AS MORE DAMAGE WILL BE CAUSED TO SEAL THE WELL NOW THEN TO DUE SO AT FINAL RECLAMATION.

REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

Well HZ-95-3 is not a functional water monitoring well; this well was destroyed when it was mined through. The MRP identifies that monitoring data collected at well HZ-95-3 "...will allow early assessments of mining impacts to be made" (MRP page 7-32). The MRP

does not mention that well HZ-95-3 has been mined through. The MRP must be revised to describe the loss of this well, and the Groundwater Monitoring Plan must be updated accordingly. The Operator must either replace the well or demonstrate why monitoring data is no longer necessary to meet the objectives of the groundwater monitoring plan in the MRP (R645-301-731.214). Well HZ-95-3 must be properly abandoned (R645-301-731.215, R645-301-765). If the Operator desires to maintain the borehole from the destroyed monitoring well HZ-95-3 for a use other than groundwater monitoring (e.g., ventilation), then the MRP must be updated accordingly

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the Status item. These commitments are included for information only, and do not currently require action.

Title: COLLECTING AND REPORTING OF BASELINE DATA

Objective: Compare Baseline Data Parameters.

Frequency: Every 5 years during low flow season of the year, next Baseline sampling due: July - September 2012

Status: Ongoing.

Reports: Summary in Annual Report during monitoring year.

Citation: Chapter 7, page 7-34.

OPERATOR COMMENTS (Optional)

WILL BE CONDUCTED IN 2012

Title: RIPARIAN VEGETATION

Objective: Horizon commits to provide a reclamation channel design, (April 2004), which will allow a reasonable likelihood of reestablishing the riparian vegetation along Jewkes creek which existed prior to the construction of the Horizon mine

Frequency: Once prior to mine reclamation

Status: prior to reclamation

Reports: Submit amendment of MRP to Division for approval.

Citation: Volume 3, chapter 9 section 9.8, page 9-9, paragraph 3.

OPERATOR COMMENTS (Optional)

ONGOING

REPORTING OF OTHER TECHNICAL DATA

List other technical data and information as required under the approved plan, which must be periodically submitted to the Division. Specify whether the information is included as an attachment to this report or currently on file with the Division.

Please List Attachments:

HORIZON WELL MONITORING DATA
QUARTERLY AND ANNUAL POND INSPECTIONS FOR POND 001

REVIEWER COMMENTS Met Requirements Did Not meet Requirements

(Jim Smith - 23 June 2011) The September 27, 2010 report includes both the Third Quarter and Annual Impoundment Inspection. The well monitoring data are in the Division's database.

LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

The Division is Requesting that each Permittee review and update the legal, financial, compliance and related information in the plan as part of the annual report. Please provide the Department of Commerce, Annual Report of Officers, or other equivalent information as necessary to ensure that the information provided in the plan is current. Provide any other change as necessary regarding land ownership, lease acquisitions, legal results from appeals of violations, or other changes as necessary to update information required in the mining and reclamation plan. Include certified financial statements, audits or worksheets, which may be required to meet bonding requirements. Specify whether the information is currently on file with the Division or included as an attachment to the report.

LEGAL/ FINANCIAL UPDATE

Included

DOGM File Location or Annual Report Location

ON FILE WITH DIVISION

REVIEWER COMMENTS

Met Requirements

Did Not meet Requirements

MAPS

Copies of mine maps, current and up-to-date through at least December 31, 2010, are to be provided to the Division as an attachment to this report in accordance with the requirements of R 645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Annual Subsidence Map	HORIZON MINE 5 YEAR MINE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mine Map	SAME AS ABOVE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REVIEWER COMMENTS Met Requirements Did Not meet Requirements

Mine map is included in the 2010 annual report that shows five years of projects as requested. The map also shows the subsidence points.

OTHER INFORMATION

Please provide any comments of further information to be included as part of the Annual Report. Any other attachments are to be provided as an attachment to this report. If information is submitted as a group rather than by individual mine, please identify each of the mine's data in the list below.

Please List Attachments:

REVIEWER COMMENTS