

**FILED**

SEP 30 2014

SECRETARY, BOARD OF  
OIL, GAS & MINING

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Telephone: (801) 538-7227

*Attorneys for the Division of Oil, Gas and Mining*

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**BEFORE THE BOARD OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH**

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In re Hidden Splendor Mine, Inc. and Request by the Utah Division of Oil, Gas and Mining that the Board of Oil, Gas and Mining Forfeit the reclamation surety which consists of a Deed of Trust in Unit No. R-2404-N of the American Towers Condominiums located at 57 West 200 South, Salt Lake City, Salt Lake County, Utah; and has been provided to guaranty reclamation of the Horizon Mine, Permit ACT/007/020 located in Sections 13 and 17, Township 13 South, Range 8 East, SLM, Carbon County, Utah.

**DIVISION'S EXHIBITS**

Docket No. 2014-037

Cause No. ACT/007/020 (04)

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The Division of Oil, Gas and Mining (“**Division**”), through its attorneys, hereby files the following exhibits in support of its Notice of Agency Action. The following items are filed as Exhibits in the above matter and can be found at the Public Room at 1594 West North Temple Street, Salt Lake City, Utah 84116:

Exhibit 1. The Permit for the Horizon Mine, Permit No. ACT/007/020, issued to Horizon Coal Corporation on October 10, 1996 covering lands in Section 8 and Section 17, Township 13 South, Range 8 East SLM, Carbon County, Utah.

Exhibit 2. Approval of transfer of the permit from Lodestar Energy Inc. to Hidden Splendor Resources, Inc. (“HSR”) on July 1, 2003 and Permit with Hidden Splendore Resources, Inc as permittee.

Exhibits 3. A Reclamation Agreement executed by Cecil Ann Walker, President, on behalf of Hidden Splendor Resources, Inc., effective June 11, 2003 and attached surety documents.

Exhibit 4. Deed of Trust with Assignment of Rents executed by Alexander H. Walker , Jr. and Cecil Ann Walker, husband and wife on August 1, 2003 and recorded August 4, 2003 as entry 8759481, Book 8856, page 735 of the records of the Salt Lake County Recorder in an amount of \$342,000.00.

Exhibit 5. Letter of June 30, 2014 regarding a second Deed of trust that was identical in terms to the August 1, 2003 Deed of Trust executed by Alexander H. Walker Jr. and Cecil Ann Walker at the request of the Division on June 29, 2005 to correct the omission of the Office of Surface mining as an additional Beneficiary..

Exhibit 6. April 6, 2010 letter to file and attached evaluations of the cost of the reclamation completed April 2005 and updated April, 2010

Exhibit 7. Amended Notice of Chapter 11 Bankruptcy case 13-10865 BAM February 6, 2013; and Order approving bidding procedures March 6, 2013 *In re: America West Resources, Inc. et al. case no. BK -13-10865.*

Exhibit 8. BLM Default decision August 6, 2013 and April 30, 2014 Notice of Non-Compliance dated April 30, 2014 .

Exhibit 9. June 3, 2013, letter from John Baza, Director of the Division to Hidden Splendor Resources, Inc. .

Exhibit 10 July 15, 2014 Letter from the Utah Attorney General on behalf of the Division that with Notice that reclamation was necessary and requiring action by August 8, 2014.

Exhibit 11 Preliminary title Report dated April 15, 2013.

Exhibit 12 Letter of April 8, 2014 and attached Notices of Violation issued since January 2014 with assessments.

RESPECTFULLY SUBMITTED this 29<sup>th</sup> day of September 2014.



Steven F. Alder (0033)  
Douglas J. Crapo (14620)  
Assistant Attorneys General  
ATTORNEY GENERAL'S OFFICE  
1594 West North Temple, Suite 300  
Salt Lake City, Utah 84116  
(801) 538-7227

*Attorneys for the Division of Oil, Gas and Mining*

Board Address

Ruland J. Gill, Jr.

Chairperson of the Board

Board of Oil, Gas and Mining

1594 West North Temple, Suite 3710

P.O. Box 145610

Salt Lake City, Utah 84114-5610

(801) 538-7200

Division Address

John R. Baza

Director

Division of Oil, Gas and Mining

1594 West North Temple, Suite 3710

P.O. Box 145610

Salt Lake City, Utah 84114-5610

(801) 538-7200

**CERTIFICATE OF MAILING**

I certify that I caused a true and correct copy of the above Notice of Divisions Exhibits to be mailed the 20 day of September, 2014, to

By hand delivery to:

Michael S. Johnson  
Assistant Attorney General  
Utah Board of Oil, Gas and Mining  
1594 West North Temple, Suite 300  
Salt Lake City, Utah 84116

By certified mail to:

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

American Towers Home Owners Association  
Suite 2208 American Towers  
48 West 300 South  
Salt Lake City, Utah, 84101

Estate of Cecil Ann Walker  
Care of  
Alexander H. Walker III,  
57 West 200 South, Suite 400  
Salt Lake City, Utah 84101

Kent Hoffman  
Deputy State Director  
Bureau of Land Management  
440 West 200 South, Suite 500,  
Salt Lake City, UT 84101



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**EXHIBIT 1**

**EXHIBIT 1**

0024  
NON-FEDERAL

PERMIT  
ACT/007/020

OCTOBER 10, 1996

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple  
Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

This permit, **ACT/007/020**, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

**Horizon Coal Corporation**  
P. O. Box 2560  
Wise, Virginia 24273  
(540) 679-0804

for the Horizon No. 1 Mine. A Performance Bond is filed with the Division in the amount of \$209,200.00, payable to the State of Utah, Division of Oil, Gas and Mining.

**Sec. 1 STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

**Sec. 2 PERMIT AREA** - The permittee is authorized to conduct underground coal mining activities on the following described lands within the permit area at the Horizon No. 1 Mine situated in the State of Utah, Carbon County, and located in:

**Township 13 South, Range 8 East, SLM**

**Section 8:** SE1/4SW1/4, SW1/4NW1/4SW1/4SE1/4,  
W1/2SW1/4SW1/4SE1/4

**Section 17:** NW1/4NE1/4, S1/2NW1/4, N1/2NW1/4SW1/4,  
NE1/4SW1/4, NW1/4SE1/4, N1/2SE1/4SW1/4,  
N1/2SW1/4SE1/4, W1/2W1/2SW1/4NE1/4

This legal description is for the permit area of the Horizon No. 1 Mine and the federal coal right of way, for a total of 317.5 acres. The permittee is authorized to conduct underground coal mining activities and related surface activities on the foregoing described property

subject to the conditions of all applicable conditions, laws and regulations.

**Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

**Sec. 4 PERMIT TERM** - This permit becomes effective on October 10, 1996 and expires on October 11, 2001.

**Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13{e} and R645-303-300.

**Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials and without delay to:

(a) have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;

(b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by a private person.

**Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.

**Sec. 8 ENVIRONMENTAL IMPACTS** - The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

- (a) Any accelerated or additional monitoring necessary to determine the nature of noncompliance and the results of the noncompliance;
- (b) Immediate implementation of measures necessary to comply; and
- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

**Sec. 9 DISPOSAL OF POLLUTANTS** -The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

**Sec. 10 CONDUCT OF OPERATIONS** - The permittee shall conduct its operations:

- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- (b) Utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

**Sec. 11 EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

**Sec. 12 RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.

**Sec. 13 AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

- Sec. 14 COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.), and the Clean Air Act (42 USC 7401 et seq.), UCA 26-11-1 et seq., and UCA 26-13-1 et seq.
- Sec. 15 PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas with the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES** - If, during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by Division within the time frame specified by Division.
- Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.
- Sec. 18 SPECIAL CONDITIONS** - There are special conditions associated with this permitting action as described in Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

THE STATE OF UTAH

By: \_\_\_\_\_

Date: \_\_\_\_\_

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

PERMITTEE

\_\_\_\_\_  
Authorized Representative of Permittee

\_\_\_\_\_  
Date

ACT/007/020  
Non-Federal Permit  
October 10, 1996  
Page 6

Attachment A  
**SPECIAL CONDITIONS**

**ATTACHMENT A**  
**Special Conditions to Permit Approval**

**HORIZON MINE**  
**ACT/007/020**  
**October 10, 1996**

As determined in the findings of the Technical Analysis, approval of the plan is subject to the following Permit Conditions. Thus, the permittee is subject to compliance with these Permit Conditions, as specified, and in accordance with the requirements of:

**R645-301-731**

The Permittee must: 1) characterize the quality and quantity of water at springs CC-5 and MC-4 by conducting quarterly monitoring of standard parameters (adequate to produce stiff diagrams) for a period of at least 2 years; 2) provide a description of the seasonal variation in water level of the HZ wells; 3) document in the Mining and Reclamation Plan that the necessary legal right to the proposed water uses has been acquired before using the water.

**R645-301-742**

Prior to mine water discharge, the Permittee must either provide designs which demonstrate that the sedimentation pond will adequately pass and treat any mine discharge, or else obtain approval, in the UPDES permit, for an additional discharge point.

**R645-301-731.121**

Prior to any discharge from the sedimentation pond, the Permittee must design and construct an oil skimming device for the pond.

**R645-301-742.400**

Prior to construction of the operational drainages, the Permittee must: 1) provide designs which demonstrate that the drainage from the north side of the upper haul road will be adequately conveyed to Culvert DC-1; 2) provide designs which allow the road and the adjacent area (the area which drains to the north from the haulroad loop because of the crown of the road) to drain to the sedimentation pond; 3) provide designs which quantify the anticipated flow velocities over the outslope downstream from the ancillary roads and which adequately minimize erosion; and 4) determine the appropriate maximum discharge that should be passed through the water bars.

**R645-301-742.300**

Within 60 days of permit issuance, the Permittee must provide reclamation designs which show the surface topography graded to drain to the channels, particularly in Portal Canyon.

**R645-301-742**

Within 60 days of permit issuance, the Permittee must: 1) correct all statements in the plan which are not consistent with a commitment to remove the sediment pond at Phase II Bond Release; 2) provide appropriate designs for silt fences and straw bale dikes which are used for sediment control in ditches and drainages (designs should take into account anchoring, height relative to heights of ditch tops, and spillways); 3) provide a clear and accurate plan between Chapters 3 and 7 for soil roughening and for the application of erosion control matting (especially important on slopes greater than 2h:1v); 4) provide a commitment in the plan to implement adequate erosion control measures, and to have the Division inspect and approve those measures, prior to removal of the sediment pond; 5) provide a detailed plan of the construction activities which shows the measures taken to minimize sediment transport from the site during reclamation. This plan should include timing and sequencing for the removal of the culvert system and must discuss regrading, topsoil placement, mulching and erosion control matting, and must include a commitment to complete reclamation of the Portal Canyon area prior to removal of the Jewkes Creek bypass culvert; 6) provide a discussion in the plan of the specific measures to be used to protect the site during a storm event if, during reclamation, there are short periods when construction is suspended; 7) provide a demonstration in the plan that, upon the establishment of the required vegetative cover, erosion will be controlled (the analysis should include the erosion production evaluated from the current vegetation standard as well as from the 71% riparian area standard).

**R645-301-353**

Within 60 days of permit issuance, the Permittee must amend the reclamation plan to show a reclaimed drainage through the Jewkes Creek area which will allow a reasonable likelihood of reestablishing the riparian/wet meadow vegetation which currently exists on site. At minimum the vegetative community must be of the extent shown on the maps in Appendix 9-2.

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

ss.

County of Carbon,)

I, Kevin Ashby, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State and County aforesaid, and that a certain notice, a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and that the first publication was on the 7th day of May, 1996 and that the last publication of such notice was in the issue of such newspaper dated the 28th day of May, 1996.

*Kevin Ashby*  
Kevin Ashby - Publisher

Subscribed and sworn to before me this 28th day of May, 1996.

*Linda Thayne*  
Notary Public My commission expires January 10, 1999 Residing at Price, Utah

Publication fee, \$256.00

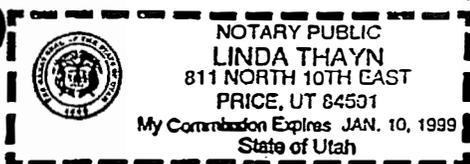
**NOTICE OF A REVISION TO A PERMIT BOUNDARY**

Notice is hereby given that Horizon Coal Corporation, P.O. Box 2560 Wise, Virginia 24273 filed with the State of Utah, Department of Natural Resources, Division of Oil, Gas & Mining (UDOGM) a complete Permit Application Package (PAP) for conducting underground mining. The permit boundary of the mining operation designated in the PAP (1995) has been changed. The revised permit boundary is as follows: USGS Jump Creek, Utah 7.5 minute quadrangle, T.13S. R.8E. S.E. 1/4 Section 8 SE 1/4 SW 1/4 Section 17 NW 1/4 NE 1/4 SW 1/4 NW 1/4 NW 1/4 SE 1/4 NE 1/4 SW 1/4 NW 1/4 SW 1/4 NE 1/4 SE 1/4 SW 1/4. Containing 300 acres, more or less. The permit area includes a Federal Coal Right-of-Way as follows: Section 8 SW 1/4 NW 1/4 SW 1/4 SE 1/4 W 1/4 SW 1/4 SW 1/4 SE 1/4 Section 17 W 1/4 W 1/4 SW 1/4 NE 1/4. Containing 17.5 acres, more or less. The PAP document for the Horizon Coal Corporation can be reviewed at the Carbon County Court House, Price, Utah or at the address listed below.

Pertinent comments are solicited from anyone affected by this proposal. Such comments should be filed within the next thirty (30) days with:

State of Utah  
Department of Natural Resources  
Division of Oil, Gas & Mining  
355 West North Temple  
III Triad Center, Suite 350  
Salt Lake City, UT 84108

Published in the Sun Advocate May 7, 14, 21 and 28, 1996.



### Document Information Form

Mine Number: C0070020

File Name: INCOMING

To: COAL PROGRAM

From:

Person \_\_\_\_\_

Company HIDDEN SPLENDOR RESOURCES, INC

Date Received: 07/01/2003

Explanation: \_\_\_\_\_

Reclamation Agreement

ORIGINAL TO FIREPROOF

cc:

C0070020

E 100264 B 541 P 814  
Date 5-AUG-2003 11:25am  
Fee: 44.00 Check  
SHARON MURDOCK, Recorder  
Filed By BH  
For HIDDEN SPLENDOR RESOURCES LTD  
CARBON COUNTY CORPORATION

**RECLAMATION AGREEMENT  
(COAL)**

*Fileproof  
d/007/020*

**State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340**

**Federal**

**CONTENTS:**

Reclamation Agreement

Exhibit "A"  
Bonded Area

Exhibit "B"  
Bonding Agreement  
Surety Bond

Exhibit "C"  
Liability Insurance

Affidavits of Qualification

Power of Attorney

Exhibit "D"  
Stipulation to Revise Reclamation Agreement

RECEIVED

JUL 01 2003

DIV. OF OIL, GAS & MINING

**EXHIBIT 2**

**EXHIBIT 2**

0005



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

OK

Michael O. Leavitt  
Governor  
Robert L. Morgan  
Executive Director  
Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340 telephone  
(801) 359-3940 fax  
(801) 538-7223 TTY  
www.nr.utah.gov

July 1, 2003

Cecil Ann Walker, President  
Hidden Splendor Resources, Inc.  
50 West Liberty Street, Suite 880  
Reno, Nevada 89501

Re: Permit Transfer Approved, Horizon Mine, From Lodestar Energy, Inc. to Hidden Splendor Resources, Inc., C/007/020, Outgoing File

Dear Mrs. Walker:

The permit for the Horizon Mine is approved to be transferred from Lodestar Energy, Inc. to Hidden Splendor Resources, Inc. Enclosed is the Decision Document for this permit. Please sign both permits and return one to the Division.

Additionally, please submit five copies of the required legal and financial information that was submitted and approved as part of the transfer for incorporation into the mining and reclamation plan by August 1, 2003.

If you have any questions, please call me at (801) 538-5370, or Pamela Grubaugh-Littig at (801) 538-5268.

Sincerely,

Lowell P. Braxton  
Director

an  
Enclosure

cc: James Fulton, OSM-WRCC  
Carbon County Planning w/o  
James Kohler, BLM, State Office w/o-  
Mark Page, Water Rights w/o  
Dave Arriotti, DEQ w/o  
Price Field Office

O:\007020.HZN\FINAL\PERMIT\transper2003ltr.doc

### Document Information Form

Mine Number: C0070020

File Name: INCOMING

To: COAL PROGRAM

From:

Person CECIL ANN WALKER

Company HIDDEN SPLENDOR RESOURCES, INC.

Date Received: 07/01/2003

Explanation: \_\_\_\_\_

SIGNED PERMIT AND RECLAMATION AGREEMENT

ORIGINAL TO FIREPROOF

cc:

C0070020

FEDERAL

PERMIT  
C/007/020

July 1, 2003

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple  
Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

This permit, C/007/020, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

**Hidden Splendor Resources, Inc.**  
50 West Liberty Street, Suite 880  
Reno, Nevada 89501  
(775) 322-0626

for the Horizon No. 1 Mine. A financial assurance in the form of an Irrevocable Letter of Credit is filed with the Division in the amount of \$342,000.00, payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). The Division must receive a copy of this permit signed and dated by the permittee.

**Sec. 1 STATUTES AND REGULATIONS** - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

**Sec. 2 PERMIT AREA** - The permittee is authorized to conduct coal mining and reclamation operations on the following described lands within the permit area at the Horizon Mine situated in the State of Utah, Carbon County, as shown on Plate 1-1 (Permit Boundary Map) in the approved Horizon Mine mining and reclamation plan and located in:

**Township 13 South, Range 8 East, SLM**

Section 8: W1/2SE1/4, SE1/4SW1/4, S1/2SW1/4NE1/4, S1/2NE1/4SW1/4,  
NE1/4NE1/4SW1/4NE1/4, S1/2SW1/4SW1/4,  
NE1/4SW1/4SW1/4, S1/2NW1/4SW1/4SW1/4,  
S1/2NE1/4SW1/4NE1/4, NE1/4NE1/4SW1/4,  
SE1/4NW1/4NE1/4SW1/4, SE1/4SE1/4SE1/4NW1/4,  
SE1/4SE1/4NW1/4SW1/4, Portion NW1/4NE1/4SW1/4NE1/4,  
Portion NE1/4NW1/4SW1/4NE1/4,  
Portion SE1/4NW1/4SW1/4NE1/4,

Portion SW1/4NW1/4SW1/4NE1/4,  
Portion SW1/4NW1/4NE1/4SW1/4,  
Portion NW1/4NW1/4NE1/4SW1/4,  
Portion NE1/4NW1/4NE1/4SW1/4,  
Portion SE1/4SW1/4SE1/4NW1/4,  
Portion SW1/4SE1/4SE1/4NW1/4,  
Portion NW1/4SE1/4SE1/4NW1/4,  
Portion NE1/4SE1/4SE1/4NW1/4,  
Portion SE1/4NE1/4NW1/4SW1/4,  
Portion NE1/4SE1/4NW1/4SW1/4,  
Portion NW1/4SE1/4NW1/4SW1/4,  
Portion SW1/4SE1/4NW1/4SW1/4,  
Portion SE1/4SW1/4NW1/4SW1/4,  
Portion NE1/4NW1/4SW1/4SW1/4,  
Portion NW1/4NW1/4SW1/4SW1/4,

Section 17: NW1/4NE1/4, N1/2NW1/4SW1/4, NE1/4SW1/4, NW1/4SE1/4,  
N1/2SE1/4SW1/4, N1/2SW1/4SE1/4, SW1/4NE1/4, NW1/4

Section 18: NE1/4NE1/4

Section 7: SE1/4SE1/4SE1/4, S1/2SW1/4SE1/4SE1/4,  
NE1/4SW1/4SE1/4SE1/4, S1/2SE1/4SW1/4SE1/4, Portion  
NE1/4NE1/4SE1/4SE1/4,  
Portion SE1/4NE1/4SE1/4SE1/4,  
Portion SW1/4NE1/4SE1/4SE1/4,  
Portion SE1/4NW1/4SE1/4SE1/4,  
Portion NW1/4SW1/4SE1/4SE1/4,  
Portion NE1/4SE1/4SW1/4SE1/4,  
Portion NW1/4SE1/4SW1/4SE1/4,  
Portion SW1/4NW1/4SE1/4SE1/4

The permit area of the Horizon Mine contains 711 acres, more or less, consisting of 305 acres, more or less of Fee coal and 406 acres, more or less of Federal leased coal. The permittee is authorized to conduct coal mining and reclamation operations on the foregoing described property subject to the conditions of all applicable conditions, laws and regulations.

**Sec. 3 COMPLIANCE** - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

**Sec. 4 PERMIT TERM** - This permit becomes effective on July 1, 2003 and expires on October 11, 2006.

**Sec. 5 ASSIGNMENT OF PERMIT RIGHTS** - The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13{e} and R645-303-300.

**Sec. 6 RIGHT OF ENTRY** - The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials and without delay to:

- (a) Have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
- (b) Be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-400-200 when the inspection is in response to an alleged violation reported to the Division by a private person.

**Sec. 7 SCOPE OF OPERATIONS** - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.

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- (a) Any accelerated or additional monitoring necessary to determine the nature of noncompliance and the results of the noncompliance;
- (b) Immediate implementation of measures necessary to comply; and

- (c) Warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

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- (a) In accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- (b) Utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

**Sec. 11 EXISTING STRUCTURES** - As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

**Sec. 12 RECLAMATION FEE PAYMENTS** - The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.

**Sec. 13 AUTHORIZED AGENT** - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

**Sec. 14 COMPLIANCE WITH OTHER LAWS** - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.), and the Clean Air Act (42 USC 7401 et seq.), UCA 26-11-1 et seq., and UCA 26-13-1 et seq.

**Sec. 15 PERMIT RENEWAL** - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit area in accordance with the Act, the approved Utah State Program and the Federal Lands Program.

**Sec. 16 CULTURAL RESOURCES** - If, during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify the Division. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by Division within the time frame specified by Division.

**Sec. 17 APPEALS** - The permittee shall have the right to appeal as provided for under R645-300-200.

**Sec. 18 SPECIAL CONDITIONS** - The permittee shall comply with the special conditions in Attachment A.

The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust to changed conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any federal or state statutes and any regulations.

**THE STATE OF UTAH**

By: Lowell P Brafford

Date: 7-1-03

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

**PERMITTEE (Authorized Representative)**

By: Leif Ann Walker

Date: 7-1-03

**Attachment A**  
**Conditions**

- Condition #1           Hidden Splendor Resources, Inc. will submit water quality data for the Horizon Mine in an electronic format through the Electronic Data Input web site, [http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi\\_](http://hlunix.hl.state.ut.us/cgi-bin/appx-ogm.cgi_)
- Condition #2           Hidden Splendor Resources, Inc. will update the appropriate sections of the mining and reclamation plan with the permit transfer information by August 1, 2003.

**RECLAMATION AGREEMENT  
(COAL)**

**State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340**

**Federal**

**CONTENTS:**

Reclamation Agreement

Exhibit "A"  
Bonded Area

Exhibit "B"  
Bonding Agreement  
Surety Bond

Exhibit "C"  
Liability Insurance

Affidavits of Qualification

Power of Attorney

Exhibit "D"  
Stipulation to Revise Reclamation Agreement

**RECEIVED**  
**JUL 01 2003**  
DIV. OF OIL, GAS & MINING

**EXHIBIT 3**

**EXHIBIT 3**

Permit Number: C/007/020  
Date Original Permit Issued: Oct. 10, 1996  
Effective Date of Agreement: June 11, 2003

**RECLAMATION AGREEMENT  
STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801  
(801) 538-5340**

**COAL RECLAMATION AGREEMENT  
--ooOOoo--**

This **RECLAMATION AGREEMENT** (hereafter referred to as "Agreement") is entered into by Hidden Splendor Resources, Inc. (hereafter referred to as the "Permittee") and the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereafter referred to as the "Division").

For the purposes of this **AGREEMENT** the information provided below, shall constitute forms of definition or are for information regarding the Permittee or its operations.

**"PERMIT"**: (Mine Permit No.) C/007/020 (County) Carbon

**"MINE"**: (Name of Mine) Horizon Mine

**"PERMITTEE"**: (Company or Name) Hidden Splendor Resources, Inc.

(Address) 50 West Liberty Street, Suite 880, Reno, Nevada 89501

**"PERMITTEE'S REGISTERED AGENT"**:

(Name) Alexander H. Walker, III

(Address) 57 West 200 South, Suite 400, Salt Lake City, UT 84101

(Phone) (801) 521-3292

**"DESIGNATED OFFICIAL TO SIGN BONDING INSTRUMENTS AND PERMIT"**:

(Name) Cecil Ann Walker

(Phone) (775)322-0626 Reno or (801) 521-3292 Salt Lake City

**"BOND TYPE":** (Form of Bond) Letter of Credit

**"BOND AMOUNT":** (Bond Amount-Dollars) \$342,000

(Escalated Year-Dollars) 2006

**"BOND NUMBER":** 00335483

**"INSTITUTION":** (Bank or Agency) Bank One

**"POLICY OR ACCOUNT NUMBER":** Policy # 2916445

**"LIABILITY INSURANCE":** (Exp.) 06/01/04

(Insurance Company) Lexington Insurance Company

**"STATE":** Utah

**"DIVISION":** Oil, Gas and Mining

**"DIVISION DIRECTOR":** Lowell Braxton

**EXHIBITS:**

<b>"BONDED AREA"</b>	Exhibit "A"
<b>"BONDING AGREEMENT"</b>	Exhibit "B"
<b>"LIABILITY INSURANCE"</b>	Exhibit "C"
<b>"STIPULATION TO CHANGE BOND"</b>	Exhibit "D"

**WHEREAS**, the Permittee is ready and willing to file the Bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws under the permit; and

**NOW, THEREFORE**, the Division and the Permittee agree as follows:

1. The provisions of SMCRA, the Act and the Regulations are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations and Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of this Agreement, the Permit (which is based upon the approved Permit Application Package), the Act and the Regulations, including the reclamation of all areas disturbed by surface coal mining and reclamation operations, despite the eventuality that the costs of actual reclamation exceeds the Bond Amount.
3. The Permit Application Package includes a legal description of the Bonded Area, including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the Permit period. For convenience, a copy of the description of the Bonded Area is attached as Exhibit "A", and is incorporated by reference.
4. The Permittee agrees to provide a Bond to the Division in the form and amount acceptable to the Division ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, the Permit, (which is based upon the Permit Application Package), the Act and the Regulations. The Bond is attached as Exhibit "B" and is incorporated by reference.
5. The Permittee agrees to maintain in full force and effect the Liability Insurance policy submitted as part of the Permit application and which is described in the attached Exhibit "C". The Division shall be listed as an additional insured on this policy.
6. In the event that the Disturbed Area is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the Bond as appropriate in accordance with applicable law. In the event of material damage to the surface lands, or contamination, diminution or interruption of a protected water supply, caused by subsidence from underground coal mining, the Permittee shall increase the bond amount in any amount as required by the Division in accordance with R645-301-525.550.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division, and their respective employees and agents, from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's

agents or employees failure to abide by the terms and conditions of the approved Permit (which is based upon the approved Permit Application Package), and this Agreement. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of OSM with respect to Federal Lands, and otherwise to the benefit of the Division.

8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Disturbed Area in accordance with this Agreement, the approved Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.
9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the new Bond form meets the requirements of the Act, and the Regulations, but no Bond shall be released until the Division has approved and accepted the replacement Bond.
10. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this Agreement.
11. Any breach of the provisions of this Agreement, the Act, the Regulations, or the Permit (which is based upon the approved Permit Application Package) may, at the discretion of the Division, result in enforcement actions by the Division which include, but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's Permit and forfeiture of the Bond.
12. In the event of forfeiture of the Bond, the Permittee agrees to be liable for additional costs in excess of the Bond Amount which may be incurred by the Division in order to comply with the Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Any excess monies resulting from the forfeiture of the Bond, upon compliance with this Agreement, shall be refunded as directed by the Permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.
13. No delay on the part of the Division in exercising any right, power, or privilege, under the Permit, the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the application of any provision of this Agreement, to any circumstances is held invalid, the application of such provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.
14. Each signatory below represents that he/she is authorized to execute this Agreement on

behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached thereto.

SO AGREED this 11<sup>th</sup> day of June, 2003.

**PERMITTEE:**

By: *Carol Ann Walker*

Title: *Pres.*

**STATE OF UTAH:**

*Samuel P. Bradford*

Director,  
Division of Oil, Gas and Mining

**NOTE:** An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

# **EXHIBIT “A”**

## **Bonded Area Legal Description**

(Federal Coal)

Bond Number 00335483

**EXHIBIT "A"**

Pursuant to R645-301- 820.110, the Letter of Credit bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA :

Legal description of BONDED AREA:

The surveyed disturbed area boundary was found to contain 8.23 acres, however the reclamation bond calculations will continue to include reclamation of 9.15 acres. The disturbed area is located within:

Township 13 South, Range 8 East, SLM

Section 17:   Portion NW1/4NW1/4SE1/4  
                  Portion NW1/4NE1/4SW1/4  
                  Portion SW1/4NE1/4SW1/4

Portion NE1/4NE1/4SW1/4  
Portion SE1/4NE1/4SW1/4

(See Plates 1-1 and 3-1 of the permit)

The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations, or as a result of material surface damage that is caused by a result of subsidence. The described area may also be decreased as a result of partial reclamation.

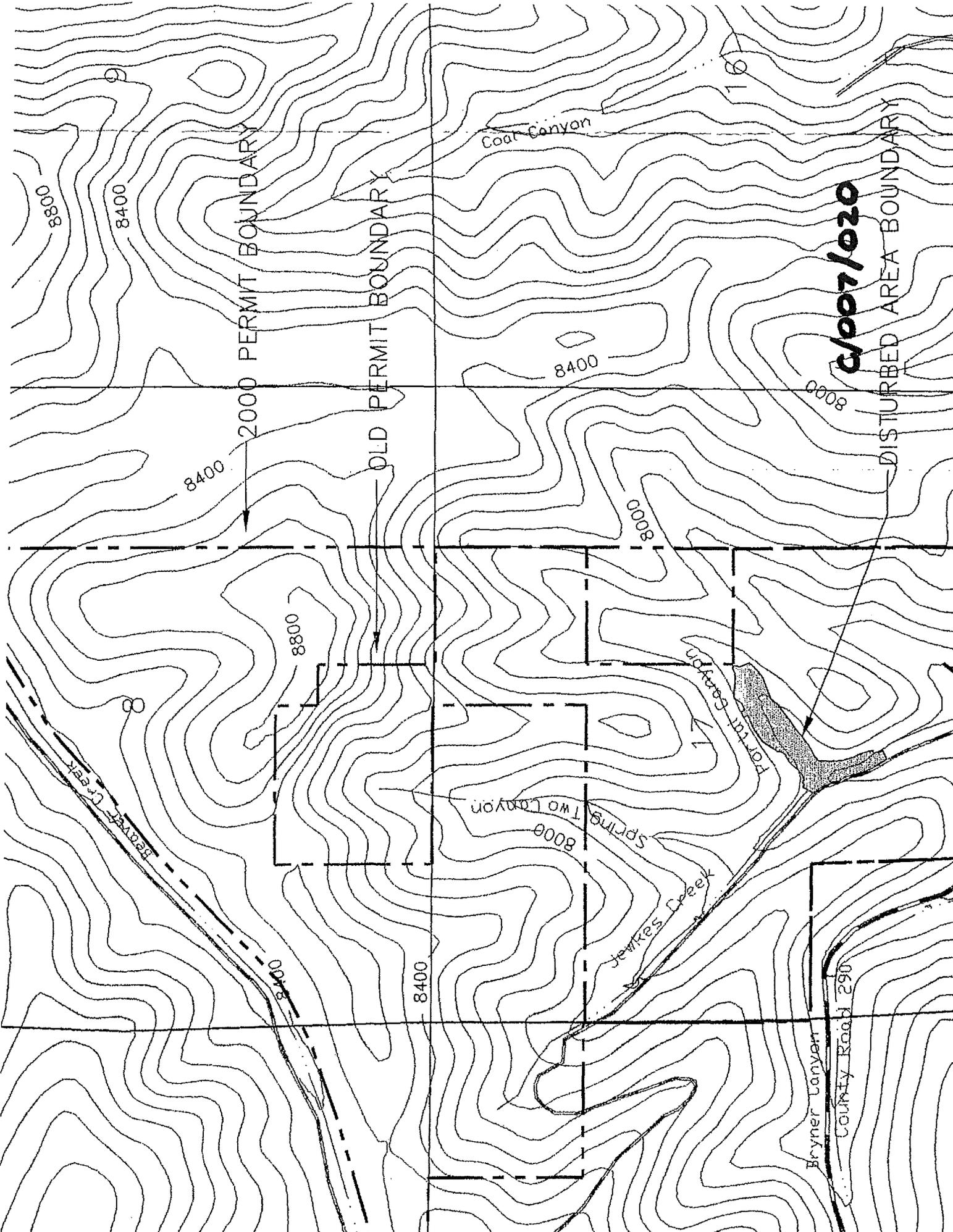
**IN WITNESS WHEREOF** the **PERMITTEE** has hereunto set its signature and seal this

11<sup>th</sup> day of June, 2003

Hidden Splendor Resources, Inc.  
**PERMITTEE**

By: *Leif Ann Wilson*

Title: *Pres.*



C/007/020

2000 PERMIT BOUNDARY

OLD PERMIT BOUNDARY

DISTURBED AREA BOUNDARY

Coal Canyon

Spring Two Canyon

Jewkes Creek

Bryner Canyon

County Road 290

8400

8400

8000

8400

8800

8000

8400

8000

16

80

9

**EXHIBIT “B”**

**Bonding Agreement  
Letter of Credit**

(Federal Coal)

BANK ONE, NA

Fax:214-290-3224

May 15 2003 6:51

P.02

MAY. 14. 2003 5:09PM

NO. 4697 P. 2



Bank One, NA  
Global Trade Services  
One Bank One Plaza  
Mail Code IL1-0236  
Chicago, IL 60670  
Tel: (800) 634-1967 Fax: (712) 934-0109  
SWIFT: FNBCUS44  
Telex: FTTCJ70251 FNBCUS

DATE: MAY 14, 2003

**BENEFICIARY:**  
STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 WEST NORTH TEMPLE, SUITE 1210  
SALT LAKE CITY, UT 84114

**DRAFTS DRAWN MUST BE MARKED**  
**WITH OUR REF** 00335483  
**OPENER'S REFERENCE NO.** 00335483

**GENTLEMEN:**

**BY THE ORDER OF:**

**APPLICANT:**  
ALEXANDER H. WALKER, JR.  
AND CECIL ANN WALKER  
FBO HIDDEN SPLENDOR RESOURCES, LTD.  
59 WEST 200 SOUTH, SUITE 400  
SALT LAKE CITY, UT 84101

WE HEREBY ISSUE OUR IRREVOCABLE CREDIT NO. 00335483 IN YOUR FAVOR FOR THE ACCOUNT OF ALEXANDER H. WALKER, JR. AND CECIL ANN WALKER FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLAR 142,000.00 (THREE HUNDRED FORTY TWO THOUSAND AND NO/100 U.S. DOLLARS) AVAILABLE BY YOUR DRAFTS AT SIGHT ON BANK ONE, NA, CHICAGO, ILLINOIS EFFECTIVE MAY 14, 2003 AND EXPIRING AT OUR COUNTERS ON APRIL 15, 2004.

FUNDS UNDER THIS CREDIT ARE AVAILABLE AGAINST YOUR DRAFT (S) MENTIONING OUR CREDIT NUMBER.

YOUR SIGNED AND DATED STATEMENT, READING AS FOLLOWS:

"PURSUANT TO 8449-301-300, HIDDEN SPLENDOR RESOURCES LTD., IS IN VIOLATION OF THE SURFACE MINING CONTROL AND RECLAMATION ACT THE REGULATORY SYSTEM THE PERMIT AND RECLAMATION PLAN.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE EXPIRY DATE HEREOF OR ANY FUTURE EXPIRY DATE UNLESS AT LEAST NINETY (90) DAYS PRIOR TO SUCH EXPIRATION DATE WE NOTIFY YOU BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED OR HAND DELIVERED COURIER, THAT WE ELECT NOT TO RENEW THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

THE CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE-PUBLICATION NO.500.

(CONTINUED)

PAGE 1 OF 2

BANK ONE, NA

Fax: 214-290-3224

May 15 2003

6:51

P.03

MAY. 14. 2003 5:10PM

NO. 4697 P. 3



Bank One, NA  
Global Trade Services  
One Bank One Plaza  
Mail Code IL1-0236  
Chicago, IL 60670  
Tel: (800) 634-1969 Fax: (312) 954-0209  
SWIFT: FNBCUS44  
Telex: ITT4330253 FNBCUI

OUR REF: 00335483

DATE: MAY 14, 2003

WE ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN CONFORMITY WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION IF PRESENTED TO BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT UNIT, 300 E. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, ON OR BEFORE THE EXPIRY DATE. THE ORIGINAL LETTER OF CREDIT AND AMENDMENT(S), IF ANY, MUST ACCOMPANY THE DOCUMENTS REQUIRED UNDER THIS CREDIT.

PLEASE ADDRESS ALL CORRESPONDENCE REGARDING THIS LETTER OF CREDIT TO BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT UNIT, 300 E. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, MENTIONING OUR REFERENCE NUMBER AS IT APPEARS ABOVE.

VERY TRULY YOURS,

(AUTHORIZED SIGNATURE)

(AUTHORIZED SIGNATURE)

# **EXHIBIT “C”**

## **Liability Insurance**

(Federal Coal)

<b>AGORD</b>		DATE (MONTH/Y) 6/15/03
Records of GY-Beckley 41 Eagles Head Rankley WV 26081 (304) 598-0276		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
		<b>COMPANIES AFFORDING COVERAGE</b>
		COMPANY <b>A</b> Lexington Insurance Company
		COMPANY <b>B</b>
		COMPANY <b>C</b>
		COMPANY <b>D</b>
Hidden Splendor American, Inc Horizon Mine 27 W 2ND Street, Suite 400 Salt Lake City, UT 84104		

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MONTH/Y)	POLICY EXPIRATION DATE (MONTH/Y)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNERS & CONTRACTORS FOOT <input checked="" type="checkbox"/> Includes Blasting <input checked="" type="checkbox"/>	2318495	6/8/03	6/8/04	GENERAL AGGREGATE \$ 2,500,000 PRODUCTS-COMP/OP AGG \$ 2,500,000 PERSONAL & ADJ LIABILITY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 100,000 WIND STORM (Any one storm) \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	<b>SALES TAX LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY \$ EACH ACCIDENT \$ AGGREGATE \$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
	<b>EMPLOYEE COMPENSATION AND EMPLOYERS LIABILITY</b> THE PROPRIETOR/PARTNER/EXECUTIVE OFFICERS ARE <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				EACH ACCIDENT \$ PER DISEASE-POLICY LIMIT \$ PER DISEASE-AN EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATIONS, LOCATIONS AND RISKS: With Division of Oil, Gas and Mining An Additional Insured General Liability Coverage With Respect to Horizon Mine Permit 38CT1001/025

With Division of Oil, Gas and Mining  
 1054 N North Temple  
 Suite 1220  
 Salt Lake City, UT 84144-0001

WHETHER BY REPRESENTATIVE

Alexander H. Walker

CERTIFICATE: 06110017 03003

**AFFIDAVITS  
OF  
QUALIFICATION**



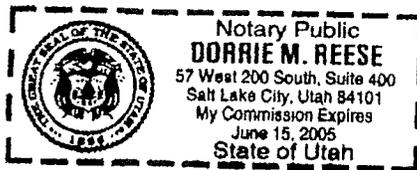
Bond Number 00335483

**AFFIDAVIT OF QUALIFICATION  
PERMITTEE  
--ooOOoo--**

I, Cecil Ann Walker, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President and Director of Hidden Splendor Resources, Inc. ; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

Cecil Ann Walker, Pres.  
(Signed)  
Name - Position

Subscribed and sworn to before me this 11<sup>th</sup> day of June, 2003.



Dorrie M. Reese  
Notary Public

My Commission Expires:  
\_\_\_\_\_, 20\_\_\_\_.

Attest:

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

**AFFIDAVIT OF QUALIFICATION  
INSTITUTION (Bank or Agency)  
--ooOoo--**

I, Sheila Junious, certify that I am an Operation's Officer of Bank One, NA, main office Chicago, Illinois, and that I am duly authorized to execute and deliver that certain Letter of Credit No. 00335483 in favor of State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (beneficiary) in the amount of \$342,000.00 for the account of Alexander H. Walker Jr. & Cecil Ann Walker (applicant) and that Bank One, NA, main office Chicago, Illinois is authorized to execute the same and has complied in all respects with the applicable laws governing it in connection with such issuance or undertaking.

Sheila Junious  
(Signed)

Acknowledgment

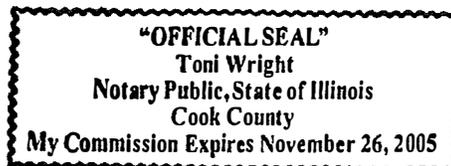
State of Illinois )  
County of Cook ) ss  
)

The foregoing instrument was acknowledged before me this 2nd day of July, 2003, by Sheila Junious the Standby Service Representative of BANK ONE, NA, main office Chicago, Illinois.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public Toni Wright

My Commission Expires: November 26, 2005



**EXHIBIT 4**

**EXHIBIT 4**

Parcel Number: 15-01-283-325

**DEED OF TRUST**

With Assignment of Rents

This Deed of Trust with Assignment of Rents, made this 1<sup>st</sup> day of August 2003, between ALEXANDER H. WALKER, JR. and CECIL ANN WALKER, husband and wife, as TRUSTORS, whose address is 48 West 300 South, #2404N, Salt Lake City, Utah 84101, METRO NATIONAL TITLE, as TRUSTEE, and STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES, DIVISION OF OIL, GAS & MINING, as BENEFICIARY whose address is 1594 West South Temple, #1210, Salt Lake City, Utah 84114-5802.

WITNESSES: That Trustors CONVEY AND WARRANT TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in Salt Lake County, State of Utah:

LEGAL DESCRIPTION IS ATTACHED HERETO AS EXHIBIT "A"  
AND BY THIS REFERENCE IS MADE A PART HEREOF

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits;

FOR THE PURPOSE OF SECURING (1) timely completion of the reclamation obligations for the Horizon Mine in Carbon County, Utah; Permit No. C/007/020, as evidenced by the Reclamation Contract dated June 11, 2003, which obligates the Trustors to perform reclamation as set forth therein or to forfeit and pay to the Beneficiary the cost of said reclamations in an amount of \$342,000.00, together with any additional amount required pursuant to any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) and the payment of such additional sums as may be required as a result of mining operations and the consequent reclamation obligations for the Horizon mine hereafter.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, specific enumerations herein not excluding the general

2. To provide and maintain insurance, of such type or types and amounts as Beneficiary may require, on the improvements now existing or hereafter erected or placed on said property. Such insurance shall be carried in companies approved by Beneficiary with loss

to provide the required coverage, this will constitute an act of default under the terms of this Deed of Trust.

3. To deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

4. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

5. To pay at least 10 days before delinquency all taxes and assessments affecting said property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay his reasonable fees.

7. To pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate of TEN PERCENT (10.0%) per annum on the unpaid balance, and the repayment thereof shall be secured hereby.

IT IS MUTUALLY AGREED THAT:

8. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights of action and proceeds as Beneficiary or Trustee may require.

9. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Deed of Trust and the note for endorsement (in case of full reconveyance, for cancellation and retention) without affecting the liability of any person for the payment of the indebtedness secured hereby, and without releasing the interest of any party

services mentioned in this paragraph.

10. As additional security, Trustor hereby assigns to Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Deed of Trust and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such moneys shall cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Deed of Trust to any such tenancy, lease or option.

11. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect said rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

12. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

13. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

14. Time is of the essence hereof. Upon default by Trustor in the performance of any obligation of the Reclamation Contract, or any agreement hereunder, the Beneficiary may after notice and opportunity for hearing before the Board of Oil, Gas and Mining, and a finding by the Board that the Trustors have failed to cure the default within 30 days, find the trustors to be in default. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

15. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be completed and, in every such case,

sale to payment of (1) the cost and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at twelve percent (12.00%) per annum from date of expenditure; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

16. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Deed of Trust in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceedings all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

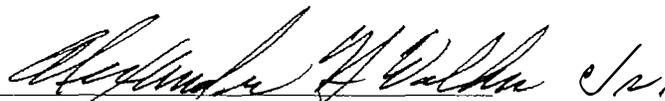
17. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall succeed to all the powers, duties, authority and title of the trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made, in the manner provided by law.

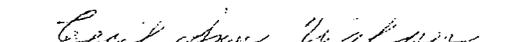
18. This Deed of Trust shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

19. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

20. This Deed of Trust shall be construed according to the laws of the State of Utah.

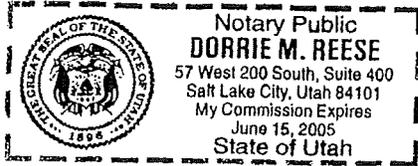
21. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinbefore set forth.

TRUSTORS:   
ALEXANDER H. WALKER, JR.

  
CECIL ANN WALKER

COUNTY OF SALT LAKE )

On the 1<sup>ST</sup> day of ~~July~~ <sup>AUGUST</sup> 2003, personally appeared before me ALEXANDER H. WALKER, JR. and CECIL ANN WALKER, the signers of the foregoing instrument, who upon being duly sworn, did acknowledge to me that they executed the same.



  
NOTARY PUBLIC

## EXHIBIT "A"

Unit No. R-2404-N, contained within the AMERICAN TOWERS CONDOMINIUM, as the same is identified in the Record of Survey Map, and in the Declaration of Covenants, Conditions and Restrictions and Bylaws of the AMERICAN TOWERS CONDOMINIUMS, recorded in Salt Lake County, Utah, on July 30, 1982, as Entry No. 3697665, in Book 5400, at Page 292, and in Book 82-7 of Plats, at Page 64 of Official Records.

TOGETHER WITH: (a) The undivided ownership interest in said Condominium Project's Common Areas and Facilities which is appurtenant to said Unit, (the referenced Declaration of Condominium providing for periodic alteration both in the magnitude of said undivided ownership interest and in the composition of the Common Areas and Facilities to which said interest relates); (b) The exclusive right to use and enjoy each of the Limited Common Areas which is appurtenant to said Unit, and (c) The non-exclusive right to use and enjoy the Common Areas and Facilities included in said Condominium Project (as said Project may hereafter be expanded) in accordance with the aforesaid Declaration and Survey Map (as said Declaration and Map may hereafter be amended or supplemented) and the Utah Condominium Ownership Act.

**EXHIBIT 5**

**EXHIBIT 5**

**ALEXANDER H. WALKER III**

Attorney at Law  
American Plaza II  
57 West 200 South, Suite 400  
Salt Lake City, Utah 84101  
(801) 363-0100  
(801) 521-3301 (Fax)  
Admitted in Utah and Nevada

*Fireproof*  
*6/27/0020 gm*  
*cc: Pam G.*

June 30, 2005

Ms. Pamela Grubaugh-Littig  
Permit Supervisor  
UTAH DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas and Mining  
Mined Land Reclamation Program  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

**VIA HAND-DELIVERY**

**Re: Amended Deed of Trust**

Dear Ms. Grubaugh-Littig:

Attached you will find the amended Deed of Trust which you have requested. It is Hidden Splendor's understanding that the attached document is intended to replace the Deed of Trust given in connection with Hidden Splendor's reclamation bonding requirements. The only difference between the two documents is the inclusion of the Office of Surface Mining as a beneficiary in the second Deed of Trust.

Please let me know if you have any questions or comments. I appreciate your help.

Sincerely,

*Alexander H. Walker III / m*

Alexander H. Walker III

AHWIII:rr  
Encl.

RECEIVED  
JUN 30 2005  
DIV. OF OIL, GAS & MINING

**EXHIBIT 6**

**EXHIBIT 6**

April 6, 2010

TO: Internal File

THRU: Daron Haddock, Title V Coal Program Manager  
Jim Smith, En Sci III, Reclamation Hydrologist, Permit Supervisor

FROM: Peter Hess, En Sci III, Bond Estimation

RE: **Bond Estimate Evaluation / Real Property Collateral, America West Resources / Horizon Mine, C/007/020**

**SUMMARY:**

At the request of Division management, and a concern aired by the U.S. Department of the Interior, Bureau of Land Management, Price Field Office, an evaluation of the reclamation bond amount for the Horizon Mine was conducted to determine if sufficient bond was in place to reclaim water monitoring wells within the permit area.

A meeting was held on March 31, 2010 at the Price BLM with representatives from the Permittee, the BLM, the Division and other involved Federal agencies (MMS). Mr. John Pappas indicated that there are five water monitoring wells which are still being utilized for data collection to meet the requirements of R645-301-731.212.

An analysis of the reclamation bond was conducted to determine if a sufficient amount of bond is in place to meet the reclamation requirements established by R645-301-812.700. The Division determined that the reclamation of the five wells did not include the costs to plug them.

**TECHNICAL ANALYSIS:**

**RECLAMATION PLAN**

**MINE OPENINGS**

Regulatory Reference: 30 CFR Sec. 817.13, 817.14, 817.15; R645-301-513, -301-529, -301-551, -301-631, -301-748, -301-765, -301-748.

**Analysis:**

Section 3.5.3.1, page 3-37 of the Horizon Mine mining and reclamation plan discusses the reclamation plan of the three mine portals and the water monitoring wells. *“Sealing of the wells is to be completed in accordance with the requirements of the Utah Division of Water Rights, R655-4-12.”*

This section of the MRP is obviously outdated, and the Permittee needs to update the plan to reference the requirements of R645-301-765, Permanent Casing and Sealing of Wells.

**Findings:**

The Permittee should update Section 3.5.3.1 of the MRP to reflect the requirements of the current regulation for the sealing of wells, R645-301-765 during the next mid-term permit review process.

## **BONDING AND INSURANCE REQUIREMENTS**

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

**Analysis:**

**General**

The bond currently held by the Division for the Horizon Mine disturbed area is a real property collateral bond, valued at \$625,000.

**Form of Bond**

The real property is American Towers Condominium Community located at 48 West Broadway, Salt Lake City, Utah, 84101.

**Determination of Bond Amount**

Analysis of the Horizon Mine reclamation bond revealed that a bond amount to plug the five water monitoring wells previously mentioned has not been included in the demolition costs.

The current R. S. Means unit cost for 2009 for sealing a well is \$ 5,050.00 per well, (Unit Cost number 33-21-13-10-8580).

The direct cost for the demotion and removal must be increased by an amount of  
 $\$ 5,050.00 / \text{well} \times 5 \text{ wells} = \$ 25,250.00$ .

This brings the total of the direct and indirect costs to \$ 441,995.00.

The last midterm review for the Horizon permit was conducted in 2008. The next projected midterm will be in 2013.

The direct and indirect cost total was escalated for three years to the next midterm permit review, (3 years) @ .005 which is the current escalation factor for 2010.

The total escalated reclamation cost is \$ 448,625.00, or \$ 449,000.00 rounded to the nearest \$ 1,000. A 15 % contingency is required for real estate = \$ 516,350.00.

The amount of bond posted in 2009 was \$ 445,000.

The 2006 collateral real estate value of the American Towers was determined to be \$ 625,000.00.

A difference of \$ 108,650.00 exists (excess value of collateral, based on 2006 assessment).

It appears that the value of the collateral is sufficient to reclaim the Horizon Mine. This is based on the assumption that no other liens exist against the property.

#### **Findings:**

The collateral bond amount is adequate to cover the reclamation of the Horizon Mine site.

#### **RECOMMENDATION:**

The currently posted bond amount is adequate to reclaim the Horizon Mine site.

The Division should consider conducting a re-evaluation / re-appraisal of the collateral in 2013, during the next mid-term permit review.

The property appraisal should be conducted by an independent, certified, licensed appraiser licensed in the State of Utah and experienced in the appraisal of condominium structures.

Horizon Mine  
 America West Resources, Inc.  
 C/007/020  
 Task ID # ????

Total Required Bond Amount

Revised April 6, 2010

Direct Costs

Subtotal Demolition and Removal	\$153,970.00	
Subtotal Backfilling and Grading	\$69,646.00	
Subtotal Revegetation	\$124,961.00	
Subtotal Direct Costs	\$348,577.00	

Indirect Costs

Mob/Demob	\$34,858.00	10.0%
Contingency	\$17,429.00	5.0%
Engineering Redesign	\$8,714.00	2.5%
Main Office Expense	\$23,703.00	6.8%
Project Management Fee	\$8,714.00	2.5%
Subtotal Indirect Costs	\$93,418.00	26.8%

Total Cost 2010 Dollars \$441,995.00

Number of years		3
Escalation factor		1.005
Escalation	\$6,630.00	

Number of years  
 Escalation Factor  
 Escalation

Escalated Reclamation Cost to 2013	\$448,625.00
Bond Amount (rounded to nearest \$1,000)	\$449,000.00
Posted Bond 2009	\$445,000.00
Difference Between Cost Estimate and Bond	\$4,000.00
Percent Difference	-0.90%

Bond Summary

Direct Costs

Subtotal Demolition and Removal	\$127,430.00
Subtotal Backfilling and Grading	\$69,646.00
Subtotal Revegetation	\$124,961.00
Direct Costs	\$322,037.00

Indirect Costs

Mob/Demob	\$32,204.00	10.0%
Contingency	\$16,102.00	5.0%
Engineering Redesign	\$8,051.00	2.5%
Main Office Expense	\$21,899.00	6.8%
Project Mainagement Fee	\$8,051.00	2.5%
Subtotal Indirect Costs	\$86,307.00	26.8%

Total Cost	\$408,344.00
------------	--------------

Escalation		0.032
Number of years		1
Escalation	\$13,067.00	

Reclamation Cost	\$421,411.00
------------------	--------------

Bond Amount (rounded to nearest \$1,000) 2011 Dollars	\$421,000.00
--	--------------

Bond Posted 2003	\$445,000.00
------------------	--------------

Difference Between Cost Estimate and Bond Percent Difference	\$23,589.00 5.70%
---	----------------------

Horizon Mine  
America West Resources, Inc.  
C/007/020  
Task ID # ????

Total Required Bond Amount

Revised April 6, 2010

1.015

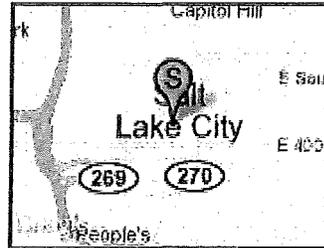
**Assessor** ----> **Parcel Search** ----> **Valuation Summary** ----> Printable Version

Previous ..... Next

**Parcel** 15-01-283-325-0000  
**Owner** WALKER, ALEXANDER H JR & CECIL A; JT  
**Address** 48 W 300 S  
**Total Acreage** 0.01  
**Above Ground sqft.**  
**Property Type** 116 - CONDO  
**Tax District** 01A



Value History		Record	Land Value	Building Value	Market Value	Tax Rate
		2011	\$ 135,300	\$ 315,700	<b>\$ 451,000</b>	.0155190
		2010 1	\$ 148,500	\$ 346,500	\$ 495,000	.0153590
		2009 1	\$ 165,000	\$ 385,000	\$ 550,000	.0138340
		2008 1	\$ 175,400	\$ 409,100	\$ 584,500	.0115230
		2007 1	\$ 159,400	\$ 372,000	\$ 531,400	.0118730
		2006 1	\$ 52,500	\$ 384,900	\$ 437,400	.0139180



40.763227430,-111.892048440

Previous ..... Next

Results list

**Land Record**

Record ID	1	Influence Effect		Lot Shape	REGULAR	Traffic	LIGHT
Lot Use	MULTI-HOUSNG	Assmt. Class	RES-PRIMARY	Lot Location	INTERIOR	Traffic Influence	TYPICAL
Lot Type	PRIMARY-LOT	Lot Depth		Neighborhood	181	Street type	PRIVATE/COURT
Land Class		Acres	0.01	Nbhd Type	DEVELOPING	Street Finish	PAVED
Income Flag		Zone	3000	Nbhd Effect	TYPICAL	Curb Gutter	Y
Seasonal use	N	Sewer	PUBLIC	Topography	LEVEL	Sidewalk	Y
Influence Type		Number Lots	1				

**Condo Unit**

Building	1	Basement Grade		3/4 baths		Intrior Grade	G
Apartment Number	2404	Main Floor A.	2279	Half Baths		Intrior Condition	G
Condo Type	P	Upper Floor A.		Bath Quality	M	View Quality	G
Time Share	N	Total Sqft	2279	Kitchen Type	F	Year Built	1984
Number of Floors	1	Total Rooms	7	Kitchen Quality	S	Effective Y.B.	1994
Elevator	N	Full Bedrooms	2	Heat Type	C	Number of Parking	1
Basement Area		Den/Partial Bdrms.		Fire Places		Percent Complete	
Finished Basement A.		Full Baths	2	Air Conditioning	Y		

Click here for **Parcel Characteristics Search Again?**

Previous ..... Next

This page shows the assessor's CAMA data, as it was, on May 22, 2011.

**EXHIBIT 7**

**EXHIBIT 7**

B9F (Official Form 9F) (Chapter 11 Corporation/Partnership Case) (12/12)

Case Number 13-10865-bam

UNITED STATES BANKRUPTCY COURT District of Nevada

**AMENDED Notice of  
Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines**

A chapter 11 bankruptcy case concerning the debtor(s) listed below was filed on 2/1/13.

You may be a creditor of the debtor. **This notice lists important deadlines.** You may want to consult an attorney to protect your rights. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below.

NOTE: The staff of the bankruptcy clerk's office cannot give legal advice. Case documents may be viewed at [www.nvb.uscourts.gov](http://www.nvb.uscourts.gov).

**Important Notice to Individual Debtors:** Debtors who are individuals must provide government-issued photo identification and proof of social security number at the meeting of creditors. Failure to do so may result in dismissal of their case.

**Creditors -- Do not file this notice in connection with any proof of claim you submit to the court.  
See Reverse Side For Important Explanations**

Debtor(s) (name(s) used by the debtor(s) in the last 8 years, including married, maiden, trade, and address):

AMERICA WEST RESOURCES, INC.  
50 W. LIBERTY ST, STE 800  
RENO, NV 89501

Case Number:  
13-10865-bam  
Judge: BRUCE A. MARKELL

Social Security / Individual Taxpayer ID / Employer Tax ID / Other nos:  
84-0315046

Attorney for Debtor(s) (name and address):  
ILLYSSA I FOGEL  
PO BOX 437  
25 N. US HWY 95 S.  
MCDERMITT, NV 89421  
Telephone number: (775) 532 8088

**Meeting of Creditors**

Date: **March 14, 2013**

Time: **01:00 PM**

Location: **300 Las Vegas Blvd., South, Room 1500, Las Vegas, NV 89101**

**Deadline to File a Proof of Claim**

Proof of claim must be *received* by the bankruptcy clerk's office by the following deadline:

For all creditors (except a governmental unit): **90 days after the date first set for the meeting of creditors.** For a governmental unit: **180 days after order for relief entered.**

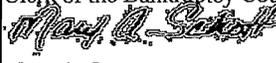
**Creditor with a Foreign Address:**

A creditor to whom this notice is sent at a foreign address should read the information under "Claims" on the reverse side.

**Creditors May Not Take Certain Actions:**

In most instances, the filing of the bankruptcy case automatically stays certain collection and other actions against the debtor and the debtor's property. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtor can request the court to extend or impose a stay. If you attempt to collect a debt or take other action in violation of the Bankruptcy Code, you may be penalized. Consult a lawyer to determine your rights in this case.

**Address of the Bankruptcy Clerk's Office:**  
300 Las Vegas Blvd., South  
Las Vegas, NV 89101  
Telephone number: (702) 527-7000

**For the Court:**  
Clerk of the Bankruptcy Court:  
  
Marv A. Schott

Hours Open: Monday - Friday 9:00 AM - 4:00 PM

Date: 2/6/13

**EXPLANATIONS**

B9F (Official Form 9F) (12/12)

Filing of Chapter 11 Bankruptcy Case	A bankruptcy case under Chapter 11 of the Bankruptcy Code (title 11, United States Code) has been filed in this court by or against the debtor(s) listed on the front side, and an order for relief has been entered. Chapter 11 allows a debtor to reorganize or liquidate pursuant to a plan. A plan is not effective unless confirmed by the court. You may be sent a copy of the plan and a disclosure statement telling you about the plan, and you might have the opportunity to vote on the plan. You will be sent notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtor will remain in possession of the debtor's property and may continue to operate any business.
<b>Legal Advice</b>	The staff of the bankruptcy clerk's office cannot give legal advice. Consult a lawyer to determine your rights in this case.
Creditors Generally May Not Take Certain Actions	Prohibited collection actions are listed in Bankruptcy Code § 362. Common examples of prohibited actions include contacting the debtor by telephone, mail or otherwise to demand repayment; taking actions to collect money or obtain property from the debtor; repossessing the debtor's property; and starting or continuing lawsuits or foreclosures. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtor can request the court to extend or impose a stay.
Meeting of Creditors	A meeting of creditors is scheduled for the date, time and location listed on the front side. <i>The debtor's representative must be present at the meeting to be questioned under oath by the trustee and by creditors.</i> Creditors are welcome to attend, but are not required to do so. The meeting may be continued and concluded at a later date specified in a notice filed with the court. The court, after notice and a hearing, may order that the United States trustee not convene the meeting if the debtor has filed a plan for which the debtor solicited acceptances before filing the case.
Claims	A Proof of Claim is a signed statement describing a creditor's claim. A Proof of Claim form (Official Form B 10) can be obtained at the United States Courts web site ( <a href="http://www.uscourts.gov/FormsAndFees/Forms/BankruptcyForms.aspx">www.uscourts.gov/FormsAndFees/Forms/BankruptcyForms.aspx</a> ) or at any bankruptcy clerk's office. You may look at the schedules that have been or will be filed at the bankruptcy clerk's office. If your claim is scheduled and is <i>not</i> listed as disputed, contingent, or unliquidated, it will be allowed in the amount scheduled unless you filed a Proof of Claim or you are sent further notice about the claim. Whether or not your claim is scheduled, you are permitted to file a Proof of Claim. If your claim is not listed at all <i>or</i> if your claim is listed as disputed, contingent, or unliquidated, then you must file a Proof of Claim or you might not be paid any money on your claim and may be unable to vote on the plan. A secured creditor retains rights in its collateral regardless of whether that creditor files a Proof of Claim. Filing a Proof of Claim submits the creditor to the jurisdiction of the bankruptcy court, with consequences a lawyer can explain. For example, a secured creditor who files a Proof of Claim may surrender important nonmonetary rights, including the right to a jury trial. <b>Filing Deadline for a Creditor with a Foreign Address:</b> The deadlines for filing claims set forth on the front of this notice apply to all creditors. If this notice has been mailed to a creditor at a foreign address, the creditor may file a motion requesting the court to extend the deadline. <i>Do not include this notice with any filing you make with the court.</i>
Discharge of Debts	Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or part of your debt. See Bankruptcy Code § 1141(d). A discharge means that you may never try to collect the debt from the debtor, except as provided in the plan. If you believe that a debt owed to you is not dischargeable under Bankruptcy Code § 1141(d)(6)(A), you must start a lawsuit by filing a complaint in the bankruptcy clerk's office by the "Deadline to File a Complaint to Determine Dischargeability of Certain Debts" listed on the front side. The bankruptcy clerk's office must receive the complaint and any required filing fee by that Deadline.
Bankruptcy Clerk's Office	Any paper that you file in this bankruptcy case should be filed at the bankruptcy clerk's office at the address listed on the front side. You may inspect all papers filed, including the list of the debtor's property and debts and the list of the property claimed as exempt, at the bankruptcy clerk's office or at <a href="http://www.nvb.uscourts.gov">www.nvb.uscourts.gov</a> .
Creditor with a Foreign Address	Consult a lawyer familiar with United States bankruptcy law if you have any questions regarding your rights in this case.
<b>This Form Has Been Amended As Follows</b>	Amended due to transfer of case to Southern Division.
<b>Refer to Other Side for Important Deadlines and Notices</b>	

**United States Bankruptcy Court  
District of Nevada**

In re Hidden Splendor Resources, Inc.

Debtor(s)

Case No. 13-10862 bamChapter 11

**AMENDED SUMMARY OF SCHEDULES**

Indicate as to each schedule whether that schedule is attached and state the number of pages in each. Report the totals from Schedules A, B, D, E, F, I, and J in the boxes provided. Add the amounts from Schedules A and B to determine the total amount of the debtor's assets. Add the amounts of all claims from Schedules D, E, and F to determine the total amount of the debtor's liabilities. Individual debtors also must complete the "Statistical Summary of Certain Liabilities and Related Data" if they file a case under chapter 7, 11, or 13.

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	ASSETS	LIABILITIES	OTHER
A - Real Property	Yes	1	\$0.00		
B - Personal Property	Yes	15	\$6,405,191.00		
C - Property Claimed as Exempt	Yes	1			
D - Creditors Holding Secured Claims	Yes	3		\$7,547,327.94	
E - Creditors Holding Unsecured Priority Claims (Total of Claims on Schedule E)	Yes	9		\$732,044.00	
F - Creditors Holding Unsecured Nonpriority Claims	Yes	10		\$42,802,145.05	
G - Executory Contracts and Unexpired Leases	Yes	4			
H - Codebtors	Yes	1			
I - Current Income of Individual Debtor(s)	No	0			\$0.00
J - Current Expenditures of Individual Debtor(s)	No	0			\$0.00
<b>TOTAL</b>		<b>44</b>	<b>\$6,405,191.00</b>	<b>\$51,081,516.99</b>	

In re Hidden Splendor Resources, Inc

Case No. 13-10862 bam

Debtor(s)

**AMENDMENT TO SCHEDULE A - REAL PROPERTY**

Except as directed below, list all real property in which the debtor has any legal, equitable, or future interest, including all property owned as a co-tenant, community property, or in which the debtor has a life estate. Include any property in which the debtor holds rights and powers exercisable for the debtor's own benefit. If the debtor is married, state whether the husband, wife, both, or the marital community own the property by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community." If the debtor holds no interest in real property, write "None" under "Description and Location of Property."

**Do not include interests in executory contracts and unexpired leases on this schedule. List them in Schedule G - Executory Contracts and Unexpired Leases.**

If an entity claims to have a lien or hold a secured interest in any property, state the amount of the secured claim. See Schedule D. If no entity claims to hold a secured interest in the property, write "none" in the column labeled "Amount of Secured Claim."

If the debtor is an individual or if a joint petition is filed, state the amount of any exemption claimed in the property only in Schedule C - Property Claimed as Exempt.

Description and Location of Property	Nature of Debtor's Interest in Property	Husband Wife Joint or Community	Current Value of Debtor's Interest in Property, without Deducting any Secured Claim or Exemption	Amount of Secured Claim
Land owned in fee-Township 13 South Range 8 East (Mine Portal)	Own	-	Unknown	\$2,900,000.00

Total: Unknown  
(Report also on Summary of Schedules)

**AMENDMENTS TO SCHEDULE B - PERSONAL PROPERTY**

Except as directed below, list all personal property of the debtor of whatever kind. If the debtor has no property in one or more of the categories, place an "x" in the appropriate position in the column labeled "None." If additional space is needed in any category, attach a separate sheet properly identified with the case name, case number, and the number of the category. If the debtor is married, state whether the husband, wife, both, or the marital community own the property by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community." If the debtor is an individual or a joint petition is filed, state the amount of any exemptions claimed only in Schedule C - Property Claimed as Exempt.

**Do not include interests in executory contracts and unexpired leases on this schedule. List them in Schedule G - Executory Contracts and Unexpired Leases.**

If the property is being held for the debtor by someone else, state that person's name and address under "Description and Location of Property." If the property is being held for a minor child, simply state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. §112 and Fed R. Bankr. P. 1007(m).

Type of Property	N O N E	Description and Location of Property	Husband, Wife, Joint or Community	Current Value of Debtor's Interest In Property, With- Out Deducting Any Secured Claim or Exemption
35. Other personal property of any kind not already listed. Itemize.		<b>Coal Reserves under the Horizon Coal Mine. Listed in Debtor's previous bankruptcy case (Case No. 07-51378-gwz) on Schedule A Real Property: Horizon Mine including land and coal rights, is valued by Carbon County at \$8,369,827 on a discount cash flow basis. The Fair Market value for the mine is approximately 3x times assessed value.</b>	-	Unknown
		<b>Reclamation bond collateralized by deed for non-debtor assets</b>	-	<b>\$455,000.00</b>
			<b>Total &gt;</b>	<b>\$455,000.00</b>

(Report also on Summary of Schedules)

In re **Hidden Splendor Resources, Inc.**

Case No. **13-10862 bam**

Debtor(s)

**AMENDMENT TO SCHEDULE D - CREDITORS HOLDING SECURED CLAIMS**

State the name, mailing address, including zip code, and last four digits of any account number of all entities holding claims secured by property of the debtor as of the date of filing of the petition. The complete account number of any account the debtor has with the creditor is useful to the trustee and the creditor and may be provided if the debtor chooses to do so. List creditors holding all types of secured interests such as judgment liens, garnishments, statutory liens, mortgages, deeds of trust, and other security interests.

List creditors in alphabetical order to the extent practicable. If a minor child is the creditor, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. §112 and Fed R. Bankr. P. 1007(m). If all secured creditors will not fit on this page, use the continuation sheet provided.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place an "X" in the column labeled "Codebtor," include the entity on the appropriate schedule of creditors, and complete Schedule H - Codebtors. If a joint petition is filed, state whether the husband, wife, both of them, or the marital community may be liable on each claim by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community."

If the claim is contingent, place an "X" in the column labeled "Contingent." If the claim is unliquidated, place an "X" in the column labeled "Unliquidated." If the claim is disputed, place an "X" in the column labeled "Disputed." (You may need to place an "X" in more than one of these three columns).

Total the columns labeled "Amount of Claim Without Deducting Value of Collateral" and "Unsecured Portion, if Any" in the boxes labeled "Total(s)" on the last sheet of the completed schedule. Report the total from the column labeled "Amount of Claim Without Deducting Value of Collateral" also on the Summary of Schedules and, if the debtor is an individual with primarily consumer debts, report the total from the column labeled "Unsecured Portion, if Any" on the Statistical Summary of Certain Liabilities and Related Data.

Check this box if debtor has no creditors holding secured claims to report on this Schedule D.

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE AND AN ACCOUNT NUMBER <i>(See Instructions Above)</i>	Husband, Wife, Joint or Community		DATE CLAIM WAS INCURRED, NATURE OF LIEN, AND DESCRIPTION AND VALUE OF PROPERTY SUBJECT TO LIEN	C O N T I N G E N T	U N L I Q U I D A T E D	D I S P U T E D	AMOUNT OF CLAIM WITHOUT DEDUCTING VALUE OF COLLATERAL	UNSECURED PORTION, IF ANY
	C O D E B T O R	H W J C						
ACCOUNT NO.								
State of Utah Department of Natural Resources 1594 West North Temple, Suite 1210 PO Box 14501 Salt Lake City, UT 84114-5801			Reclamation bond collateralized by deed for non-debtor assets			X	\$455,000.00	
			VALUE				\$455,000.00	
Total(s) (Use only on last page)							\$455,000.00	

(Report also on Summary of Schedules)

If applicable, report also on Statistical Summary of Certain Liabilities and Related Data)

In re Hidden Splendor Resources, Inc.

Case No. 13-10862 bam

Debtor(s)

## AMENDMENTS TO SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS

State the name, mailing address, including zip code, and last four digits of any account number of all entities holding unsecured claims without priority against the debtor, as of the date of filing of the petition. The complete account number of any account the debtor has with the creditor is useful to the trustee and the creditor and may be provided if the debtor chooses to do so. If a minor child is a creditor, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. §112 and Fed. R. Bankr. P. 1007(m). Do not include claims listed in Schedules D and E. If all creditors will not fit on this page, use the continuation sheet provided.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place an "X" in the column labeled "Codebtor," include the entity on the appropriate schedule of creditors, and complete Schedule H - Codebtors. If a joint petition is filed, state whether the husband, wife, both of them, or the marital community may be liable on each claim by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community."

If the claim is contingent, place an "X" in the column labeled "Contingent." If the claim is unliquidated, place an "X" in the column labeled "Unliquidated." If the claim is disputed, place an "X" in the column labeled "Disputed." (You may need to place an "X" in more than one of these three columns).

Report the total of all claims listed on this schedule in the box labeled "Total" on the last sheet of the completed schedule. Report this total also on the Summary of Schedules and, if the debtor is an individual with primarily consumer debts, report this total also on the Statistical Summary of Certain Liabilities and Related Data.

Check this box if debtor has no creditors holding secured claims to report on this Schedule F.

CREDITOR'S NAME, MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER <i>(See instructions above.)</i>	C O D E B T O R	H W J C	Husband, Wife, Joint, or Community	C O N T I N G E N T	U N L I Q U I D A T E D	D I S P U T E D	AMOUNT OF CLAIM
ACCOUNT NO.							
ACCOUNT NO.							
America West Marketing, Inc. 3266 South 125 West Price, UT 84501		N A	Intercompany Payable				625,728.17
ACCOUNT NO.							
America West Resources, Inc. 3266 South 125 West Price, UT 84501		N A	Intercompany Payable				33,282,143.23
ACCOUNT NO.							
America West Services, Inc. d/b/a Wildcat Loadout 3266 South 125 West Price, UT 84501		N A	Intercompany Payable				349,222.17

Debtor(s)

**AMENDMENTS TO SCHEDULE F - CREDITORS HOLDING  
UNSECURED NONPRIORITY CLAIMS**

(Continuation Sheet)

CREDITOR'S NAME, MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER <i>(See instructions above.)</i>	C O D E D E B T O R	H W J C	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE.	C O N T I N G E N T	U N L I Q U I D A T E D	D I S P U T E D	AMOUNT OF CLAIM
		Husband, Wife, Joint, or Community					
ACCOUNT NO.							
Federal Mine Safety and Health Review Commission 1331 Pennsylvania Ave., NW, Suite 520N Washington, DC 20004-1710		N A	lawsuit			X	Unknown
ACCOUNT NO.							
Industrial Electric Motor Service 225 West 500 South PO Box 485 Orangeville, UT 84537-0485		N A					8,492.48
ACCOUNT NO.							
United Healthcare Insurance 6465 Greenwood Plaza Blvd. Centennial, CO 80111		N A				X	Unknown
Total (Use only on last page of the completed Schedule F.) (Report also on Summary of Schedules and, if applicable, on the Statistical Summary of Certain Liabilities and Related Data.)							<b>\$34,265,586.05</b>

In re Hidden Splendor Resources, Inc.

Case No. 13-10862 bam

Debtor(s)

**AMENDMENTS TO SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Describe all executory contracts of any nature and all unexpired leases of real or personal property. Include any timeshare interests. State nature of debtor's interest in contract, i.e., "Purchaser," "Agent," etc. State whether debtor is the lessor or lessee of a lease. Provide the names and complete mailing addresses of all other parties to each lease or contract described. If a minor child is a party to one of the leases or contracts, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. §112 and Fed. R. Bankr. P. 1007(m).

Check this box if debtor has no executory contracts or unexpired leases.

**NAME AND MAILING ADDRESS,  
INCLUDING ZIP CODE,  
OF OTHER PARTIES TO LEASE OR CONTRACT.**

**DESCRIPTION OF CONTRACT OR LEASE AND  
NATURE OF DEBTOR'S INTEREST. STATE  
WHETHER LEASE IS FOR NONRESIDENTIAL  
REAL PROPERTY. STATE CONTRACT  
NUMBER OF ANY GOVERNMENT CONTRACT.**

**ModSpace  
12603 Collection Center Dr.  
Chicago, IL 60693-0126**

**Modular Unit Lease**

**United Healthcare Insurance  
6465 Greenwood Plaza Blvd.  
Centennial, CO 80111**

**Healthcare insurance**

United States Bankruptcy Court  
District of Nevada

In re Hidden Splendor Resources, Inc.

Debtor(s)

Case No. 13-10862 bam

Chapter 11

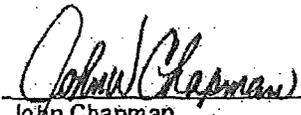
DECLARATION CONCERNING AMENDMENTS TO DEBTOR'S SCHEDULES

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

I, the Chief Restructuring Officer of the corporation named as debtor in this case, declare under penalty of perjury that I have read the foregoing amendments to schedules and that they are true and correct to the best of my knowledge, information, and belief.

Date March 21, 2013

Signature



John Chapman  
Chief Restructuring Officer

*Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both. 18 U.S.C. §§. 152 and 3571.*

1 Ambrish S. Sidhu, Esq., State Bar No. 7516  
SIDHU LAW FIRM, LLC  
2 810 S. Casino Center Blvd., Suite 104  
Las Vegas, Nevada 89101  
3 Telephone: (702) 384-4436  
Facsimile: (702) 384-4437  
4 Email: ssidhu@sidhulawfirm.com

*ELECTRONICALLY FILED*  
*March 22, 2013*

5 Steven D. Usdin, Esq., Admitted Pro Hac  
6 William J. Burnett, Esq., Admitted Pro Hac  
Eric J. Van, Esq., State Bar No. 10259  
7 FLASTER/GREENBERG P.C.  
8 4 Penn Center, 2nd Floor  
1600 J.F.K. Boulevard  
9 Philadelphia, PA 19103  
Telephone: (215) 279-9903  
10 Facsimile: (215) 279-9394  
Email: steven.usdin@flastergreenberg.com  
11 william.burnett@flastergreenberg.com  
12 eric.van@flastergreenberg.com

13 *Counsel for the Debtors*

14  
15 UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

16 In Re: ) Chapter 11  
17 )  
18 HIDDEN SPLENDOR RESOURCES, INC. ) Case No. BK-13-10862 bam  
Jointly Administered Under  
19 ) Case No. BK-13-10865 bam  
Debtor. )  
20 )

21 **CERTIFICATE OF SERVICE**

22 On March 22, 2013, I caused Amendments to Schedule F and Amendments to Schedule G,  
23 together with Amended Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines, to  
24 be served by FIRST CLASS MAIL upon the parties listed below:  
25  
26  
27  
28

1 United States Trustee  
2 Attn: Athanasios Agelakopoulos  
3 300 Las Vegas Blvd. South #4300  
4 Las Vegas, NV 89101

5 Federal Mine Safety and Health  
6 Review Commission  
7 1331 Pennsylvania Ave., NW  
8 Suite 520N  
9 Washington, DC 20004-1710

10 Industrial Electric Motor Service  
11 225 West 500 South  
12 PO Box 485  
13 Orangeville, UT 84537-0485

14 State of Utah  
15 Department of Natural Resources  
16 1594 West North Temple, Suite 1210  
17 PO Box 14501  
18 Salt Lake City, UT 84114-5801

19 United Healthcare Insurance  
20 6465 Greenwood Plaza Blvd.  
21 Centennial, CO 80111

22 ModSpace  
23 12603 Collection Center Dr.  
24 Chicago, IL 60693-0126

25 I declare upon penalty of perjury that the foregoing information is true and correct.

26 **DATED** this 22<sup>nd</sup> day of March, 2013.

27 FLASTER/GREENBERG P.C.

28 BY: /s/ Steven D. Usdin  
Steven D. Usdin, Esq. (Admitted Pro Hac)  
William J. Burnett, Esq. (Admitted Pro Hac)  
Eric J. Van, Esq. (Nevada Bar No. 10259)

9007620 Incoming  
cc: Steve A. R.

RECEIVED  
MAR 18 2013

DIV. OF OIL, GAS & MINING

1 Ambrish S. Sidhu, Esq., State Bar No. 7516  
2 SIDHU LAW FIRM, LLC  
3 810 S. Casino Center Blvd., Suite 104  
4 Las Vegas, Nevada 89101  
5 Telephone: (702) 384-4436  
6 Facsimile: (702) 384-4437  
7 Email: ssidhu@sidhulawfirm.com

**ELECTRONICALLY FILED**  
March 12, 2013

8 Steven D. Usdin, Esq., Admitted Pro Hac Vice  
9 William J. Burnett, Esq., Admitted Pro Hac Vice  
10 Eric J. Van, Esq., State Bar No. 10259  
11 FLASTER/GREENBERG P.C.  
12 4 Penn Center, 2nd Floor  
13 1600 J.F.K. Boulevard  
14 Philadelphia, PA 19103  
15 Telephone: (215) 279-9903  
16 Facsimile: (215) 279-9394  
17 Email: steven.usdin@flastergreenberg.com  
18 william.burnett@flastergreenberg.com  
19 eric.van@flastergreenberg.com

20 Counsel for the Debtors

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

21 In Re: ) Chapter 11  
22 AMERICA WEST RESOURCES, INC., et al. ) Jointly Administered Under  
23 Debtors. ) Case No. BK - 13-10865 bam  
24 ) **NOTICE OF ENTRY OF ORDER**

25 PLEASE TAKE NOTICE that the Court in the above-captioned case entered the attached  
26 Order Approving Bidding and Noticing Procedures Related to the Auction Sale, and approved the  
27 attached Bidding Procedures [Dkt. No. 148, entered 3/6/2013].

28 DATED this 12th day of March, 2013.

FLASTER/GREENBERG P.C.

BY: /s/ Steven D. Usdin  
Steven D. Usdin, Esq. (Admitted Pro Hac Vice)  
William J. Burnett, Esq. (Admitted Pro Hac Vice)  
Eric J. Van, Esq. (Nevada Bar No. 10259)

*Bruce A. Markell*

Honorable Bruce A. Markell  
United States Bankruptcy Judge



Entered on Docket  
March 06, 2013

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

8 In Re: ) Jointly Administered Under  
9 AMERICA WEST RESOURCES, INC., et al. ) Case No. BK - 13-10865 bam  
10 Debtors. ) Chapter 11  
11 ) ORDER APPROVING BIDDING AND  
12 ) NOTICING PROCEDURES  
13 ) RELATED TO THE AUCTION SALE  
14 )  
15 ) Date: March 6, 2013  
16 ) Time: 1:00 p.m. PT  
17 ) Place: Foley Building, Courtroom 3

18 Debtors, America West Resources, Inc.; Hidden Splendor Resources, Inc.; America West  
19 Marketing, Inc.; and America West Services, Inc. a/k/a Wildcat Loadout (each a "Debtor," and  
20 collectively, the "Debtors") filed a Motion for Entry of Orders Authorizing (A) Emergent  
21 Consideration of a Proposed Sale of Substantially All of the Debtors' Assets, Free and Clear of All  
22 Claims, Liens, Liabilities, Rights, Interests and Encumbrances; (B) Emergent Consideration of Bidding  
23 and Noticing Procedures Related to the Sale; (C) Consideration of Proposed Form of Asset Purchase  
24 Agreement; (D) Consideration of Assumption and Assignment of Certain Executory Contracts and  
25 Unexpired Leases; (E) Scheduling an Auction Sale and Approval of Notice of Same; and (F) Granting  
26 Related Relief (the "Motion") [ECF No. 43].

27 The Debtors' request for an Order Authorizing (A) Emergent Consideration of a Proposed Sale  
28 of Substantially All of the Debtors' Assets, Free and Clear of All Claims, Liens, Liabilities, Rights,  
Interests and Encumbrances; (B) Emergent Consideration of Bidding and Noticing Procedures Related

1 to the Sale (the "Bidding Procedures Order") came on for hearing before this Court on March 6, 2013  
2 at 1:00 p.m. All appearances were duly noted on the record at the hearing on this Motion.

3 The Court having reviewed the Motion and all matters submitted therewith; and upon  
4 consideration of the Motion and any response thereto; and notice of the Motion having been proper;  
5 the Court having stated its findings of fact and conclusions of law at the hearing; and good cause  
6 appearing therefor;

7 **IT IS HEREBY ORDERED** as follows:

- 8 1. The Bidding Procedures, attached as "Exhibit A" to the Motion, are approved.
- 9 2. The Bidding Deadline is April 1, 2013 at 2:00 p.m. prevailing Pacific time.
- 10 3. The Auction is hereby scheduled for April 1, 2013 at 12:00 p.m. prevailing Pacific time,

11 at the offices of Sidhu Law Firm, 810 S. Casino Center Boulevard, Suite 104, Las Vegas, Nevada  
12 89101.

13 4. The hearing to approve the Auction is hereby scheduled for April 4, 2013 at 1:00 p.m.  
14 prevailing Pacific time.

15 5. Within two (2) days after the entry of this Order, the Debtor shall serve a copy of the  
16 Notice of Entry of Bidding Procedures Order and the Bidding Procedures by electronic mail, U.S.  
17 mail, postage prepaid, or electronic filing, upon (i) the Office of the United States Trustee; (ii) counsel  
18 for Donly; (iii) the Nevada Department of Revenue; (iv) the Utah Department of Revenue; (v) the  
19 Internal Revenue Service; (vi) any taxing and other governmental authorities that may have an interest  
20 in any Assets; (vii) any persons or entities known to have asserted a claim, lien, liability, right, interest,  
21 and/or encumbrance in the Assets; (viii) all persons or entities who have filed a notice of appearance  
22 and request for service of papers in the Debtors' cases on or before the date the Bidding Procedures  
23 Order is mailed; and (ix) all persons and entities on the matrix service list of the Debtors.

24 **IT IS SO ORDERED.**

1 PREPARED AND SUBMITTED:

2  
3 FLASTER/GREENBERG P.C.

4  
5 By: /s/ Steven D. Usdin  
6 Steven D. Usdin, Esq.  
7 William J. Burnett, Esq.  
8 Eric J. Van, Esq.  
9 4 Penn Center, 2nd Floor  
10 1600 J.F.K. Boulevard  
11 Philadelphia, PA 19103

12 *Counsel for the Debtors*

13 **LR 9021 CERTIFICATION**

14 In accordance with LR 9021, counsel submitting this document certifies that the Order  
15 accurately reflects the Court's ruling and that:

16  The Court waived the requirement of approval under LR 9021.

17  No party appeared at the hearing or filed an objection to the Motion.

18  I have delivered a copy of this proposed Order to all counsel who appeared at the hearing, and  
19 any unrepresented parties who appeared at the hearing, and each has approved or disapproved  
20 the order, or failed to respond, as indicated below:

21 Denly Utah Coal, LLC approved of the Motion.

22 Howard Kent Profit Sharing Plan disapproved of the Motion.

23 No other party responded to the Motion.

24  I certify that this is a case under Chapter 7 or 13, that I have served a copy of this Order with  
25 the Motion pursuant to LR 9014(g), and that no party has objected to the form or content of the  
26 Order.

27 ###

**BIDDING PROCEDURES**

Set forth below are the bidding procedures (the "Bidding Procedures") to be employed with respect to the potential sale (the "Sale") of certain assets (the "Assets") of Debtors, America West Resources, Inc.; Hidden Splendor Resources, Inc.; America West Marketing, Inc.; and America West Services, Inc. d/b/a Wildcat Loadout (each a "Debtor," and collectively, the "Debtors"), in jointly administered Case No. 13-10865 (bam) under chapter 11 of the Bankruptcy Code pending in the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court"). The Debtors remain as debtors-in-possession of their estates.

On February 11, 2013, the Debtors filed a *Motion Pursuant to 11 U.S.C. §§ 105(a), 363, 365, 503, and 507 and Federal Bankruptcy Rules 2002, 6004, 6006, and 9014; for Entry of Orders Authorizing (A) Emergent Consideration of a Proposed Sale of Substantially All of the Debtors' Assets, Free and Clear of All Claims, Liens, Liabilities, Rights, Interests and Encumbrances; (B) Emergent Consideration of Bidding and Noticing Procedures Related to the Sale; (C) Consideration of Proposed Form of Asset Purchase Agreement; (D) Consideration of Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; (E) Scheduling an Auction Sale and Approval of Notice of Same; and (F) Granting Related Relief* (the "Sale Motion"). On March 6, 2013, the Bankruptcy Court entered an Order approving the Bidding Procedures set forth herein (the "Bidding Procedures Order"). The Bidding Procedures Order also set April 4, 2013 at 1:00 p.m. prevailing Pacific time as the date the Bankruptcy Court will conduct the Sale Hearing (as defined below). At the Sale Hearing, the Debtors may seek entry of an order from the Bankruptcy Court authorizing and approving the Sale of the Assets to a Qualified Bidder (as defined below) that the Debtors determine to have made the highest or best offer for the Assets.

**ASSETS TO BE SOLD**

The Debtors are offering to sell in one or more transactions the Assets and Qualified Bidders may submit bids for all or substantially all of the Assets. The Debtors shall retain all rights to the Assets that are not subject to a bid accepted by the Debtors and approved by the Bankruptcy Court at the Sale Hearing.

**BID DEADLINE**

All offers, solicitations, or proposals (each, a "Bid") must be submitted in writing so that they are actually received no later than 2:00 p.m. prevailing Pacific time on April 1, 2013 (the "Bid Deadline"). Prior to the Bid Deadline, a Qualified Bidder that wants to make a Bid shall deliver written copies of its Bid to following: (i) the Debtors' financial advisor, CFCC Partners, LLC ("CFCC"), Attn: Raymond Davis [rdavis@cfccpartners.com](mailto:rdavis@cfccpartners.com); (ii) the Debtors' counsel, Flaster/Greenberg P.C. ("Flaster"), Attn: Steven D. Usdin, Esquire and William J. Burnett, Esquire, [steven.usdin@flastergreenberg.com](mailto:steven.usdin@flastergreenberg.com) and [william.burnett@flastergreenberg.com](mailto:william.burnett@flastergreenberg.com); (iii) the Debtors, Attn: Alexander H. Walker III [awalkerlaw@aol.com](mailto:awalkerlaw@aol.com) and John W. Chapman, CRO, [jchapman@cfccpartners.com](mailto:jchapman@cfccpartners.com) and (iv) the Debtors' DIP Lender, Denly Utah Coal, LLC ("Denly") Attn: Paul B Saenz, Esquire [PSaenz@gdgm.com](mailto:PSaenz@gdgm.com) and James V. Hoeffner, Esquire, [JHoeffner@gdgm.com](mailto:JHoeffner@gdgm.com).

**PARTICIPANT REQUIREMENTS**

To participate in the process detailed by the Bidding Procedures and to otherwise be considered for any purpose hereunder, each Bid and each Potential Bidder submitting a Bid (a "Potential Bidder") must be determined by the Debtors to have satisfactorily provided the Debtors with each of the following (unless such requirement other than the "Confidentiality Agreement" requirement set forth below is waived by the Debtors) on or before the Bid Deadline (the "Participant Requirements"):

1. Identification of Potential Bidder. Identification of the Potential Bidder and any Principals (defined below), and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated transaction;
2. Corporate Authority. Written evidence of the Potential Bidder's chief executive officer or other appropriate senior executive's approval of the contemplated transaction and acceptance of the terms set forth in the Bidding Procedures; *provided, however*, that, if the Potential Bidder is an entity specially formed for the purpose of effectuating the contemplated transaction (an "Acquisition Entity"), then the Potential Bidder must furnish written evidence reasonably acceptable to the Debtors of the approval of the contemplated transaction by the equity holder(s) of such Potential Bidder (the "Principals");
3. Confidentiality Agreement. An executed confidentiality agreement (the "Confidentiality Agreement") in form and substance reasonably acceptable to the Debtors and their counsel.

**ACCESS TO DUE DILIGENCE MATERIALS**

Only Potential Bidders that execute the Confidentiality Agreement are eligible to receive due-diligence access or additional non-public information. The Debtors will designate an employee or other representative to coordinate all reasonable requests for additional information and due-diligence access from such Potential Bidders. The Debtors shall not be obligated to furnish any due diligence information after the Bid Deadline. The Debtors are not responsible for, and will bear no liability with respect to, any information obtained by Potential Bidders in connection with the sale of the Assets. To the extent the Debtors do not provide due-diligence to any Potential Bidder, the Debtors shall inform a representative of the office of the United States Trustee of the identity of such Potential Bidder and the information that was not provided.

**DESIGNATION AS QUALIFIED BIDDER**

A "Qualified Bidder" is a Potential Bidder (or combination of Potential Bidders whose Bids for the Assets do not overlap and who agreed to have their Bids combined for purposes of the determination of whether such Potential Bidders together constitute a Qualified Bidder, and who shall also be referred to herein as a single Qualified Bidder) that delivers the documents described in paragraphs above, and that the Debtors in their reasonable determination and with assistance from their advisors determine is (i) reasonably likely to submit a bona fide offer and

(ii) reasonably able to consummate a sale if selected as a Successful Bidder (defined below) within the approximate overall time frame contemplated by the Bidding Procedures Order and (iii) has provided to the Debtors and their advisors sufficient Proof of Financial Ability to Perform described below.

**Proof of Financial Ability to Perform.** Written evidence upon which the Debtors may reasonably conclude that the Potential Bidder has the necessary financial ability to close the contemplated transaction and provide adequate assurance of future performance of all obligations to be assumed in such contemplated transaction. Such information should include, among other things, the following:

1. the Potential Bidder's or, in the case of an Acquisition Entity, the Principals', current financial statements (audited if they exist);
2. contact names and numbers for verification of financing sources;
3. evidence of the Potential Bidder's or Principals' internal resources and written evidence of a commitment for debt or equity funding that is needed to close the contemplated transaction; and
4. any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors demonstrating that such Potential Bidder has the ability to close the contemplated transaction; provided, however, that the Debtors shall determine, in their reasonable discretion whether the written evidence of such financial wherewithal is reasonably acceptable, and shall not unreasonably withhold acceptance of a Potential Bidder's financial qualifications.

Upon the receipt from a Potential Bidder of the information required above, as soon as is practicable, the Debtors shall determine and notify the Potential Bidder with respect to whether such Potential Bidder is a Qualified Bidder.

#### **DUE DILIGENCE FROM BIDDERS**

Each Potential Bidder and Qualified Bidder (collectively, a "Bidder") shall comply with all reasonable requests for additional information and due-diligence access by the Debtors or their advisors regarding such Bidder and its contemplated transaction. Failure by a Potential Bidder to comply with requests for additional information and due-diligence access will be a basis for the Debtors to determine that the Potential Bidder is not a Qualified Bidder. Failure by a Qualified Bidder to comply with requests for additional information and due-diligence access will be a basis for the Debtors to determine that a Bid made by a Qualified Bidder is not a Qualified Bid.

#### **BIDDING PROCESS**

The Debtors and their advisors shall: (a) determine whether a Potential Bidder is a Qualified Bidder; (b) coordinate the efforts of Bidders in conducting their due-diligence

investigations, as permitted by the provisions herein; (c) receive offers from Qualified Bidders; and (d) negotiate any offers made to purchase the Assets. Subject to the Bidding Procedures Order, the Debtors shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein), that, in the Debtors' reasonable discretion, will better promote the goals of the Bidding Process.

#### **BID REQUIREMENTS**

To participate in the Auction (as defined below), each Bid (including any credit bid, if any is made) and Qualified Bidder submitting such a Bid must be determined by the Debtors to satisfy each of the following conditions:

- (a) **Written Submission of APA and Commitment to Close.** Qualified Bidders must submit by the Bid Deadline a blackline of the APA reflecting their proposed changes, and a written commitment that they intend to close on the terms and conditions set forth therein;
- (b) **Identification of Executory Contracts and Leases to be Assumed.** Qualified Bidders must submit by the Bid Deadline a comprehensive list of all executory contracts and leases that they will assume and the corresponding cure amounts associated with the assumption and assignment of such leases and contracts;
- (c) **Irrevocable.** A Bid must be irrevocable until five (5) business days after the Assets have been sold pursuant to the closing of the sale or sales approved by the Bankruptcy Court in a final, non-appealable order (the "**Termination Date**") unless such Bid is designated as the Back-Up Bid (defined below);
- (d) **Contingencies.** A Bid may not be conditioned on obtaining financing or upon regulatory contingencies (other than on the condition that any applicable waiting period be satisfied, which may occur subsequent to the date of the Bid Deadline), any internal approval or on the outcome or review of due diligence. Any other contingencies or conditions associated with a Bid may not be more burdensome taken as a whole than those set forth in the APA taken as a whole;
- (e) **Financing Sources.** A Bid must contain written evidence of a firm commitment for financing or other evidence of the financial wherewithal and ability to consummate the sale and which the Debtors reasonably believe to be sufficient to satisfy the standards to provide adequate assurance of future performance under Bankruptcy Code Section 365, with appropriate contact information for such financing sources;
- (f) **No Fees Payable to Qualified Bidder.** A Bid may not request or entitle the Qualified Bidder to any break-up fee, expense reimbursement fee or similar type of payment. Further, by submitting a Bid, a Bidder shall be deemed to waive its right to pursue a substantial contribution claim under

Section 503 of the Bankruptcy Code or in any way related to the submission of its Bid or the Bidding Procedures;

- (g) Good-Faith Deposit. Each Bid must be accompanied by a deposit (the "Good Faith Deposit") in the form of a wire or certified check payable to the order of "America West Resources, Inc." in the amount of not less than 10% of the Bid to be held in escrow by the Debtors until the Termination Date;
- (h) Minimum Bid. Each Bid shall be no less than an amount that the Debtors and their advisors and Denly deem to be a minimum acceptable bid for the Assets proposed to be sold;
- (i) Terms. A Bid must be on terms that, taken as a whole, are determined by the Debtors and their advisors not to be materially burdensome or too conditional to constitute a transaction worthy of consummating; and
- (j) Purchase of Assets and Assumption of Liabilities. A Bid must provide for the purchase of all or a substantial portion of the Assets and payment or assumption of all or a substantial portion of the liabilities to be paid or assumed under the APA.

A Bid received from a Qualified Bidder before the Bid Deadline that meets the above requirements, and that satisfies the Bid Deadline requirement above, shall constitute a "Qualified Bid," if the Debtors believe, in their reasonable discretion that such Bid would be consummated if selected as the Successful Bid (as defined below). For purposes herein, the APA shall constitute a Qualified Bid. A Qualified Bid shall be considered such Qualified Bidder's "Baseline Bid."

If any Bid is determined by the Debtors, in consultation with its advisors and Denly, not to be a Qualified Bid, the Bidder shall be refunded its Good Faith Deposit and all accumulated interest thereon within three (3) business days after that determination.

Any Bid that is not deemed a Qualified Bid shall not be considered by the Debtors.

#### AUCTION

Only if a Qualified Bid is received by the Bid Deadline shall the Debtors conduct an auction (the "Auction") to determine the highest and/or best bid with respect to the Assets. The Auction shall commence on April 3, 2013 at 12:00 p.m. prevailing Pacific time at Sidhu Law Firm, 810 S. Casino Center Boulevard, Suite 104, Las Vegas, Nevada 89101.

If no such Qualified Bid is received by the Bid Deadline, then (i) the Auction will not be held, and (ii) at the Sale Hearing on April 4, 2013 at 1:00 p.m. prevailing Pacific time, the Debtors will withdraw the Sale Motion in its entirety.

The Auction shall be conducted according to the following procedures:

#### Participation At The Auction

Only a Qualified Bidder that has submitted a Qualified Bid is eligible to participate at the Auction. Only the authorized representatives of each of the Qualified Bidders and the Debtors shall be permitted to attend the Auction; provided, however, that if a creditor of the Debtors did not receive the Sale Motion then nothing herein shall prevent such creditor from petitioning the Bankruptcy Court for the ability to attend the Auction. During the Auction, bidding shall begin initially with a minimum bid to be established by the Debtors prior to the Auction and after the Bid Deadline. At least one (1) business day prior to the Auction, each Qualified Bidder that has submitted a Qualified Bid must inform the Debtors whether it intends to participate at the Auction. At least one (1) day before the Auction, the Debtors shall provide copies of all Qualifying Bids to all Qualifying Bidders who have indicated their intent to participate at the Auction.

#### The Debtors Shall Conduct The Auction

The Debtors and their professionals shall direct and preside over the Auction. The determination of which Qualified Bid constitutes the Opening Bid shall take into account any factors the Debtors reasonably deem relevant to the value of the Qualified Bid to the estate, including, among other things, the following: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities; (iii) the ability of the Qualified Bidder to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase-price adjustments; (vi) the impact of the contemplated transaction on any actual or potential litigation; (vii) the net economic effect of any changes from the APA, if any, contemplated by the contemplated transaction documents (the "Contemplated Transaction Documents"); (viii) the net after-tax consideration to be received by the Debtors' estates; and (ix) such other considerations the Debtors deem relevant in their reasonable discretion (collectively, the "Bid Assessment Criteria"). All Bids made thereafter shall be Overbids (as defined below) and shall be made and received on an open basis, and all material terms of each Bid shall be fully disclosed to all other Qualified Bidders. The Debtors shall arrange for the actual bidding at the Auction to be transcribed or videotaped. Each Qualified Bidder participating in the Auction will be required to confirm that it has not engaged in any collusion regarding the Bidding Procedures, the Auction or the proposed transaction.

#### Terms of Overbids

An "Overbid" is any Bid made at the Auction subsequent to the Debtors' announcement of the Opening Bid. To submit an Overbid for purposes of this Auction, a Qualified Bidder must comply with the following conditions:

#### Minimum Overbid Increment

Any Overbid after the Opening Bid shall be made in increments of at least \$50,000 (or such other amount the Debtors determine to facilitate the Auction).

#### Consideration of Overbids

Any overbid made by a Qualified Bidder must remain open and binding on the Qualified Bidder until and unless (A) the Debtors accept a higher Qualified Bid as an Overbid and (B) such Overbid is not selected as the Back-up Bid (as defined below).

To the extent not previously provided (which shall be determined by the Debtors), a Qualified Bidder submitting an Overbid must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors) demonstrating such Qualified Bidder's ability to close the transaction proposed by such Overbid.

The Debtors reserve the right, in their reasonable business judgment, to make one or more adjournments in the Auction to, among other things: (A) facilitate discussions between the Debtors and individual Qualified Bidders; (B) allow individual Qualified Bidders to consider how they wish to proceed; (C) consider and determine the current highest and best Overbid at any given time during the Auction; and (D) give Qualified Bidders the opportunity to provide the Debtors with such additional evidence as the Debtors, in their reasonable business judgment, may require that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount.

#### **Additional Procedures**

The Debtors, in their reasonable discretion, may adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bidding Procedures, the Bidding Procedures Order or the Bankruptcy Code.

#### **Closing the Auction**

Upon conclusion of the bidding, the Auction shall be closed, and the Debtors shall (i) immediately review the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale, and (ii) identify the highest, best, and/or otherwise financially superior offer for the Assets (the "Successful Bid" and the entity submitting such Successful Bid, the "Successful Bidder"), which highest, best and/or otherwise financially superior offer will provide the greatest amount of net cash value to the Debtor, and the next highest or otherwise best offer after the Successful Bid (the "Back-up Bid"), and advise the Qualified Bidders and Notice Parties of such determination. No additional bids may be considered following the closing of the Auction.

Within one (1) day(s) after the closing of the Auction, the Debtors shall file with the Bankruptcy Court and serve upon all Qualified Bidders and entities that have requested notice in the Bankruptcy Cases a notice identifying the Successful Bidder.

#### **Consent to Jurisdiction as Condition to Bid**

All Qualified Bidders at the Auction shall be deemed to have consented to the jurisdictions of the Bankruptcy Court and to have waived any right to a jury trial in connection

with any disputes relating to the Auction, and the construction and enforcement of the Bidder's Contemplated Transaction Documents, as applicable.

#### **ACCEPTANCE OF SUCCESSFUL BID**

The Debtors shall sell the Assets to the Successful Bidder upon the approval of the Successful Bid by the Bankruptcy Court. The Debtors' presentation of a particular Qualified Bid to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of the Bid. The Debtors will be deemed to have accepted a Bid only when the Bid has been approved by the Bankruptcy Court.

#### **CREDIT BIDDING BY DENLY**

Unless the Bankruptcy Court prohibits Denly from doing so, Denly reserves the right to credit bid at the Auction, in addition to the requirements set forth in the section titled "Bid Requirements" above (other than with respect to clause (f) of such section), in order to be a Qualified Bid, a credit bid must provide for (a) the payment in cash to the Debtors at closing and/or the assumption of the Carve Out (as defined in the DIP Financing Motion) and (b) a description of all assets to be purchased that are not subject to a valid and perfected security interest held by Denly, if any.

#### **"AS IS, WHERE IS"**

The sale of the Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Debtors, their agents or estates except to the extent set forth in the APA or the purchase agreement of another Successful Bidder. Each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct an and all due diligence regarding the Assets prior to making its offer, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or the Assets in making its Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bidding Procedures and, as to a Successful Bidder, the terms of the sale of the Assets set forth in the applicable purchase agreement.

#### **FREE OF ANY AND ALL ENCUMBRANCES**

Except as otherwise provided in the APA or another Successful Bidder's purchase agreement, all of the Debtors' right, title, and interest in and to the Assets subject thereto shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "Encumbrances") in accordance with 11 U.S.C. § 363, with such Encumbrances to attach to the net proceeds of the sale of the Assets.

**SALE HEARING**

A hearing to approve the sale of the Assets to the Successful Bidder shall be conducted by the Bankruptcy Court on April 4, 2013 at 1:00 p.m. prevailing Pacific time, located at the U.S. Bankruptcy Court, District of Nevada, Foley Federal Building, Courtroom 3, 2000 Las Vegas Boulevard South, Las Vegas, NV 89101 (the "Sale Hearing"). Following the approval of the sale of the Assets to the Successful Bidder at the Sale Hearing, if such Successful Bidder fails to consummate an approved sale within fourteen (14) days after entry of order by the Bankruptcy Court approving the sale of the Assets (except where the sole cause of any delay in closing is as a result of default by the Debtors), the Debtors shall be authorized, but not required, to deem the Back-up Bid, as disclosed at the Sale Hearing, the Successful Bid and the Debtors shall be authorized, but not required, to consummate the sale with the Qualified Bidder submitting such Back-up Bid without further notice or orders of the Bankruptcy Court. The Sale Hearing may be adjourned or rescheduled without notice other than by announcement of the adjourned date at the Sale Hearing. A Back-Up Bid must remain open until the consummation of the Sale to the Successful Bidder.

**RETURN OF GOOD FAITH DEPOSIT**

The Good Faith Deposit of the Successful Bidder shall be applied to the purchase price of such transaction at closing. Good Faith Deposits of all other Qualified Bidders shall be held by the Debtors until five (5) business days after closing of the transactions contemplated by the Successful Bid, and thereafter returned to the respective Qualified Bidders. If a Successful Bidder fails to consummate an approved sale because of a breach or failure to perform on the part of such Successful Bidder, the Debtors shall be entitled to retain the Good Faith Deposit as part of their damages resulting from the breach or failure to perform by the Successful Bidder.

**MODIFICATIONS AND RESERVATIONS**

The Debtors may (a) determine which Qualified Bid, if any, is the highest, best, and/or otherwise financially superior offer; and (b) reject at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures, or the terms and conditions of sale, or (iii) contrary to the best interests of the Debtors, their estates and creditors.

At or before the Sale Hearing, the Debtors may impose such other terms and conditions as the Debtors may determine to be in the best interests of their estate and creditors and other parties in interest thereof that are not inconsistent with the Bidding Procedures Order, the Bidding Procedures, and/or the Bankruptcy Code.

The Bidding Procedures may be materially modified only upon the express written consent of the Debtors (such consent not to be unreasonably withheld), or by order of the Bankruptcy Court.

**RESERVATION OF RIGHTS**

Subject to the Bidding Procedures Order, the Debtors reserve the right as they may determine to be in the best interests of their estates to: (a) determine which Potential Bidders are Qualified Bidders; (b) determine which Bids are Qualified Bids; (c) determine which Qualified Bid is the highest and best proposal and which is the next highest and best proposal; (d) reject any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bidding Procedures Order or the requirements of the Bankruptcy Code or any other orders entered by the Bankruptcy Court, or (iii) contrary to the best interests of the Debtors and their estates or stakeholders, as applicable; (e) impose additional terms and conditions with respect to any or all Potential Bidders; (f) adjourn the Auction and/or Sale Hearing in open court without further notice; and (h) remove a portion of the Assets from the Auction. Without limiting the foregoing, the Debtors may determine to distribute or not distribute copies of other Qualified Bids to other Qualified Bidders prior to or during the Auction other than with respect to the distribution of the Opening Bid as set forth above.

**EXHIBIT 8**

**EXHIBIT 8**

COO / U.S. ANTIMONY



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101

<http://www.blm.gov/ut/st/en.html>

IN REPLY REFER TO:  
3474 / UT (9223)  
UTU-74804

APR 30 2014

RECEIVED

MAY 08 2014

DIV. OF OIL, GAS & MINING

CERTIFIED MAIL – 91 7199 9991 7033 9338 0932  
Return Receipt Requested

Hidden Splendor Resources, Inc.  
57 West 200 South  
Suite 400  
Salt Lake City, Utah 84101

Re: Notice of Non-Compliance (NON), Federal Lease UTU-74804

Dear Mr. Walker:

The Bureau of Land Management (BLM) is issuing this NON to Hidden Splendor Resources, Inc. for failure to provide a coal lease bond in the amount of \$400,000.

**Background:** On January 30, 2014, the BLM issued a decision to Hidden Splendor Resources requiring a coal lease bond in the amount of \$400,000 per 43 CFR 3474.2. An extension to this decision was granted until April 25, 2014, based on a letter that BLM received from the lessee on March 5, 2014.

**Notice of Non-Compliance:** The BLM decision dated January 30, 2014, required a response within 30 days of receipt by the lessee. The 30-day response period was extended until April 25, 2014. To date no response has been received from the lessee.

**Relief from Notice of Non-Compliance:** Hidden Splendor Resources has 30 days from the date of receipt in which to submit the required bond. If no bond is received within the 30-day time period, the BLM will take appropriate action under the regulations and lease (to include pursuing the cancellation of the lease).

This NON may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4, and the enclosed Form 1842.1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (pursuant to regulation 43 CFR 4.21)(58 FR 4939, January 19, 1993) (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay **must** also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

#### Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellant's success on the merits,
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and
- (4) Whether the public interest favors granting the stay.

If you have questions, please contact Stan Perkes of this office at (801) 539-4036.



Kent Hoffman  
Deputy State Director,  
Division of Lands and Minerals

Enclosure:

1. Form 1842.1

cc: BLM Price Field Office (UTG02), Attn: Steve Rigby  
UDOGM, Attn: John Baza, Director

cc: Steve A. ✓  
R



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101-1345

<http://www.blm.gov/ut/st/en.html>

IN REPLY REFER TO:

3474

UTU-74804

(UT-9223)

**AUG 06 2013**

**RECEIVED**

**AUG 08 2013**

**DIV. OF OIL, GAS & MINING**

CERTIFIED MAIL – Return Receipt Requested

7004 1350 0004 5277 4386

7004 1350 0004 5277 4331

### DECISION

Principal:	:	
Hidden Splendor Resources, Inc.	:	Coal Lease
57 West 200 South, Suite 400	:	UTU-74804
Salt Lake City, Utah 84101	:	
	:	
Surety:	:	
Acstar Insurance Company	:	Bond Amount: \$136,000
233 Main Street	:	
New Britain, Connecticut 06050-2350	:	Bond No.: F18931

### Default Determined; Demand Against Surety Bond; Payment Under Bond Required

Pursuant to a memorandum from David L. Denson, Office of Enforcement, Office of Natural Resources Revenue (ONRR), dated July 25, 2013, this office was notified of the following deficiency for Federal coal lease UTU-74804. Hidden Splendor Resources, Inc. is delinquent for unpaid royalties and interest owed in the amount of \$601,266.04. The periods owed are from February 2012 to December 2012. The Office of Natural Resources Revenue has attempted to recover these amounts due by turning the invoices over to the Department of Treasury for collection. Additionally, the Proof of Claim (POC) was filed with the bankruptcy court for collection. Subsequently the bankruptcy court dismissed the bankruptcy case 13-10862 on July 9, 2013.

Because the lessee, Hidden Splendor Resources, Inc. is in default of the terms and conditions of coal lease UTU-74804, payment under all applicable bonds, including the one described below, is required.

<u>Principal</u>	<u>Bond Number</u>	<u>Bond Amount</u>
Hidden Splendor Resources, Inc.	F18931	\$136,000

Payment is to be made to the Bureau of Land Management (BLM), Utah State Office, at the address noted above.

A period of 30 days from the receipt of this decision will be allowed to make the required payment. Failure to do so within the time allowed may result in the initiation of cancellation procedures for the coal lease and/or judicial procedures to secure payment. By copy of this decision, all appropriate offices and parties are being notified of this bond appropriation payment.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4, and the enclosed Form 1842.1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

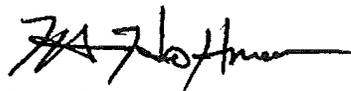
If you wish to file a petition (pursuant to regulation 43 CFR 4.21)(58 FR 4939, January 19, 1993) (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay **must** also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

#### Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellant's success on the merits,
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and
- (4) Whether the public interest favors granting the stay.

If you have further questions, please call Roger Bankert of this office at (801) 539-4037.



Kent Hoffman  
Deputy State Director,  
Division of Lands and Minerals

Enclosure:

1. Form 1842-1

cc: Hidden Splendor Resources Inc., 3266 South 125 West, Price, Utah 84501

Mr. John Baza, Director, UDOGM, Box 145801, Salt Lake City, Utah 84114-5801

Office of the Solicitor, Suite 6201, Federal Building, 125 South State Street, Salt Lake City, Utah 84138

Mr. David L. Denson, Office of Natural Resource Revenue (ONRR), 15109 Heathrow Forest Parkway, Suite 200, Houston, Texas 77032-3887

Mr. John Hovanec, Office of Natural Resource Revenue, P. O. Box 25165, Denver, CO 80225-0165

Ms. LeeAnn Martin, ONRR, ACM, Solid Minerals Staff, , MS62300B, Box 25165, Denver, Colorado 80225-0165

Price Field Office (UTG021)

**EXHIBIT 9**

**EXHIBIT 9**



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

June 3, 2013

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

Dear Mr. Walker:

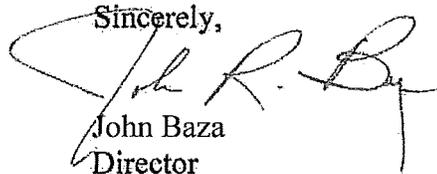
The Division has been notified of the recent bankruptcy filing made by Hidden Splendor Resources, Inc. While we are hopeful that Hidden Splendor will be able to recover from the financial difficulties, we are concerned that Operational and Reclamation obligations at the site may not be carried out because of this situation. We are contacting you because you are listed as the Resident Agent and also because you are listed as the owner of the collateral property that is held as reclamation surety.

We are aware that attempts to sell the Horizon Mine have been unsuccessful. It appears that reclamation may be the next logical step at this site. Due to the bankruptcy, it is apparent that the current operator may not be in a position to do the reclamation and the prospects for resumption of mining by any other party also seem unlikely at this point. This means the Division will need to make a claim on the reclamation bond and start the reclamation process.

We do want to make you aware that you have the option of completing the reclamation work yourselves if you so desire. You could contract for the work and complete it subject to notice and prior approval by the Division, however your willingness and ability to do such would need to be communicated in writing to the Division by no later than July 3, 2013. If we have not heard back from you by that date, we will commence a Board proceeding to obtain an order authorizing us to begin foreclosure on the property held as reclamation bond in order to obtain the funds needed to complete reclamation of the site.

Please understand that we do wish you the best in your recovery attempt, but we also need to ensure that the requirements of SMCRA are accomplished. If you have any questions, please contact me at (801) 538-5334, Dana Dean at (801) 538-5320 or Daron Haddock at (801) 538-5325.

Sincerely,



John Baza  
Director

JRB/DRH/ss

cc: Dana Dean  
Daron Haddock  
Steve Alder

O:\007020.HZN\Walker letter.docx



**EXHIBIT 10**

**EXHIBIT 10**

# STATE OF UTAH

OFFICE OF THE ATTORNEY GENERAL



SEAN D. REYES

ATTORNEY GENERAL

SPENCER E. AUSTIN  
Chief Criminal Deputy

PARKER DOUGLAS  
General Counsel & Chief of Staff

BRIDGET K. ROMANO  
Solicitor General

BRIAN L. TARBET  
Chief Civil Deputy

July 15, 2014

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

Subject: Hidden Splendor Resources, Inc., Horizon Mine, C/007/0020

Dear Mr. Walker:

The Division recognizes that the Horizon Mine is shut down and that it is in the latest, and presumably last, extension from the BLM to pay past-due royalties and update its lease bond. In addition, you were supposed to provide updated reclamation bond estimates and calculations to the Division by May 9th. You were given an extension to June 5th, and another extension to June 20th, but there has been no response.

It appears that, despite of your efforts to find a buyer, the Horizon Mine may be slated for reclamation this year. If Hidden Splendor initiates reclamation work and provides the Division a written reclamation timeline by August 8th the Division will consider foregoing the filing of a bond forfeiture action before the Board. That action would be the necessary first step followed by the foreclosure on the trust deed against the condominium held as bond.

If you are able to cure the deficiencies with the BLM and you, or a new party, intend to resume mining, the reclamation bond amount must be updated. You were advised on April 8, 2014, that the reclamation bond costs were evaluated in accordance with R645-301-830.400 and the current bond is inadequate. In order to maintain adequate reclamation bond for the Horizon Mine (see R645-301-812.700), the current bond amount needs to be escalated to account for inflation and other factors. The current bond amount is based on 2008 unit costs escalated 3 years to 2011 dollars. The requirement outlined in the midterm is to provide the Division with 2014 unit costs escalated 5 years to 2019 dollars using an escalation factor of 1.9%. The updated information for the estimated bonding costs, along with the supporting calculations, must be submitted by no later than August 8, 2014. Upon review and subsequent approval of the updated

bonding information, the Division will notify you via certified mail. Upon receipt of Division approval, you will have 45 days to revise your reclamation agreement and post any additional bond amount.

In the event that you fail to initiate reclamation work or begin the bond increase process by August 8, 2014, a Notice of Agency Action seeking to forfeit the reclamation bond will be filed with the Board of Oil, Gas and Mining on August 10, 2014 in order for the matter to be heard at the September Board hearing. The Notice will seek the required increase in the bond amount as part of the forfeiture order. No extension of the August 8 deadline will be granted.

If you, or your attorney, have any questions, please call me at (801) 538-5348.

Sincerely,

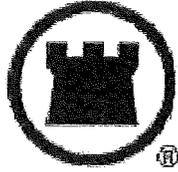
A handwritten signature in cursive script, appearing to read "Steven F. Alder".

Steven F. Alder, Esq.  
Utah Attorney General's Office

**EXHIBIT 11**

**EXHIBIT 11**

Order Number: 35620



**Chicago Title Insurance Company**  
**COMMITMENT FOR TITLE INSURANCE**

**Issued by**

**Chicago Title Insurance Company**

*Chicago Title Insurance Company, a Missouri corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.*

*This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.*

*All liability and obligation under this Commitment shall cease and terminate 90 days after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.*

*The Company will provide a sample of the policy form upon request.*

*IN WITNESS WHEREOF, Chicago Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.*

Countersigned:

Authorized Signatory

CHICAGO TITLE INSURANCE COMPANY

By:

President

ATTEST

Secretary



**CONDITIONS**

**Order Number: 35620**

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.

2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.

3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.

4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

*5. The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.alta.org/>>.*

**Order Number: 35620**

**Chicago Title Insurance Company**

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we receive from you or your authorized representative;
  - From your transactions with, or from the services being performed by, us, our affiliates, or others;
  - From our internet web sites;
  - From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others;
- and
- From consumers or other reporting agencies.

**Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information**

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

**Our Policies and Practices Regarding the Sharing of Your Personal Information**

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We also may disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested;
  - to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for the products or services that we believe you may find of interest.

In addition we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

**Right to Access Your Personal Information and Ability To Correct Errors Or Request Changes Or Deletion**

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request corrections, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer  
Chicago Title Insurance Company  
601 Riverside Avenue, 12<sup>th</sup> Floor  
Jacksonville, FL 32204

**Multiple Products or Service**

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

Order Number: 35620



## PRIVACY POLICY

### **We Are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information – particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, we have adopted this Privacy Policy to govern the use and handling of your personal information.

### **Applicability**

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity.

### **Types of Information**

Depending on which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, but telephone or any other means;
- Information about your transaction with us, our affiliated companies, or other; and
- Information we receive a consumer reporting agency.

### **Use of Information**

We request information from you for our own legitimate business purposes and not for the benefit of any non affiliated party. Therefore, we will not release your information to non affiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purposes, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

### **Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

### **Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Order Number: 35620



**SCHEDULE A**

Order Number: **35620**

Client File Number:

1. Effective date: **April 15, 2013 at 7:45 AM**

2. Policy or Policies to be issued:		Amount of Insurance
(a) 2006 A.L.T.A. Owners		<b>\$1,000.00</b>
	Owner's Premium	<b>\$300.00</b>
Propose Insured:		
<b>To Be Determined</b>		

(b) 2006 A.L.T.A. Loan (Extended)		Amount of Insurance
	Loan Premium	<b>\$0.00</b>
Endorsements:		
	Endorsement Premium(s)	<b>\$0.00</b>

Proposed Insured:

(c) Leasehold		\$
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Proposed Insured:

3. The estate or interest in the land described or referred to in this Commitment and covered herein is:  
**FEE SIMPLE**

4. Title to the estate or interest in said land is at the effective date hereof vested in:  
**Alexander H. Walker, Jr. and Cecil Ann Walker, husband and wife**

5. The land referred to in this Commitment is in the State of Utah, County of Salt Lake and is described as follows:

**See attached Exhibit "A"**

Purported Address:  
**48 West 300 South, Unit 2404N  
Salt Lake City, UT 84101**

**THIS COMMITMENT IS INVAILD UNLESS SCHEDULE B AND COVER ARE ATTACHED  
This Commitment may be subject to a Cancellation Fee**

Order Number: 35620

**Exhibit "A"**

**Unit No.R-2402-N , contained within the AMERICAN TOWERS, a Condominium Project, as the same is identified in the Record of Survey Map recorded in Salt Lake County, Utah, as Entry No. 3697666in Book 82-7, at Page 64, and in the Declaration of Covenants, Conditions and Restrictions and Bylaws of the AMERICAN TOWERS, a Condominium Project, recorded in Salt Lake County, Utah, on July 30, 1932, as Entry No. 3697665, in Book 5400, at Page 292, of the official records, and all amendments thereto.**

**TOGETHER WITH: (a) The undivided ownership interest in said Condominium Project's Common Areas and Facilities which is appurtenant to said Unit, (the referenced Declaration of Condominium providing for periodic alteration both in the magnitude of said undivided ownership interest and in the composition of the Common Areas and Facilities to which said interest relates); (b) The exclusive right to use and enjoy each of the Limited Common Areas which is appurtenant to said Unit, and (c) The non-exclusive right to use and enjoy the Common Areas and Facilities included in said Condominium Project (as said Project may hereafter be expanded) in accordance with the aforesaid Declaration and Survey Map (as said Declaration and Map may hereafter be amended or supplemented) and the Utah Condominium Ownership Act.**

**Order Number: 35620**

**SCHEDULE B  
Section 1**

**REQUIREMENTS**

The following are the requirements to be complied with:

- Item (a) Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.
- Item (b) Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record.

TO-WIT:

NOTICE TO APPLICANT: The land covered herein may be serviced by districts, service companies and/or municipalities, which assess charges for water, sewer, electricity and any other utilities, etc. which are not covered by this report or insured under a title insurance policy.

NOTE: If the applicant desires copies of the documents underlying any exception to coverage shown herein, the Company will furnish the same request, if available, either with or without charge as appears appropriate.

NOTE: Any matter in dispute between you and the Company may be subject to arbitration as an alternative to court action pursuant to the Title Insurance Rules of the American Arbitration Association, a copy of which is available on request from the Company. Any decision reached by arbitration shall be binding upon both you and the Company. The arbitration award may include attorney's fees if allowed by state law and may be entered as a judgment in any court of proper jurisdiction.

**1. None at this time**

**NOTE: The following names have been checked for Judgments, Federal Tax Liens and Bankruptcies.  
To Be Determined**

**Alexander H. Walker, Jr. and Cecil Ann Walker, husband and wife**

**THE UNDERWRITER DESIGNATED FOR THIS FILE SHALL BE Chicago Title Insurance Company**

**PLEASE DIRECT ANY TITLE INQUIRES TO Lori Harper at (801) 363-6633**

**END OF SCHEDULE B – Section 1**

Order Number: 35620

**SCHEDULE B**  
**Section 2**

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys fees or expenses) that arise by reason of:

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a Public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, of claims thereof, that are not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the Public Records.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
7. Defects, liens, encumbrances, adverse claims or other matters, in any, created, first appearing in the Public Records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires of record for the value the estate or interest or mortgage thereon covered by this Commitment.

*The printed Exceptions 1 through 7 will be deleted from the ALTA Extended Loan Policy*

**8. Lien of Taxes, now accruing as a lien, but not yet due and payable**

**Year: 2013**

**Tax ID No.: 15-01-283-325**

**Prior year: 2012 Paid**

**Amount: \$4,507.39**

**9. The land described herein is located within the boundaries of Salt Lake City and is subject to any assessments levied thereby. (Phone: 483-6900)**

**Subject to any Special Assessments contained within Salt Lake City Special Districts including Street Lighting, Curb and Gutter, and Main Street Improvements where applicable**  
**(<http://www.slcgov.com/default.asp>)**

**10. An Ordinance:**

**Dated: July 17, 1996**

**Recorded: July 17, 1996**

**Entry No.: 6408191**

**Book/Page: 7445 / 1854**

**Order Number: 35620**

**An Ordinance adopting the City-Wide Transportation Master Plan of 1996.**

**11. Resolution 84 of 1995**

**Dated: October 10, 1995**

**Recorded: October 17, 1995**

**Entry No.: 6191352**

**Book/Page: 7250/0444**

**A Resolution to create Salt Lake City, Utah Lighting District No. 2, as described in the Notice of Intention, as amended, concerning the District; authorizing the city Officials to proceed to make improvements as set forth in the Notice of Intention to Create and Operate the District; and related matters.**

**Said Resolution contains provisions for continuing assessments.**

**12. Resolution No. 80 of 2000**

**Dated: December 5, 2000**

**Recorded: December 12, 2000**

**Entry No.: 7779133**

**Book/Page: 8407/6500**

**A Resolution to Create Salt Lake City, Utah Central Business Improvement District No. DA-CBID-00, to Authorize the recording of this Resolution and the Notice of Intention to Create this district; and related matters.**

**Said Resolution contains provisions for continuing assessments.**

**13. A Petition to Join Special Improvement District No. 38-830**

**Dated: October 18, 1989**

**Recorded: January 22, 1990**

**Entry No.: 4873348**

**Book/Page: 6192 / 1309**

**14. Salt Lake City Ordinance No. 70 of 2005**

**Dated: November 01, 2005**

**Recorded: November 22, 2005**

**Entry No.: 9560336**

**Book/Page: 9220/4101**

**An Ordinance adopting the Central Community Master Plan, pursuant to Petition No. 400-01-36.**

**15. Agreement, including the terms and conditions thereof:**

**Between: The Redevelopment Agency of Salt Lake City**

**And: The Main Parking Mall, a Utah corporation**

**Dated: May 7, 1973**

**Recorded: October 23, 1973**

**Entry No.: 2577286**

**Book/Page: 3443 / 238**

**Providing: The various owners of certain property and right of way which is subject to an agreement recorded April 25, 1968 as Entry No. 2240208, in Book 2646, at Page 377, and other property owners having an interest in said right of way.**

**Supplemental Agreement, including the terms and conditions thereof:**

Order Number: 35620

**Between:** The Redevelopment Agency of Salt Lake City; 21-25 West Second South Street, Inc., a Utah corporation; Continental Building Company, a Utah corporation

**And:** Main Parking Mall, a Utah corporation

**Dated:** October 09, 1973

**Recorded:** October 23, 1973

**Entry No.:** 2577288

**Book/Page:** 3443 / 271

The interest of the Main Parking Mall, a Utah corporation, in and to the above mentioned Agreement was assigned to George Romney & Sons, Co., a Utah Corporation, Jack Pullman and Helen Pullman, Trustees, Jack Pullman and Henry Pullman, Trustees, James T. Ivers, J.T. Finlen, Masonic Foundation of Utah, Tracy Collins Bank and Trust, Trustee, Walker Bank and Trust Company, Trustee, Doris J. O'Brien, Elizabeth Fay Baldwin Gray Albright, Elizabeth B. Gray, Margaret E. O'Brien, Deirdre Gray Davis, Eleanor O. Dahnken, Alexander C. Wallace, Ruth M. O'Brien, Charles A. O'Brien, Colleen R. O'Brien, William M. O'Brien, Helen Pullman, Henry Pullman, Jack Pullman, David Keith, Jr., The Raybould Building Inc., nka Callister Investment Company, a Utah corporation, I.J. Wagner, Leona W. Pearlman, Abe Wagner, Sam Weller and Lila Weller, by Assignment, dated November 26, 1975, recorded February 10, 1976, as Entry No. 2784491, in Book 4101, at Page 102 of Official Records.

Reference is hereby made to said above referred documents and the record thereof, for further particulars.

16. The effects of that certain Notice of Existence of Contract, dated October 02, 1990, recorded October 05, 1990, as Entry No. 4974649, in Book 6258, at Page 2320, which reads in part as follows:

The Redevelopment Agency of Salt Lake City, a public corporation in Salt Lake City, Salt Lake County, State of Utah; 50 West Broadway Assoc., a Limited Partnership; American Plaza Parking, Inc., a Utah Corporation; American Savings, a Federal Savings and Loan Association, through the Resolution Trust Corporation, its Conservator; 47 West Association, a Utah Non-Profit Homeowners Association; Mutual Benefit Life Holding Corporation, a New Jersey Corporation, and Red Lion, a California Limited Partnership, have entered into an Agreement which involves rights to use underground parking on the real property.

17. The covenants, conditions, exceptions, terms, liens, restrictions and limitations as contained in the Reciprocal Easement and Maintenance Agreement with Conditions, Covenants, and Restrictions, executed by and between Block 58 Associates, a Utah Limited Partnership, A.P. 3 Associates, a Utah Limited Partnership, American Savings and Loan Association, a Utah Corporation, and American Towers, Inc., a Utah Corporation, recorded May 20, 1981, as Entry No. 3566733, in Book 5250, at Page 640, which provide, among other things, that a violation thereof, shall not defeat or render invalid the lien of any Mortgage or Deed of Trust made in good faith and for value.

Said Agreement was amended by that certain Amendment to Reciprocal Easement and Maintenance Agreement, dated June 02, 1981, recorded June 05, 1981, as Entry No. 3571928, in Book 5256, at Page 704 of Official Records. Reference is hereby made to the recorded document for further particulars.

Said Agreement was amended by that certain Amendment to Reciprocal Easement and Maintenance Agreement, dated February 12, 1988, recorded February 19, 1988, as Entry No. 4587998, in Book 6005, at page 591 of Official Records.

18. Memorandum of Agreement Affecting Real Property, including the terms and conditions thereof:  
**Between:** American Towers Owners Association

**Order Number: 35620**

**And: Pacificorp**  
**Dated: June 8, 1998**  
**Recorded: June 4, 1999**  
**Entry No.: 7375457**  
**Book/Page: 8283 / 6070**

**19. Bulk Rate Agreement, including the terms and conditions thereof:**

**Between: American Towers HOA**  
**And: TCI Cablevision of Utah, Inc.**  
**Dated: August 30, 1999**  
**Recorded: October 1, 1999**  
**Entry No.: 7480192**  
**Book/Page: 8313 / 4493**  
**Providing: Basic/expanded basic cable television signals.**

**20. Easement Agreement (Temporary Air Space Easement for Construction Crane), including the terms and conditions thereof:**

**Between: 222 S. Main Investments LLC, a Delaware limited liability company**  
**And: American Towers Owners Association, a Utah non-profit corporation**  
**Dated: November 21, 2007**  
**Recorded: November 27, 2007**  
**Entry No.: 10285063**  
**Book/Page: 9541 / 3957**  
**Area Affected: Common area**

**21. Covenants, conditions and restrictions in the declaration of restrictions but omitting any covenants or restrictions, if any, including, but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.**

**Recorded: July 30, 1982**  
**Entry No.: 3697665**  
**Book/Page: 5400 / 292**

**Certificate of Amendment to Bylaws:**

**Recorded: December 24, 1991**  
**Entry No.: 4861015**  
**Book/Page: 6184 / 1804**

**Amended Covenants:**

**Dated: December 24, 1991**  
**Recorded: January 17, 1992**  
**Entry No.: 5184826**  
**Book/Page: 6399 / 1594**

**Certificate of Amendment to Bylaws:**

**Recorded: September 26, 1995**  
**Entry No.: 6174618**  
**Book/Page: 7235 / 0008**

**Order Number: 35620**

**Amended Covenants:**

**Recorded: October 07, 2010**

**Entry No.: 11048956**

**Book / Page: 9866 / 9453**

**Amended Covenants:**

**Recorded: February 24, 2011**

**Entry NO.: 11140194**

**Book / Page: 9907 / 4446**

**Contains provision for continuing assessment liens, compliance should be checked by contacting the homeowners association.**

**22. Subject to the rights of parties in possession of the subject property under unrecorded leases, rental or occupancy agreements and any claims thereunder.**

**23. A Deed of Trust With Assignment of Rents, and the terms and conditions thereof:**

**Stated Amount: \$342,000.00**

**Trustor: Alexander H. Walker, Jr. and Cecil Ann Walker, husband and wife**

**Trustee: Metro National Title**

**Beneficiary: State of Utah Department of Natural Resources, Division of Oil, Gas & Mining**

**Dated: August 1, 2003**

**Recorded: August 4, 2003**

**Entry No.: 8759481**

**Book/Page: 8856 / 735**

**END OF SCHEDULE B – Section 2**

**EXHIBIT 12**

**EXHIBIT 12**



GARY R. HERBERT  
Governor

SPENCER J. COX  
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

April 8, 2014

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

Subject: Completion of Midterm Review, Task ID #4512, Hidden Splendor Resources, Inc.,  
Horizon Mine, C/007/0020

Dear Mr. Walker:

On February 19, 2014, the Division of Oil, Gas and Mining commenced a midterm permit review for the Horizon Mine.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author for each of the respective deficiencies has been provided.

Your response to these deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1 and C2 forms by no later than May 9, 2014.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5350 or Pete Hess at (435) 613-3731.

Sincerely,

Steve Christensen  
Permit Supervisor

SKC/sqs  
O:\007020.HZN\WG4512\MidtermCompletion.doc





GARY R. HERBERT  
Governor  
GREG BELL  
Lieutenant Governor

**State of Utah**  
DEPARTMENT OF NATURAL RESOURCES  
MICHAEL H. STYLER  
Executive Director  
Division of Oil, Gas and Mining  
JOHN R. BAZA  
Division Director

## Technical Analysis and Findings

### Utah Coal Regulatory Program

**PID:** C0070020  
**TaskID:** 4512  
**Mine Name:** HORIZON MINE  
**Title:** MIDTERM PERMIT REVIEW

#### Operation Plan

#### Fish and Wildlife Protection and Enhancement Plan

##### *Deficiencies Details:*

Volume 3, Chapter 10 Section 10.2.3, Page 10-4, Paragraph 5 of the MRP indicates that macroinvertebrate surveys will be conducted every other year in the Spring and Fall with the Division being notified until final bond release. The next survey is due in the Spring of 2014.

jhelfric

#### Topsoil and Subsoil

##### *Deficiencies Details:*

During the March 11, 2014 site inspection the following observations were made on the topsoil that is presently stored on the bank to the left of the surface facilities pad as you enter the property:

There are a number of rills that have formed on the stockpile undercutting the waddle that runs parallel to the diversion ditch where topsoil is being deposited;

The waddles should be adjusted to prevent topsoil from being deposited into the diversion ditch;

The rills that have formed should be eliminated or a methodology employed to keep them from developing further and;

The topsoil in the diversion ditch should be protected from disturbed area runoff.

jhelfric

#### Reclamation Plan

#### Bonding Determination of Amount

##### *Deficiencies Details:*

R645-301-830.140. The Permittee must provide updated information for estimated bonding costs with supporting calculations for the estimates. This includes updated unit costs (to be used to update bond calculation spreadsheets) and updated escalation factors. Updates should be provided using the 2014 data from R.S. Means Heavy Construction Cost

## HORIZON VIOLATIONS SUMMARY

### NOV #10133 Failure to collect water data

Issued	1/6/14
Proposed Assessment \$880	1/21/14
Terminated	1/27/14

### NOV #10134 Failure to collect water data

Issued	1/6/14
Proposed Assessment \$1320	1/21/14
Terminated	1/27/14

### NOV #10140 Failure to maintain Inlet Culverts

Issued	5/27/14
Modification of Abatement	6/5/14
Modification of Abatement	6/30/14
Proposed Assessment \$484	7/9/14
Terminated	8/4/14

### NOV #10141 Failure to maintain sediment pond

Issued	5/27/14
Modification of Abatement	6/5/14
Modification of Abatement	6/30/14
Proposed Assessment \$484	7/9/14

### NOV #10142 Failure to control noncoal waste

Issued	5/27/14
Modification of Abatement	6/5/14
Modification of Abatement	6/30/14
Proposed Assessment \$374	7/9/14
Terminated	8/4/14

### NOV #11146 Failure to collect water data

Issued	7/2/14
Proposed Assessment \$1980	7/22/14
Terminated	7/22/14

### NOV #12146 Failure to comply with MRP

Issued	7/29/14
Proposed Assessment \$484	8/12/14
Terminated	7/29/14

CO #12147 Failure to Abate NOV #10141

Issued

8/15/14



**Citation for Non-Compliance**  
**Utah Coal Regulatory Program**  
 1594 West North Temple, Salt Lake City, UT 84114  
 Phone: (801) 538-5340 Fax: (801) 359-3940

**Citation #:** 10133  
**Permit Number:** C0070020  
**Date Issued:** 01/06/2014

**NOTICE OF VIOLATION**       **CESSATION ORDER (CO)**       **FAILURE TO ABATE CO**

**Permittee Name:** HIDDEN SPLENDOR RESOURCES      **Inspector Number and ID:** 67      **ADANIELS**

**Mine Name:** HORIZON MINE      **Date and Time of Inspection:** 12/17/2013

**Certified Return Receipt Number:** 70123460000295595840      **Date and Time of Service:** 01/06/2014

**Nature of condition, practice, or violation:**

The Permittee failed to collect and report the required water monitoring data during the second quarter 2013 (April 1, 2013 thru June 30, 2013) as specified in sections 7.1.5 and 7.2.2.3 of the approved MRP. The only sites that were reported were UPDES site 001 and 002.

**Provisions of Act, regulations, or permit violated:**

R645-301-731.212, R645-301-731.223, and Section 18 - "Special Conditions" of the approved permit.

**This order requires Cessation of ALL mining activities.** (Check box if appropriate.)

Condition, practice, or violation is creating an imminent danger to health or safety of the public.

Permittee is/has been conducting mining activities without a Permit.

Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.

Permittee has failed to abate Violation(s) included in  Notice of Violation or  Cessation Order within time for abatement originally fixed or subsequently extended.

**This order requires Cessation of PORTION(S) of mining activities.**

**Mining activities to be ceased immediately:**  Yes  No

**Abatement Times (if applicable).**

**Action(s) required:**  Yes  No

Please follow the approved water monitoring program in the Mining and Reclamation Plan.

**ALEX WALKER**

(Print) Permittee Representative

**AMANDA DANIELS**

(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

**SEE REVERSE SIDE Of This Form For Instructions And Additional Information**

**IMPORTANT – READ CAREFULLY**

Pursuant to the Utah Coal Mined Land Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the undersigned authorized representative of the Division of Oil, Gas, and Mining (DOGM) has conducted an inspection and found that a Notice of Violation or Cessation Order must be issued.

This order shall remain in effect until it is modified, terminated or vacated by written notice of an authorized representative of DOGM.

**1. PENALTIES.**

**Proposed assessment.** DOGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGM to consider regarding the cessation order and proposed fine, please submit that to DOGM within *15 days of the date this notice or order is served on you or your agent*. Such information will be used by the assessment officer in determining facts surrounding the violation(s) and amount of penalty. Once DOGM has determined the proper penalty, it will serve the proposed assessment on you or your agent, no later than 30 days of the issuance of this notice or order. See Utah Admin. Code R645-401-600 et. seq.

The penalty will be final unless you or your agent file, within 15 days of receipt of the proposed assessment, a written request for an informal hearing before the assessment officer.

**Assessment.** For each violation included in this notice, a penalty of up to \$5,000 may be assessed for each separate day the violation continues.

If you fail to abate any violation within the time set for abatement or for meeting any interim step, you will be assessed an additional minimum penalty of \$750 for each day of continuing violation beyond the time set for abatement. You will be issued a Cessation Order requiring cessation of surface coal mining operations or the portion of the operations relevant to the violation.

**2. INFORMAL PUBLIC HEARING.**

On the reverse side of this page, an authorized representative has made a finding as to whether or not this notice requires cessation of mining. If this order or notice requires cessation of mining, expressly or in practical effect, you may request that an informal public hearing be held at or near the mine site. If you wish an informal public hearing be held, please contact an authorized representative from DOGM. See Utah Admin. Code R645-400-350 et seq. Once an informal public hearing is scheduled, you will be notified of the date, time, and location of the hearing.

If this notice requires cessation of mining, it will expire within 30 days from the date you are notified unless an informal public hearing is held or waived, or the condition, practice, or violation is abated within the 30-day period.

**3. FORMAL REVIEW AND TEMPORARY RELIEF.**

You may appeal this notice or order to the Board of Oil, Gas, and Mining by submitting an application for hearing within 30 days of receipt of this notice or order. See Utah Admin. Code R645-300-164.300. Please submit the application for hearing to:

Secretary  
Board of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

If applying for a formal board hearing, you may submit with your petition for review a request for “*temporary relief*” from this notice. Procedures for obtaining a formal board hearing are contained in the Board’s Rules of Practice and Procedure and in Utah Admin. Code R645-401-800 et. seq.

**4. EFFECT ON PERMIT.**

The permit may be suspended or revoked if it is determined that a pattern of violations of the Act, regulations or permit conditions exists, and that the violations were caused by an unwarranted or willful failure to comply.

For further information, consult Utah Code Ann. § 40-10-20 through 40-10-23 and Utah Admin. Code R645-400-300 et. seq. and R645-401 et. seq., or contact the Division of Oil, Gas, and Mining at (801) 538-5340.

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GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*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*

January 21, 2014

CERTIFIED RETURN RECEIPT  
7012 3460 0002 9559 5888

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

Subject: Proposed Assessment for State Violation No. N 10133, Horizon Mine, C/007/0020,  
Task ID #4493

Dear Mr. Walker:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Amanda Daniels on January 6, 2014. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

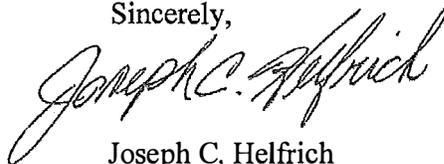
1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.



2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

**If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment.** Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,



Joseph C. Helfrich  
Assessment Officer

Enclosure

cc: OSM Compliance Report  
Suzanne Steab, DOGM  
Sheri Sasaki, DOGM

O:\007020.HZN\WG4493\PROPOSED ASSESSMENT NOV 10133 .DOC

**WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE Horizon Mine

PERMIT C/007/0020

NOV / CO # N 10133

VIOLATION 1 of 1

ASSESSMENT DATE January 21, 2014

ASSESSMENT OFFICER Joe Helfrich

**I. HISTORY (Max. 25 pts.)**

- A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
_____	_____	_____
_____	_____	_____

1 point for each past violation, up to one (1) year  
5 points for each past violation in a CO, up to one (1) year  
No pending notices shall be counted

**TOTAL HISTORY POINTS 0**

**II. SERIOUSNESS (Either A or B)**

NOTE: For assignment of points in Parts II and III, the following apply:

1. Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
2. Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation? Hindrance

A. EVENT VIOLATION (Max 45 pts.)

1. What is the event which the violated standard was designed to prevent?

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

**ASSIGN PROBABILITY OF OCCURRENCE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\*According to the information in the inspector statement,**

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

**ASSIGN DAMAGE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* According to the information in the inspector statement,**

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

**ASSIGN HINDRANCE POINTS 12**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* According to the information in the inspector statement, "The Permittee failed to submit April thru June 2013 water monitoring data for all wells, springs, and stream monitoring locations. Ground and surface water monitoring locations are required to be monitored once each quarter per MRP requirements found in sections 7.1.5 and 7.2.2.3 of the approved MRP. Without this data the Division cannot perform an evaluation of ground and surface water conditions around the mine".**

**TOTAL SERIOUSNESS POINTS ( A or B ) 12**

**III. NEGLIGENCE (Max 30 pts.)**

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

**ASSIGN NEGLIGENCE POINTS 16**

**PROVIDE AN EXPLANATION OF POINTS:**

*\*\*\* According to the information in the inspector statement, "The Permittee is required to monitor these locations each quarter. During the second quarter of 2013, the Permittee began bankruptcy procedures. During these procedures the Permittee continued monitoring UPDES sites 001 and 002 as required by the Division and the Department of Environmental Quality, but did not monitor the rest of the Division approved locations. These are found in section 7.1.5 and 7.2.2.3 of the MRP. These sections state that water monitoring will occur each quarter.*

**IV. GOOD FAITH (Max 20 pts.)**

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?  
IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance	-11 to -20*
	(Immediately following the issuance of the NOV)	
X	Rapid Compliance	-1 to -10
	(Permittee used diligence to abate the violation)	
X	Normal Compliance	0
	(Operator complied within the abatement period required)	
	(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)	

\* Assign in upper or lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

X	Rapid Compliance (Permittee used diligence to abate the violation)	-11 to -20*
X	Normal Compliance (Operator complied within the abatement period required)	-1 to -10*
X	Extended Compliance (Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete) (Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)	0

EASY OR DIFFICULT ABATEMENT? Difficult, plans were required

ASSIGN GOOD FAITH POINTS 0

**PROVIDE AN EXPLANATION OF POINTS:**

*\*\*\*The collection of water monitoring data is time specific and cannot be replicated at a later date. Therefore there is no abatement required by the notice of violation.*

**V. ASSESSMENT SUMMARY**

NOTICE OF VIOLATION # <b><u>N 10133</u></b>	
I. TOTAL HISTORY POINTS	<u>0</u>
II. TOTAL SERIOUSNESS POINTS	<u>12</u>
III. TOTAL NEGLIGENCE POINTS	<u>16</u>
IV. TOTAL GOOD FAITH POINTS	<u>0</u>
TOTAL ASSESSED POINTS	<u>28</u>
<b>TOTAL ASSESSED FINE</b>	<b><u>\$ 880</u></b>

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



**Action Taken on Existing Citation  
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10133**  
Permit Number: **C0070020**  
Date Cit. Issued: **01/06/2014**

<input type="checkbox"/> MODIFICATION of	<input checked="" type="checkbox"/> TERMINATION of	<input type="checkbox"/> VACATION of
<input checked="" type="checkbox"/> NOTICE OF VIOLATION	<input type="checkbox"/> CESSATION ORDER (CO)	<input type="checkbox"/> FAILURE TO ABATE CO

Permittee Name: <b>HIDDEN SPLENDOR RESOURCES</b>	Inspector Number and ID: <b>67 ADANIELS</b>
Mine Name: <b>HORIZON MINE</b>	Date and Time of Action: <b>01/27/2014 8:45 am</b>
Certified Return Receipt Number:	Date and Time of Service: <b>01/27/2014</b>

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

Modified as follows:

**Reason for modification:**

**Terminated because:**  
Hindrance violation, no abatement possible.

Vacated because:

**ALEX WALKER**

(Print) Permittee Representative

**AMANDA DANIELS**

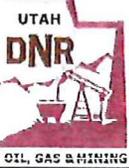
(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

*Alex Walker* \_\_\_\_\_ *Amanda Daniels* **1/27/14**

Refer to the "Citation For Non-Compliance" for additional information

 <p><b>UTAH DNR</b> OIL, GAS &amp; MINING</p>	<p><b>Citation for Non-Compliance</b> <b>Utah Coal Regulatory Program</b> 1594 West North Temple, Salt Lake City, UT 84114 Phone: (801) 538-5340 Fax: (801) 359-3940</p>	<p><b>Citation #:</b> 10134</p>	
			<p><b>Permit Number:</b> C0070020</p>
			<p><b>Date Issued:</b> 01/06/2014</p>
<input checked="" type="checkbox"/> <b>NOTICE OF VIOLATION</b>	<input type="checkbox"/> <b>CESSATION ORDER (CO)</b>	<input type="checkbox"/> <b>FAILURE TO ABATE CO</b>	
<p><b>Permittee Name:</b> HIDDEN SPLENDOR RESOURCES</p>		<p><b>Inspector Number and ID:</b> 67 ADANIELS</p>	
<p><b>Mine Name:</b> HORIZON MINE</p>		<p><b>Date and Time of Inspection:</b> 12/17/2013</p>	
<p><b>Certified Return Receipt Number:</b> 70123460000295595840</p>		<p><b>Date and Time of Service:</b> 01/06/2013</p>	
<p><b>Nature of condition, practice, or violation:</b> The Permittee failed to collect and report the required water monitoring data during the third quarter of 2013 (July 1, 2013 thru September 30, 2013) as specified in sections 7.1.5 and 7.2.2.3 of the approved MRP. The only sites that were reported were UPDES site 001 and 002.</p>			
<p><b>Provisions of Act, regulations, or permit violated:</b> R645-301-731.212, R645-301-731.223, and Section 18 - "Special Conditions" of the approved permit.</p>			
<p><input type="checkbox"/> <b>This order requires Cessation of ALL mining activities.</b> (Check box if appropriate.)</p>			
<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.	<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.		
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	<input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.		
<p><input type="checkbox"/> <b>This order requires Cessation of PORTION(S) of mining activities.</b></p>			
<p><b>Mining activities to be ceased immediately:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p><b>Abatement Times (if applicable).</b></p>	
<p><b>Action(s) required:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>			
<p>Please follow the approved water monitoring program in the Mining and Reclamation Plan.</p>			
<p><b>ALEX WALKER</b> (Print) Permittee Representative</p>	<p><b>AMANDA DANIELS</b> (Print) DOGM Representative</p>		
<p>_____ Permittee Representative's Signature - Date</p>	<p><i>Amanda Daniels</i> _____ DOGM Representative's Signature - Date</p>		
<p><b><u>SEE REVERSE SIDE Of This Form For Instructions And Additional Information</u></b></p>			

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PS Form 3800, August 2005

See Reverse for Instructions

**IMPORTANT – READ CAREFULLY**

Pursuant to the Utah Coal Mined Land Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the undersigned authorized representative of the Division of Oil, Gas, and Mining (DOGM) has conducted an inspection and found that a Notice of Violation or Cessation Order must be issued.

This order shall remain in effect until it is modified, terminated or vacated by written notice of an authorized representative of DOGM.

**1. PENALTIES.**

**Proposed assessment.** DOGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGM to consider regarding the cessation order and proposed fine, please submit that to DOGM within *15 days of the date this notice or order is served on you or your agent*. Such information will be used by the assessment officer in determining facts surrounding the violation(s) and amount of penalty. Once DOGM has determined the proper penalty, it will serve the proposed assessment on you or your agent, no later than 30 days of the issuance of this notice or order. See Utah Admin. Code R645-401-600 et. seq.

The penalty will be final unless you or your agent file, within 15 days of receipt of the proposed assessment, a written request for an informal hearing before the assessment officer.

**Assessment.** For each violation included in this notice, a penalty of up to \$5,000 may be assessed for each separate day the violation continues.

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**2. INFORMAL PUBLIC HEARING.**

On the reverse side of this page, an authorized representative has made a finding as to whether or not this notice requires cessation of mining. If this order or notice requires cessation of mining, expressly or in practical effect, you may request that an informal public hearing be held at or near the mine site. If you wish an informal public hearing be held, please contact an authorized representative from DOGM. See Utah Admin. Code R645-400-350 et seq. Once an informal public hearing is scheduled, you will be notified of the date, time, and location of the hearing.

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You may appeal this notice or order to the Board of Oil, Gas, and Mining by submitting an application for hearing within 30 days of receipt of this notice or order. See Utah Admin. Code R645-300-164.300. Please submit the application for hearing to:

Secretary  
Board of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

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For further information, consult Utah Code Ann. § 40-10-20 through 40-10-23 and Utah Admin. Code R645-400-300 et. seq. and R645-401 et. seq., or contact the Division of Oil, Gas, and Mining at (801) 538-5340.



GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*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*

January 21, 2014

CERTIFIED RETURN RECEIPT  
7012 3460 0002 9559 5871

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

Subject: Proposed Assessment for State Violation No. N 10134, Horizon Mine, C/007/0020,  
Task ID #4494

Dear Mr. Walker:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Amanda Daniels on January 6, 2014. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

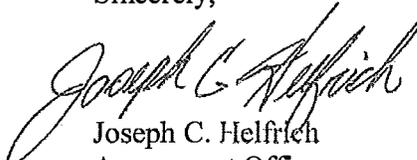
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Sincerely,



Joseph C. Helfrich  
Assessment Officer

Enclosure

cc: OSM Compliance Report  
Suzanne Steab, DOGM  
Sheri Sasaki, DOGM

O:\007020.HZN\WG4494\PROPOSED ASSESSMENT NOV 10134 .DOC

**WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE Horizon Mine

PERMIT C/007/0020

NOV / CO # N 10134

VIOLATION 1 of 1

ASSESSMENT DATE January 21, 2014

ASSESSMENT OFFICER Joe Helfrich

**I. HISTORY (Max. 25 pts.)**

- A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
_____	_____	_____
_____	_____	_____

1 point for each past violation, up to one (1) year  
5 points for each past violation in a CO, up to one (1) year  
No pending notices shall be counted

**TOTAL HISTORY POINTS 0**

**II. SERIOUSNESS (Either A or B)**

NOTE: For assignment of points in Parts II and III, the following apply:

1. Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
2. Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation?    Hindrance

A. EVENT VIOLATION (Max 45 pts.)

1. What is the event which the violated standard was designed to prevent?

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

**ASSIGN PROBABILITY OF OCCURRENCE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\*According to the information in the inspector statement,**

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

**ASSIGN DAMAGE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* According to the information in the inspector statement,**

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

**ASSIGN HINDRANCE POINTS 12**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* According to the information in the inspector statement, "The Permittee failed to submit July thru September 2013 water monitoring data for all wells, springs, and stream monitoring locations. Ground and surface water monitoring locations are required to be monitored once each quarter per MRP requirements found in sections 7.1.5 and 7.2.2.3 of the approved MRP. Without this data the Division cannot perform an evaluation of ground and surface water conditions around the mine".**

**TOTAL SERIOUSNESS POINTS ( A or B ) 12**

**III. NEGLIGENCE (Max 30 pts.)**

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

**ASSIGN NEGLIGENCE POINTS 20**

**PROVIDE AN EXPLANATION OF POINTS:**

*\*\*\* According to the information in the inspector statement, "The Permittee is required to monitor these locations each quarter. During the third quarter of 2013, the Permittee continued monitoring UPDES sites 001 and 002 as required by the Division and the Department of Environmental Quality, but did not monitor the rest of the Division approved locations. These are found in section 7.1.5 and 7.2.2.3 of the MRP. These sections state that water monitoring will occur each quarter". The Permittee also received a notice of violation for not meeting the second quarter monitoring requirements.*

**IV. GOOD FAITH (Max 20 pts.)**

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?  
IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance	-11 to -20*
	(Immediately following the issuance of the NOV)	
X	Rapid Compliance	-1 to -10
	(Permittee used diligence to abate the violation)	
X	Normal Compliance	0
	(Operator complied within the abatement period required)	
	(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)	

\*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

X	Rapid Compliance (Permittee used diligence to abate the violation)	-11 to -20*
X	Normal Compliance (Operator complied within the abatement period required)	-1 to -10*
X	Extended Compliance (Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete) (Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)	0

EASY OR DIFFICULT ABATEMENT? Difficult, plans were required

ASSIGN GOOD FAITH POINTS 0

**PROVIDE AN EXPLANATION OF POINTS:**

*\*\*\*The collection of water monitoring data is time specific and cannot be replicated at a later date. Therefore there is no abatement required by the notice of violation.*

**V. ASSESSMENT SUMMARY**

NOTICE OF VIOLATION # **N 10133**

I.	TOTAL HISTORY POINTS	<u>0</u>
II.	TOTAL SERIOUSNESS POINTS	<u>12</u>
III.	TOTAL NEGLIGENCE POINTS	<u>20</u>
IV.	TOTAL GOOD FAITH POINTS	<u>0</u>
	TOTAL ASSESSED POINTS	<u>32</u>

**TOTAL ASSESSED FINE \$ 1320**

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*(Domestic Mail Only; No Insurance Provided)*

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7012 3460 0002 9559 5871

Postage \$		Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total P.c.	Alex Walker, Resident Agent	
Street No.	Hidden Splendor Resources, Inc.	
Street, Ap. or PO Box	57 West 200 South, Suite 400	
City, State	Salt Lake City, Utah 84101	
PS Form	See Reverse for Instructions	



**Action Taken on Existing Citation  
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10134**  
Permit Number: **C0070020**  
Date Cit. Issued: **01/06/2014**

<input type="checkbox"/> MODIFICATION of	<input checked="" type="checkbox"/> TERMINATION of	<input type="checkbox"/> VACATION of
<input checked="" type="checkbox"/> NOTICE OF VIOLATION	<input type="checkbox"/> CESSATION ORDER (CO)	<input type="checkbox"/> FAILURE TO ABATE CO

Permittee Name: <b>HIDDEN SPLENDOR RESOURCES</b>	Inspector Number and ID: <b>67 ADANIELS</b>
Mine Name: <b>HORIZON MINE</b>	Date and Time of Action: <b>01/27/2014 8:45 am</b>
Certified Return Receipt Number:	Date and Time of Service: <b>01/27/2014</b>

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

Modified as follows:

Reason for modification:

**Terminated because:**  
Hindrance violation, no abatement possible.

Vacated because:

**ALEX WALKER**  
(Print) Permittee Representative

**AMANDA DANIELS**  
(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

*[Handwritten Signature]* 1/27/14

*Refer to the "Citation For Non-Compliance" for additional information*



OGMCOAL DNR <ogmcoal@utah.gov>

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## Horizon Inspection Report and NOVs

1 message

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**Amanda Daniels** <amandadaniels@utah.gov>

Thu, May 29, 2014 at 5:27 PM

To: awalkerlaw@aol.com

Cc: Kit Pappas <kit@emerytelcom.net>, Daron Haddock <daronhaddock@utah.gov>, Steve Christensen <stevechristensen@utah.gov>, OGMCOAL DNR <ogmcoal@utah.gov>

Alex-

I've attached an inspection report and three NOVs. Hard copies of the NOVs will also be mailed. If you have any questions about the attached information, please let me know.

--

Amanda Daniels  
Utah Division of Oil, Gas and Mining  
(801) 538-5262  
[amandadaniels@utah.gov](mailto:amandadaniels@utah.gov)

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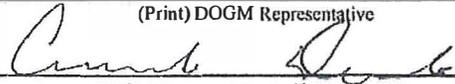
### 4 attachments

 **HorizonMayInspReport.pdf**  
18009K

 **NOV10140.pdf**  
192K

 **NOV10141.pdf**  
200K

 **NOV10142.pdf**  
189K

	<b>Citation for Non-Compliance</b> <b>Utah Coal Regulatory Program</b> 1594 West North Temple, Salt Lake City, UT 84114 Phone: (801) 538-5340 Fax: (801) 359-3940	<b>Citation #:</b> 10140
		<b>Permit Number:</b> C0070020
		<b>Date Issued:</b> 05/27/2014
<input checked="" type="checkbox"/> <b>NOTICE OF VIOLATION</b> <input type="checkbox"/> <b>CESSATION ORDER (CO)</b> <input type="checkbox"/> <b>FAILURE TO ABATE CO</b>		
<b>Permittee Name:</b> HIDDEN SPLENDOR RESOURCES		<b>Inspector Number and ID:</b> 67 ADANIELS
<b>Mine Name:</b> HORIZON MINE		<b>Date and Time of Inspection:</b> 05/21/2014 2:00 pm
<b>Certified Return Receipt Number:</b> 70123460000295595932		<b>Date and Time of Service:</b> 05/27/2014
<b>Nature of condition, practice, or violation:</b> Failure to maintain the inlet to culverts UC-2 and UC-3, and the outlets of UC-1 and DC-1, which are all at least partially blocked by debris and waste. Ditches DD-6 and DD-1 do not have the ability to effectively transmit water, as originally designed, due to poor maintenance. Pictures of these diversions are attached to the corresponding inspection report.		
<b>Provisions of Act, regulations, or permit violated:</b> R645-301-752, R645-301-731, R645-301-742.100		
<input type="checkbox"/> <b>This order requires Cessation of ALL mining activities.</b> (Check box if appropriate.)		
<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.	<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.	
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	<input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.	
<input type="checkbox"/> <b>This order requires Cessation of PORTION(S) of mining activities.</b>		
<b>Mining activities to be ceased immediately:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Abatement Times (if applicable).</b>
<b>Action(s) required:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Establish drainage in culverts UC-1, UC-2, UC-3, and DC-1 as well as in ditches DD-1 and DD-6 as originally designed and approved in the Mining and Reclamation Plan.		
<b>ALEX WALKER</b> (Print) Permittee Representative		<b>AMANDA DANIELS</b> (Print) DOGM Representative
_____ Permittee Representative's Signature - Date		 _____ DOGM Representative's Signature - Date
<b><u>SEE REVERSE SIDE Of This Form For Instructions And Additional Information</u></b>		

**IMPORTANT – READ CAREFULLY**

Pursuant to the Utah Coal Mined Land Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the undersigned authorized representative of the Division of Oil, Gas, and Mining (DOGM) has conducted an inspection and found that a Notice of Violation or Cessation Order must be issued.

This order shall remain in effect until it is modified, terminated or vacated by written notice of an authorized representative of DOGM.

**1. PENALTIES.**

**Proposed assessment.** DOGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGM to consider regarding the cessation order and proposed fine, please submit that to DOGM within *15 days of the date this notice or order is served on you or your agent*. Such information will be used by the assessment officer in determining facts surrounding the violation(s) and amount of penalty. Once DOGM has determined the proper penalty, it will serve the proposed assessment on you or your agent, no later than 30 days of the issuance of this notice or order. See Utah Admin. Code R645-401-600 et. seq.

The penalty will be final unless you or your agent file, within 15 days of receipt of the proposed assessment, a written request for an informal hearing before the assessment officer.

**Assessment.** For each violation included in this notice, a penalty of up to \$5,000 may be assessed for each separate day the violation continues.

If you fail to abate any violation within the time set for abatement or for meeting any interim step, you will be assessed an additional minimum penalty of \$750 for each day of continuing violation beyond the time set for abatement. You will be issued a Cessation Order requiring cessation of surface coal mining operations or the portion of the operations relevant to the violation.

**2. INFORMAL PUBLIC HEARING.**

On the reverse side of this page, an authorized representative has made a finding as to whether or not this notice requires cessation of mining. If this order or notice requires cessation of mining, expressly or in practical effect, you may request that an informal public hearing be held at or near the mine site. If you wish an informal public hearing be held, please contact an authorized representative from DOGM. See Utah Admin. Code R645-400-350 et seq. Once an informal public hearing is scheduled, you will be notified of the date, time, and location of the hearing.

If this notice requires cessation of mining, it will expire within 30 days from the date you are notified unless an informal public hearing is held or waived, or the condition, practice, or violation is abated within the 30-day period.

**3. FORMAL REVIEW AND TEMPORARY RELIEF.**

You may appeal this notice or order to the Board of Oil, Gas, and Mining by submitting an application for hearing within 30 days of receipt of this notice or order. See Utah Admin. Code R645-300-164.300. Please submit the application for hearing to:

Secretary  
Board of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

If applying for a formal board hearing, you may submit with your petition for review a request for "*temporary relief*" from this notice. Procedures for obtaining a formal board hearing are contained in the Board's Rules of Practice and Procedure and in Utah Admin. Code R645-401-800 et. seq.

**4. EFFECT ON PERMIT.**

The permit may be suspended or revoked if it is determined that a pattern of violations of the Act, regulations or permit conditions exists, and that the violations were caused by an unwarranted or willful failure to comply.

For further information, consult Utah Code Ann. § 40-10-20 through 40-10-23 and Utah Admin. Code R645-400-300 et. seq. and R645-401 et. seq., or contact the Division of Oil, Gas, and Mining at (801) 538-5340.



**GARY R. HERBERT**  
Governor

**GREG 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

# Inspection Report

Permit Number:	C0070020
Inspection Type:	PARTIAL
Inspection Date:	Wednesday, May 21, 2014
Start Date/Time:	5/21/2014 2:00:00 PM
End Date/Time:	5/21/2014 3:00:00 PM
Last Inspection:	Thursday, May 08, 2014

Inspector: Amanda Daniels

Weather: Clear, 65F

InspectionID Report Number: 3858

Accepted by: jheltric

5/29/2014

Representatives Present During the Inspection:	
OGM	Amanda Daniels
OGM	Pete Hess
OGM	Daron Haddock

Permittee: **HIDDEN SPLENDOR RESOURCES**  
 Operator: **HIDDEN SPLENDOR RESOURCES**  
 Site: **HORIZON MINE**  
 Address: **57 WEST 200 SOUTH, SUITE 400, SALT LAKE CITY UT 84101**  
 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:

An inspection took place at the Horizon Mine on May 21, 2014. On site from OGM were Daron Haddock, Amanda Daniels and Pete Hess. During the inspection, overall site maintenance was evaluated. Corresponding pictures are attached. See NOVs 10140, 10141, and 10142.

Inspector's Signature

*Amanda Daniels*

Date

Thursday, May 21, 2014

Amanda Daniels,

Inspector ID Number: 67

Note: This inspection report was created by the OGM and is not to be used for any other purpose. The OGM is not responsible for any errors or omissions in this report. For more information, contact the OGM at (801) 538-5340 or visit our website at [www.ogm.utah.gov](http://www.ogm.utah.gov).



**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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### **3. Topsoil**

Excelsior logs along the toe of the topsoil piles, on the North side of the facility, are in need of maintenance. See pictures 18 and 19.

#### **4.a Hydrologic Balance: Diversions**

Undisturbed drainage culverts UC-2 (picture 20) and UC-3 (pictures 11 and 12) are both partially blocked by debris and waste. The outlet of UC-1 (picture 6) is almost completely plugged and should be cleaned immediately. Culvert DC-1 (picture 15) is also partially blocked. All drainage ditches throughout the facility need maintenance, but currently DD-6 (picture 1) and DD-1 (pictures 21, 22, and 23) do not have the ability to effectively transmit water. See NOV 10140.

#### **4.b Hydrologic Balance: Sediment Ponds and Impoundments**

As indicated in plate 7-6 of the approved MRP, the plan indicates that there should be a 2" diameter decant pipe at elevation 7570.4'. This pipe is not visible (picture 7). A new sediment marker was installed in the pond (picture 5), the pond should be cleaned out as soon as possible. Inlet from ditch DD-6 (pictures 2, 3, and 10) is severely eroded and needs to be fixed. See NOV 10141.

### **6. Disposal of Excess Spoil, Fills, Benches**

Slopes above the pond and above ditches DD-1H and DD-1I (pictures 25, 26, and 27) are eroding and should be maintained.

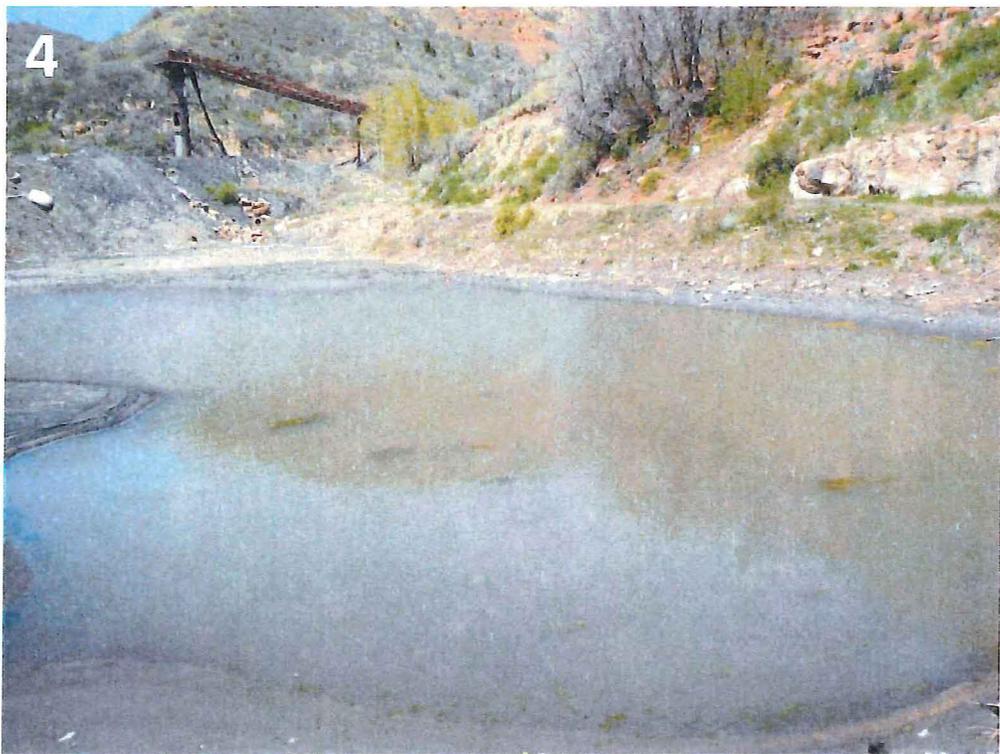
### **8. Noncoal Waste**

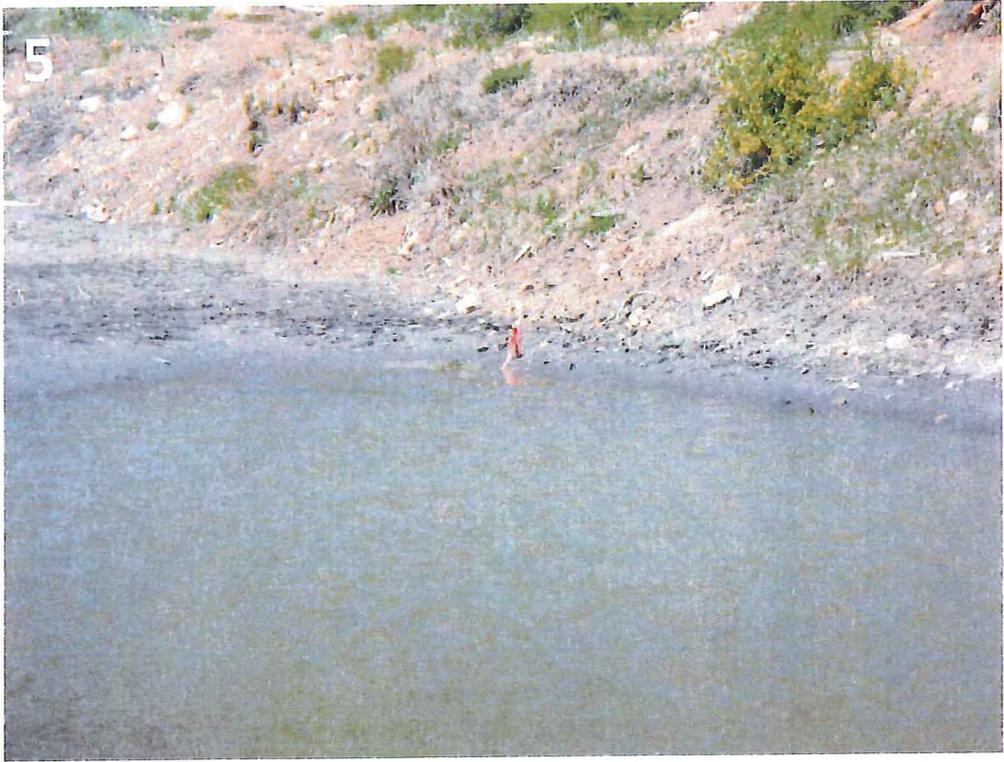
Waste is located throughout the site and should be cleaned up. One of the oil barrels have fallen into Jewkes Creek and sits at the inlet of UC-3 (picture 12). It is unclear if this barrel is empty. Other waste located throughout the site is documented in picture 16 and almost all of the other attached pictures. See NOV 10142.















11



12

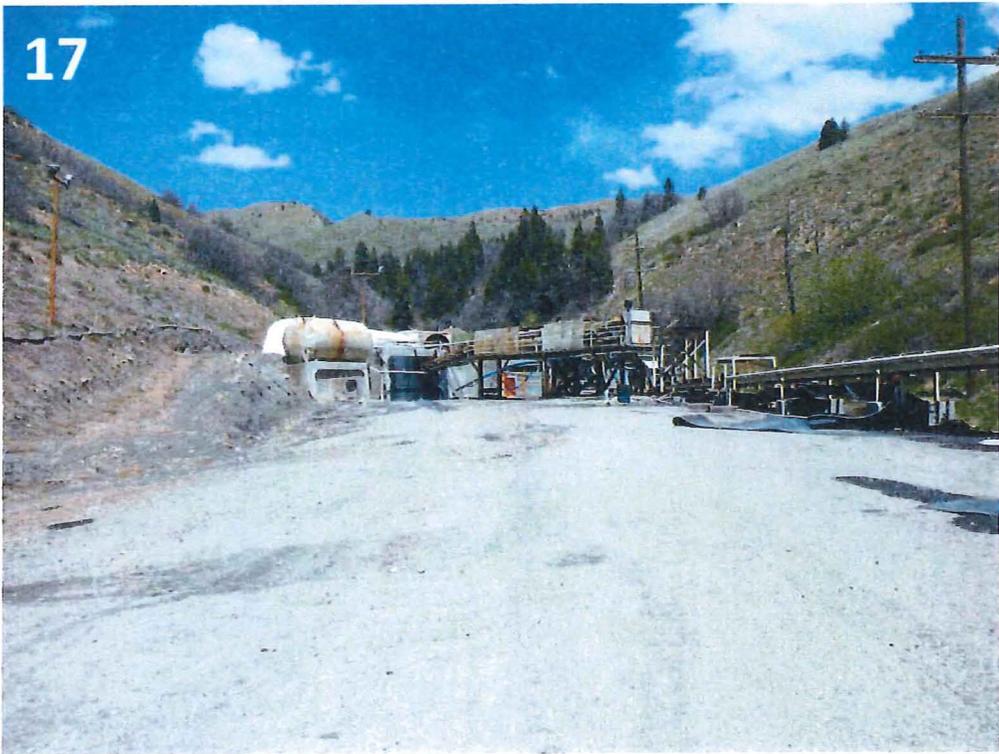




16

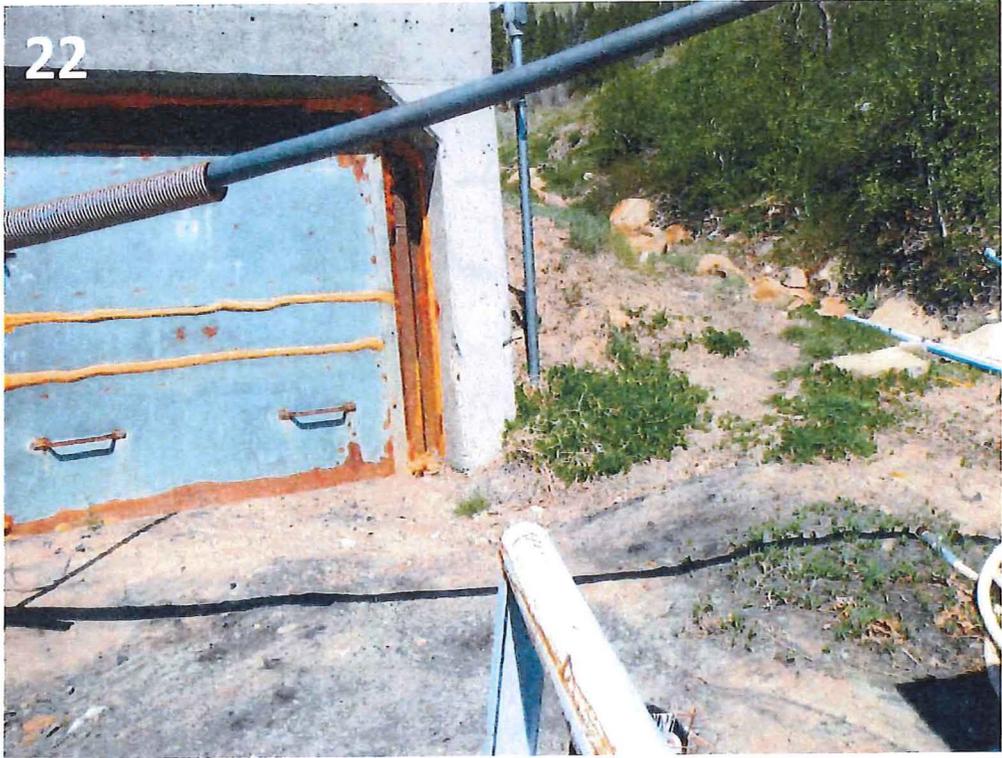


17









24



25





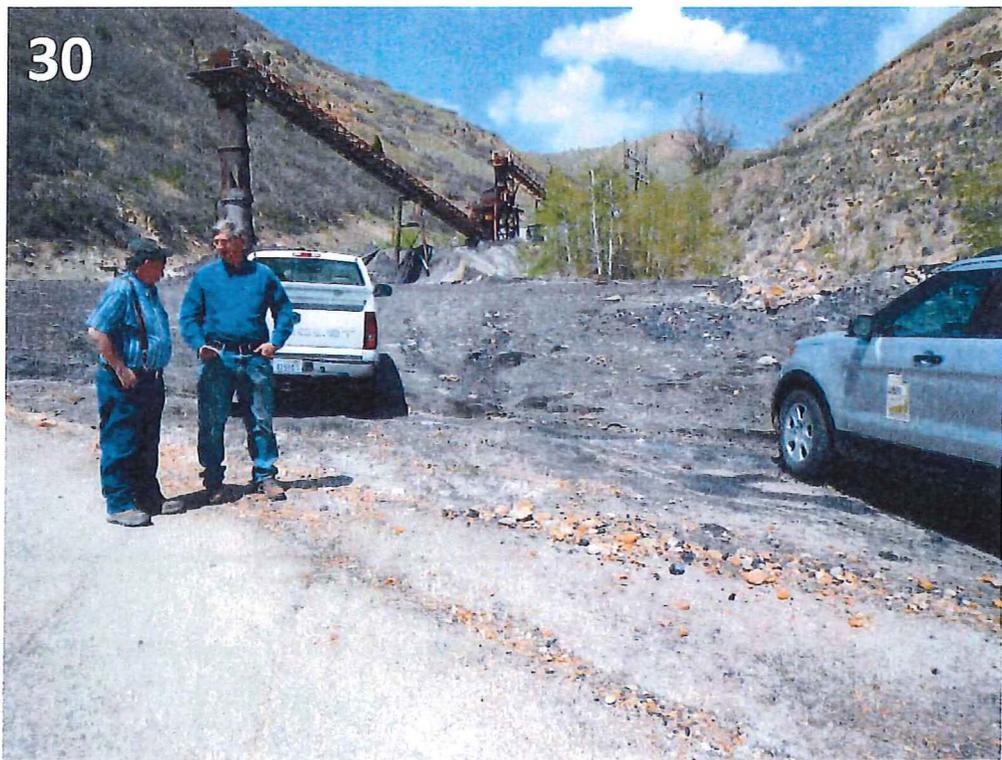
28



29



30



C0070020 Outgoing

#4598



**Action Taken on Existing Citation  
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10140**  
Permit Number: **C0070020**  
Date Cit. Issued: **05/27/2014**

- |   |   |  |
|---|---|--|
| <input checked="" type="checkbox"/> MODIFICATION of     | <input type="checkbox"/> TERMINATION of       | <input type="checkbox"/> VACATION of         |
| <input checked="" type="checkbox"/> NOTICE OF VIOLATION | <input type="checkbox"/> CESSATION ORDER (CO) | <input type="checkbox"/> FAILURE TO ABATE CO |

Permittee Name: **HIDDEN SPLENDOR RESOURCES**

Inspector Number and ID: **67 ADANIELS**

Mine Name: **HORIZON MINE**

Date and Time of Action: **06/05/2014**

Certified Return Receipt Number:

Date and Time of Service:

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

**Modified as follows:**  
 Actions Required:  
 Establish drainage in culverts UC-1, UC-2, UC-3, and DC-1 as well as in ditches DD-1 and DD-6 as originally designed and approved in the Mining and Reclamation Plan.  
 All work must be completed by July 3, 2014.

**Reason for modification:**

A date by which the abatement work must be completed by was added.

**Terminated because:**

**Vacated because:**

**ALEX WALKER**

(Print) Permittee Representative

**AMANDA DANIELS**

(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

*Refer to the "Citation For Non-Compliance" for additional information*



**Action Taken on Existing Citation  
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10140**  
Permit Number: **C0070020**  
Date Cit. Issued: **05/27/2014**

- MODIFICATION of     
  TERMINATION of     
  VACATION of  
 NOTICE OF VIOLATION     
  CESSATION ORDER (CO)     
  FAILURE TO ABATE CO

Permittee Name: <b>HIDDEN SPLENDOR RESOURCES</b>	Inspector Number and ID: <b>67 ADANIELS</b>
Mine Name: <b>HORIZON MINE</b>	Date and Time of Action: <b>06/30/2014</b>
Certified Return Receipt Number:	Date and Time of Service:

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

- Modified as follows:**  
 Actions Required:  
 Establish drainage in culverts UC-1, UC-2, UC-3, and DC-1 as well as in ditches DD-1 and DD-6 as originally designed and approved in the Mining and Reclamation Plan.  
 All work must be completed by August 4, 2014.

**Reason for modification:**  
A 30 day extension was requested by the operator.

**Terminated because:**

**Vacated because:**

**ALEX WALKER**

(Print) Permittee Representative

Permittee Representative's Signature - Date

**AMANDA DANIELS**

(Print) DOGM Representative

DOGM Representative's Signature - Date

*Refer to the "Citation For Non-Compliance" for additional information*



GARY R. HERBERT  
Governor

SPENCER J. COX  
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

July 9, 2014

CERTIFIED RETURN RECEIPT  
7012 3460 0002 9559 5970

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

Subject: Proposed Assessment for State Violation No. N 10140, Horizon Mine. C/007/0020,  
Task ID #4598

Dear Mr. Walker:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Amanda Daniels, on May 27, 2014. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

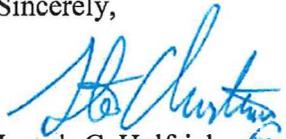
Under R645-401-700, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.

2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

**If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment.** Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,



Joseph C. Helfrich  
Assessment Officer

Enclosure

cc: Suzanne Steab, DOGM  
Sheri Sasaki, DOGM

O:\007020.HZN\WG4598\PROPOSED ASSESSMENT 10140 WG4598.DOC

**WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE Horizon Mine

PERMIT C/007/0020 NOV / CO # N 10140 VIOLATION 1 of 1

ASSESSMENT DATE July 9, 2014

ASSESSMENT OFFICER Joe Helfrich

**I. HISTORY (Max. 25 pts.)**

- A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
<u>10133</u>	<u>03/22/2014</u>	<u>1</u>
<u>10134</u>	<u>03/22/2014</u>	<u>1</u>

1 point for each past violation, up to one (1) year  
5 points for each past violation in a CO, up to one (1) year  
No pending notices shall be counted

**TOTAL HISTORY POINTS 2**

**II. SERIOUSNESS (Either A or B)**

NOTE: For assignment of points in Parts II and III, the following apply:

- Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
- Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation? Event

A. EVENT VIOLATION (Max 45 pts.)

- What is the event which the violated standard was designed to prevent?

*Environmental harm and water pollution*

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

**ASSIGN PROBABILITY OF OCCURRENCE POINTS 10**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* Environmental harm and water pollution, "The Permittee failed to maintain a number of culverts and ditches, resulting in the structures not performing as originally designed and approved. If the structures are not improved and maintained back to their original design, damage to nearby streams, drainages, and the permit area in general could occur. It is likely that water pollution and damage to nearby streams and drainages could occur if the drainage structures are not corrected" according to the information provided in the inspector statement.**

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

**ASSIGN DAMAGE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* According to the information in the inspector statement no damage occurred as a result of the violation**

**B. HINDRANCE VIOLATION (Max 25 pts.)**

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

**ASSIGN HINDRANCE POINTS \_\_\_\_\_**

**PROVIDE AN EXPLANATION OF POINTS:**

\*\*\*

**TOTAL SERIOUSNESS POINTS ( A or B ) 10**

**III. NEGLIGENCE (Max 30 pts.)**

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

**ASSIGN NEGLIGENCE POINTS 10**

**PROVIDE AN EXPLANATION OF POINTS:**

***\*\*\* According to the information in the inspector statement, "the poor maintenance of the drainage structures within the permit area is very evident, and would be easily noticed if the Permittee had someone inspecting the facility. No information has been found indicating that the drainage structures were being regularly maintained or inspected by the Permittee".***

**IV. GOOD FAITH (Max 20 pts.)**

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?  
IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance	-11 to -20*
	(Immediately following the issuance of the NOV)	
X	Rapid Compliance	-1 to -10
	(Permittee used diligence to abate the violation)	
X	Normal Compliance	0
	(Operator complied within the abatement period required)	
	(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)	

\*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

- |   |   |             |
|---|---|-------------|
| X | Rapid Compliance<br>(Permittee used diligence to abate the violation)   | -11 to -20* |
| X | Normal Compliance<br>(Operator complied within the abatement period required)   | -1 to -10*  |
| X | Extended Compliance<br>(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)<br>(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan) | 0           |

EASY OR DIFFICULT ABATEMENT? Difficult, plans were required

ASSIGN GOOD FAITH POINTS 0

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\*Good faith will be evaluated upon termination of the violation**

**V. ASSESSMENT SUMMARY**

NOTICE OF VIOLATION # <u>N 10140</u>	
I.	TOTAL HISTORY POINTS <u>2</u>
II.	TOTAL SERIOUSNESS POINTS <u>10</u>
III.	TOTAL NEGLIGENCE POINTS <u>10</u>
IV.	TOTAL GOOD FAITH POINTS <u>0</u>
	TOTAL ASSESSED POINTS <u>22</u>
	 <b>TOTAL ASSESSED FINE <u>\$484</u></b>

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Total Post: **Alex Walker, Resident Agent**  
**Hidden Splendor Resources, Inc.**  
**57 West 200 South, Suite 400**  
**Salt Lake City, Utah 84101**

Sent To  
Street, Apt  
or PO Box  
City, State





OGMCOAL DNR <ogmcoal@utah.gov>

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## Horizon Inspection Report and NOVs

1 message

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**Amanda Daniels** <amandadaniels@utah.gov>

Thu, May 29, 2014 at 5:27 PM

To: awalkerlaw@aol.com

Cc: Kit Pappas <kit@emerytelcom.net>, Daron Haddock <daronhaddock@utah.gov>, Steve Christensen <stevechristensen@utah.gov>, OGMCOAL DNR <ogmcoal@utah.gov>

Alex-

I've attached an inspection report and three NOVs. Hard copies of the NOVs will also be mailed. If you have any questions about the attached information, please let me know.

--

Amanda Daniels  
Utah Division of Oil, Gas and Mining  
(801) 538-5262  
[amandadaniels@utah.gov](mailto:amandadaniels@utah.gov)

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### 4 attachments

 **HorizonMayInspReport.pdf**  
18009K

 **NOV10140.pdf**  
192K

 **NOV10141.pdf**  
200K

 **NOV10142.pdf**  
189K



**Citation for Non-Compliance**  
**Utah Coal Regulatory Program**  
 1594 West North Temple, Salt Lake City, UT 84114  
 Phone: (801) 538-5340 Fax: (801) 359-3940

**Citation #:** 10141  
**Permit Number:** C0070020  
**Date Issued:** 05/27/2014

**NOTICE OF VIOLATION**     **CESSATION ORDER (CO)**     **FAILURE TO ABATE CO**

<b>Permittee Name:</b> HIDDEN SPLENDOR RESOURCES	<b>Inspector Number and ID:</b> 67 ADANIELS
<b>Mine Name:</b> HORIZON MINE	<b>Date and Time of Inspection:</b> 05/21/2014 2:00 pm
<b>Certified Return Receipt Number:</b> 70123460000295595932	<b>Date and Time of Service:</b> 05/27/2014

**Nature of condition, practice, or violation:**  
 Failure to maintain the sediment pond as designed and approved in the Mining and Reclamation Plan (MRP). The inlet from ditch DD-6 is extremely eroded and the 2" diameter decant pipe, as shown on Detail 1 of Plate 7-6, was not visible during the inspection. At the time of the inspection, it appeared that the sediment holding capacity of the pond has been exceeded and may require cleaning.

**Provisions of Act, regulations, or permit violated:**  
 R645-301-752.100

**This order requires Cessation of ALL mining activities.** (Check box if appropriate.)

<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.	<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	<input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.

**This order requires Cessation of PORTION(S) of mining activities.**

**Mining activities to be ceased immediately:**  Yes  No      **Abatement Times (if applicable).**

**Action(s) required:**  Yes  No

- The Permittee must repair the sediment pond and associated features (i.e. decant pipe, inlets) to meet the approved design specifications in the MRP.
- Provide a Professional Engineer (P.E.) certified survey report indicating the elevation of the sediment level in the pond. If the surveying data indicates the sediment level is above the clean-out, as detailed in the MRP, the Permittee must remove the accumulated material from the pond. As the sediment level of the pond is now in question, a professional survey is now required.

**ALEX WALKER**

(Print) Permittee Representative

**AMANDA DANIELS**

(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

***SEE REVERSE SIDE Of This Form For Instructions And Additional Information***

**IMPORTANT – READ CAREFULLY**

Pursuant to the Utah Coal Mined Land Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the undersigned authorized representative of the Division of Oil, Gas, and Mining (DOGM) has conducted an inspection and found that a Notice of Violation or Cessation Order must be issued.

This order shall remain in effect until it is modified, terminated or vacated by written notice of an authorized representative of DOGM.

**1. PENALTIES.**

**Proposed assessment.** DOGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGM to consider regarding the cessation order and proposed fine, please submit that to DOGM within *15 days of the date this notice or order is served on you or your agent*. Such information will be used by the assessment officer in determining facts surrounding the violation(s) and amount of penalty. Once DOGM has determined the proper penalty, it will serve the proposed assessment on you or your agent, no later than 30 days of the issuance of this notice or order. See Utah Admin. Code R645-401-600 et. seq.

The penalty will be final unless you or your agent file, within 15 days of receipt of the proposed assessment, a written request for an informal hearing before the assessment officer.

**Assessment.** For each violation included in this notice, a penalty of up to \$5,000 may be assessed for each separate day the violation continues.

If you fail to abate any violation within the time set for abatement or for meeting any interim step, you will be assessed an additional minimum penalty of \$750 for each day of continuing violation beyond the time set for abatement. You will be issued a Cessation Order requiring cessation of surface coal mining operations or the portion of the operations relevant to the violation.

**2. INFORMAL PUBLIC HEARING.**

On the reverse side of this page, an authorized representative has made a finding as to whether or not this notice requires cessation of mining. If this order or notice requires cessation of mining, expressly or in practical effect, you may request that an informal public hearing be held at or near the mine site. If you wish an informal public hearing be held, please contact an authorized representative from DOGM. See Utah Admin. Code R645-400-350 et seq. Once an informal public hearing is scheduled, you will be notified of the date, time, and location of the hearing.

If this notice requires cessation of mining, it will expire within 30 days from the date you are notified unless an informal public hearing is held or waived, or the condition, practice, or violation is abated within the 30-day period.

**3. FORMAL REVIEW AND TEMPORARY RELIEF.**

You may appeal this notice or order to the Board of Oil, Gas, and Mining by submitting an application for hearing within 30 days of receipt of this notice or order. See Utah Admin. Code R645-300-164.300. Please submit the application for hearing to:

Secretary  
Board of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

If applying for a formal board hearing, you may submit with your petition for review a request for “*temporary relief*” from this notice. Procedures for obtaining a formal board hearing are contained in the Board’s Rules of Practice and Procedure and in Utah Admin. Code R645-401-800 et. seq.

**4. EFFECT ON PERMIT.**

The permit may be suspended or revoked if it is determined that a pattern of violations of the Act, regulations or permit conditions exists, and that the violations were caused by an unwarranted or willful failure to comply.

For further information, consult Utah Code Ann. § 40-10-20 through 40-10-23 and Utah Admin. Code R645-400-300 et. seq. and R645-401 et. seq., or contact the Division of Oil, Gas, and Mining at (801) 538-5340.



GARY R. HERBERT  
Governor

GREG 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

# Inspection Report

Permit Number:	C0070020
Inspection Type:	PARTIAL
Inspection Date:	Wednesday, May 21, 2014
Start Date/Time:	5/21/2014 2:00:00 PM
End Date/Time:	5/21/2014 3:00:00 PM
Last Inspection:	Thursday, May 08, 2014

Inspector: Amanda Daniels,

Weather: Clear, 65F

InspectionID Report Number: 3858

Accepted by: jhelfric  
5/29/2014

Representatives Present During the Inspection:	
OGM	Amanda Daniels
OGM	Pete Hess
OGM	Daron Haddock

Permitee: **HIDDEN SPLENDOR RESOURCES**  
 Operator: **HIDDEN SPLENDOR RESOURCES**  
 Site: **HORIZON MINE**  
 Address: **57 WEST 200 SOUTH, SUITE 400, SALT LAKE CITY UT 84101**  
 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:

An inspection took place at the Horizon Mine on May 21, 2014. On site from OGM were Daron Haddock, Amanda Daniels and Pete Hess. During the inspection, overall site maintenance was evaluated. Corresponding pictures are attached. See NOVs 10140, 10141, and 10142.

Inspector's Signature

*Amanda Daniels*

Date

Thursday, May 21, 2014

Amanda Daniels,

Inspector ID Number: 67

Note: This report is prepared and issued by the OGM as part of the regulatory program of the Division of Oil, Gas and Mining.  
 telephone (801) 538-5340 • Facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



**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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### **3. Topsoil**

Excelsior logs along the toe of the topsoil piles, on the North side of the facility, are in need of maintenance. See pictures 18 and 19.

#### **4.a Hydrologic Balance: Diversions**

Undisturbed drainage culverts UC-2 (picture 20) and UC-3 (pictures 11 and 12) are both partially blocked by debris and waste. The outlet of UC-1 (picture 6) is almost completely plugged and should be cleaned immediately. Culvert DC-1 (picture 15) is also partially blocked. All drainage ditches throughout the facility need maintenance, but currently DD-6 (picture 1) and DD-1 (pictures 21, 22, and 23) do not have the ability to effectively transmit water. See NOV 10140.

#### **4.b Hydrologic Balance: Sediment Ponds and Impoundments**

As indicated in plate 7-6 of the approved MRP, the plan indicates that there should be a 2" diameter decant pipe at elevation 7570.4'. This pipe is not visible (picture 7). A new sediment marker was installed in the pond (picture 5), the pond should be cleaned out as soon as possible. Inlet from ditch DD-6 (pictures 2, 3, and 10) is severely eroded and needs to be fixed. See NOV 10141.

### **6. Disposal of Excess Spoil, Fills, Benches**

Slopes above the pond and above ditches DD-1H and DD-1I (pictures 25, 26, and 27) are eroding and should be maintained.

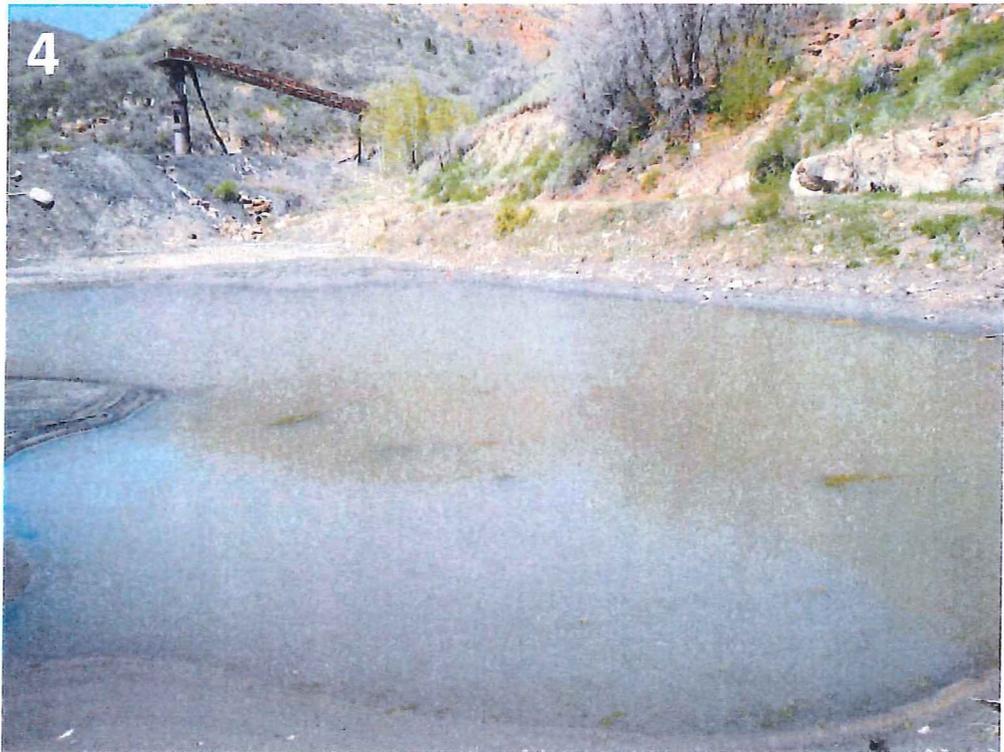
### **8. Noncoal Waste**

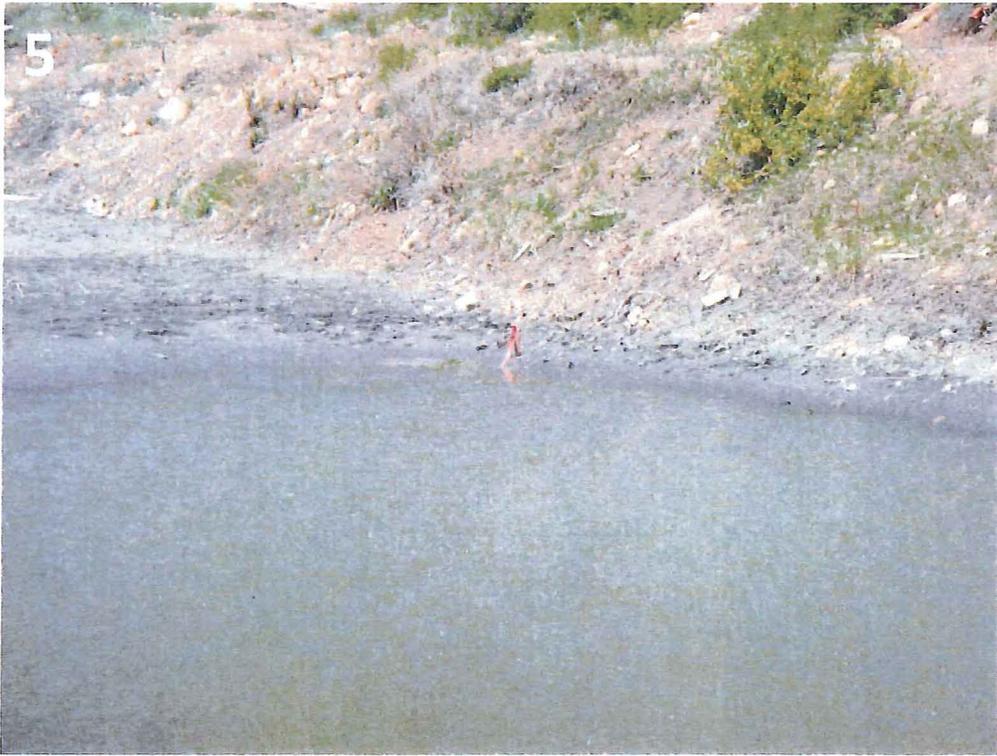
Waste is located throughout the site and should be cleaned up. One of the oil barrels have fallen into Jewkes Creek and sits at the inlet of UC-3 (picture 12). It is unclear if this barrel is empty. Other waste located throughout the site is documented in picture 16 and almost all of the other attached pictures. See NOV 10142.

















13



15











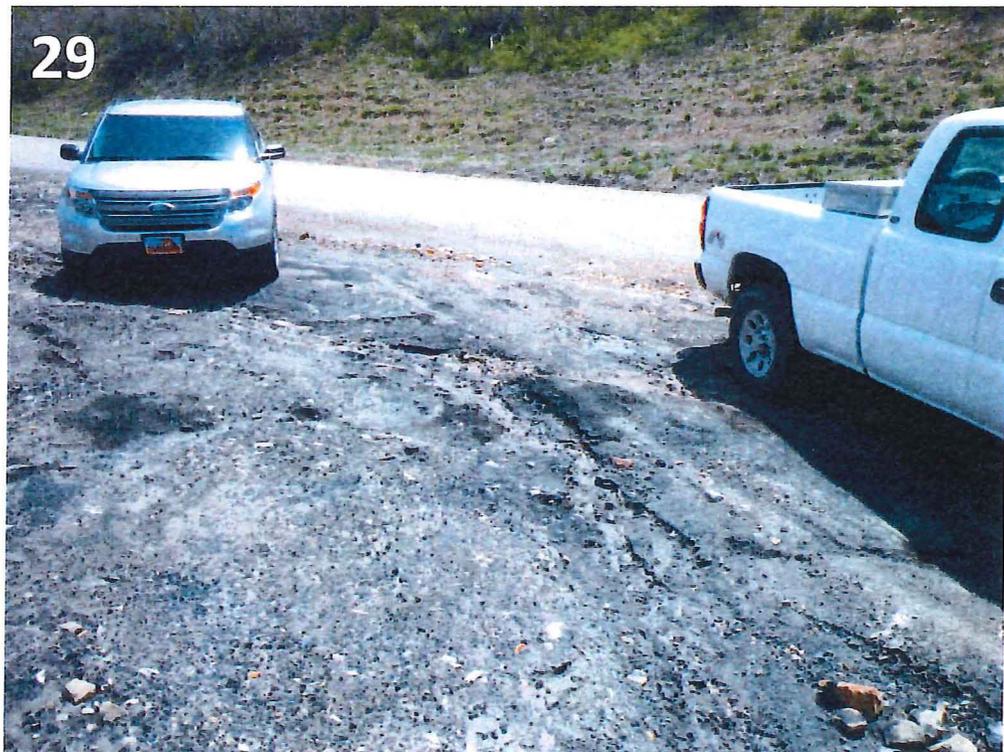




28



29



30



C0070020 Outgoing

#4599



### Action Taken on Existing Citation Utah Coal Regulatory Program

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10141**  
Permit Number: **C0070020**  
Date Cit. Issued: **05/27/2014**

**MODIFICATION** of

**TERMINATION** of

**VACATION** of

**NOTICE OF VIOLATION**

**CESSATION ORDER (CO)**

**FAILURE TO ABATE CO**

Permittee Name: **HIDDEN SPLENDOR RESOURCES**

Inspector Number and ID: **67 ADANIELS**

Mine Name: **HORIZON MINE**

Date and Time of Action: **06/05/2014**

Certified Return Receipt Number:

Date and Time of Service:

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act,  
Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

**Modified as follows:**

Actions Required:

- (1) The Permittee must repair the sediment pond and associated features (i.e. decant pipe, inlets) to meet the approved design specifications in the MRP.
- (2) Provide a Professional Engineer (P.E.) certified survey report indicating the elevation of the sediment level in the pond. If the survey data indicates the sediment level is above the clean-out, as detailed in the MRP, the Permittee must remove the accumulated material from the pond. As the sediment level of the pond is now in question, a professional survey is now required. All of the work cited above must be completed by July 3, 2014.

**Reason for modification:**

A date by which the abatement work must be completed by was added.

**Terminated because:**

**Vacated because:**

**ALEX WALKER**

(Print) Permittee Representative

**AMANDA DANIELS**

(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

Refer to the "Citation For Non-Compliance" for additional information



**Action Taken on Existing Citation  
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10141**  
Permit Number: **C0070020**  
Date Cit. Issued: **05/27/2014**

<input checked="" type="checkbox"/> <b>MODIFICATION</b> of	<input type="checkbox"/> <b>TERMINATION</b> of	<input type="checkbox"/> <b>VACATION</b> of
<input checked="" type="checkbox"/> <b>NOTICE OF VIOLATION</b>	<input type="checkbox"/> <b>CESSATION ORDER (CO)</b>	<input type="checkbox"/> <b>FAILURE TO ABATE CO</b>

Permittee Name: <b>HIDDEN SPLENDOR RESOURCES</b>	Inspector Number and ID: <b>67 ADANIELS</b>
Mine Name: <b>HORIZON MINE</b>	Date and Time of Action:
Certified Return Receipt Number:	Date and Time of Service:

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

**Modified as follows:**  
 Actions Required:  
 (1) The Permittee must repair the sediment pond and associated features (i.e. decant pipe, inlets) to meet the approved design specifications in the MRP.  
 (2) Provide a Professional Engineer (P.E.) certified survey report indicating the elevation of the sediment level in the pond. If the survey data indicates the sediment level is above the clean-out, as detailed in the MRP, the Permittee must remove the accumulated material from the pond. As the sediment level of the pond is now in question, a professional survey is now required. All of the work sited above must be completed by August 4, 2014.  
**Reason for modification:**  
 A 30 day extension was requested by the operator.

**Terminated because:**

**Vacated because:**

**ALEX WALKER**  
(Print) Permittee Representative

**AMANDA DANIELS**  
(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

Refer to the "Citation For Non-Compliance" for additional information



GARY R. HERBERT  
Governor

SPENCER J. COX  
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

July 9, 2014

#### CERTIFIED RETURN RECEIPT

7012 3460 0002 9559 5970

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

Subject: Proposed Assessment for State Violation No. N 10141, Horizon Mine. C/007/0020,  
Task ID #4599

Dear Mr. Walker:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Amanda Daniels, on May 27, 2014. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.



2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

**If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment.** Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,



Joseph C. Helfrich  
Assessment Officer

Enclosure

cc: Suzanne Steab, DOGM  
Sheri Sasaki, DOGM

O:\007020.HZN\WG4599\PROPOSED ASSESSMENT 10141 WG4599.DOC

**WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE Horizon Mine

PERMIT C/007/0020 NOV / CO # N 10141 VIOLATION 1 of 1

ASSESSMENT DATE July 9, 2014

ASSESSMENT OFFICER Joe Helfrich

**I. HISTORY (Max. 25 pts.)**

- A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
<u>10133</u>	<u>03/22/2014</u>	<u>1</u>
<u>10134</u>	<u>03/22/2014</u>	<u>1</u>

1 point for each past violation, up to one (1) year  
5 points for each past violation in a CO, up to one (1) year  
No pending notices shall be counted

**TOTAL HISTORY POINTS 2**

**II. SERIOUSNESS (Either A or B)**

NOTE: For assignment of points in Parts II and III, the following apply:

- Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
- Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation?    Event

A. EVENT VIOLATION (Max 45 pts.)

- What is the event which the violated standard was designed to prevent?

***Environmental harm and water pollution***

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

**ASSIGN PROBABILITY OF OCCURRENCE POINTS 10**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* Environmental harm and water pollution, "The Permittee failed to maintain the sediment pond and its associated features (i.e. decant pipe, inlets). If the structures are not improved and maintained back to their original design, damage to nearby streams, drainages, and the permit area in general could occur. In the event of large storm events, there is potential that water pollution and damage to nearby streams and drainages could occur if the sediment pond is not returned to its original design. Due to poor maintenance it is likely that the sediment pond may no longer have the capacity of its designed storm event. It is likely that water pollution and damage to nearby streams and drainages could occur if the drainage structures are not corrected." according to the information provided in the inspector statement.**

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

**ASSIGN DAMAGE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* According to the information in the inspector statement no damage occurred as a result of the violation**

**B. HINDRANCE VIOLATION (Max 25 pts.)**

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

**ASSIGN HINDRANCE POINTS \_\_\_\_\_**

**PROVIDE AN EXPLANATION OF POINTS:**

\*\*\*

TOTAL SERIOUSNESS POINTS ( A or B ) 10

**III. NEGLIGENCE (Max 30 pts.)**

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

ASSIGN NEGLIGENCE POINTS 10

**PROVIDE AN EXPLANATION OF POINTS:**

***\*\*\*According to the information in the inspector statement, "the poor maintenance of the sediment pond was very evident, and would be easily noticed if the Permittee had someone inspecting the facility. No information has been found indicating that the pond was being regularly maintained or inspected by the Permittee. An effort was made to re-establish a sediment loading marker in the pond prior to the violation being issued".***

**IV. GOOD FAITH (Max 20 pts.)**

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?  
IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance	-11 to -20*
	(Immediately following the issuance of the NOV)	
X	Rapid Compliance	-1 to -10
	(Permittee used diligence to abate the violation)	
X	Normal Compliance	0
	(Operator complied within the abatement period required)	
	(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)	

\*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

- |   |   |             |
|---|---|-------------|
| X | Rapid Compliance  | -11 to -20* |
|   | (Permittee used diligence to abate the violation)   |             |
| X | Normal Compliance   | -1 to -10*  |
|   | (Operator complied within the abatement period required)  |             |
| X | Extended Compliance   | 0           |
|   | (Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete) |             |
|   | (Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)   |             |

EASY OR DIFFICULT ABATEMENT? Difficult, plans were required

ASSIGN GOOD FAITH POINTS 0

**PROVIDE AN EXPLANATION OF POINTS:**

***\*\*\*Good faith will be evaluated upon termination of the violation***

**V. ASSESSMENT SUMMARY**

NOTICE OF VIOLATION # N 10141

I.	TOTAL HISTORY POINTS	<u>2</u>
II.	TOTAL SERIOUSNESS POINTS	<u>10</u>
III.	TOTAL NEGLIGENCE POINTS	<u>10</u>
IV.	TOTAL GOOD FAITH POINTS	<u>0</u>
	TOTAL ASSESSED POINTS	<u>22</u>

**TOTAL ASSESSED FINE \$484**

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Restricted Delivery Fee (Endorsement Required)	

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Total Po: **Alex Walker, Resident Agent**  
**Hidden Splendor Resources, Inc.**  
**57 West 200 South, Suite 400**  
**Salt Lake City, Utah 84101**

Sent To  
Street, Apt.  
or PO Box  
City, State.



OGMCOAL DNR <ogmcoal@utah.gov>

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## Horizon Inspection Report and NOVs

1 message

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**Amanda Daniels** <amandadaniels@utah.gov>

Thu, May 29, 2014 at 5:27 PM

To: awalkerlaw@aol.com

Cc: Kit Pappas <kit@emerytelcom.net>, Daron Haddock <daronhaddock@utah.gov>, Steve Christensen <stevechristensen@utah.gov>, OGMCOAL DNR <ogmcoal@utah.gov>

Alex-

I've attached an inspection report and three NOVs. Hard copies of the NOVs will also be mailed. If you have any questions about the attached information, please let me know.

---

Amanda Daniels  
Utah Division of Oil, Gas and Mining  
(801) 538-5262  
[amandadaniels@utah.gov](mailto:amandadaniels@utah.gov)

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### 4 attachments

 **HorizonMayInspReport.pdf**  
18009K

 **NOV10140.pdf**  
192K

 **NOV10141.pdf**  
200K

 **NOV10142.pdf**  
189K



**Citation for Non-Compliance  
Utah Coal Regulatory Program**  
1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538-5340 Fax: (801) 359-3940

**Citation #:** 10142  
**Permit Number:** C0070020  
**Date Issued:** 05/27/2014

**NOTICE OF VIOLATION**     **CESSATION ORDER (CO)**     **FAILURE TO ABATE CO**

<b>Permittee Name:</b> HIDDENSPLENDOR RESOURCES	<b>Inspector Number and ID:</b> 67 ADANIELS
<b>Mine Name:</b> HORIZON MINE	<b>Date and Time of Inspection:</b> 05/21/2014 2:00 pm
<b>Certified Return Receipt Number:</b> 70123460000295595932	<b>Date and Time of Service:</b> 05/27/2014

**Nature of condition, practice, or violation:**  
Failure to control and properly store non-coal mine waste. Debris and waste was found throughout the site. A 55 gallon drum was observed at the inlet of UC-3 in Jewkes Creek. The contents of the barrel could not be determined during the field inspection.

**Provisions of Act, regulations, or permit violated:**  
R645-301-747, R645-301-528.330

**This order requires Cessation of ALL mining activities.** (Check box if appropriate.)

- |   |   |
|---|---|
| <input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.  | <input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.   |
| <input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources. | <input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended. |

**This order requires Cessation of PORTION(S) of mining activities.**

**Mining activities to be ceased immediately:**  Yes  No      **Abatement Times (if applicable).**

**Action(s) required:**  Yes  No

The Permittee must properly dispose of all non-coal mine waste at the site in accordance with the approved MRP.

**ALEX WALKER**

(Print) Permittee Representative

**AMANDA DANIELS**

(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

**SEE REVERSE SIDE Of This Form For Instructions And Additional Information**

**IMPORTANT – READ CAREFULLY**

Pursuant to the Utah Coal Mined Land Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the undersigned authorized representative of the Division of Oil, Gas, and Mining (DOGM) has conducted an inspection and found that a Notice of Violation or Cessation Order must be issued.

This order shall remain in effect until it is modified, terminated or vacated by written notice of an authorized representative of DOGM.

**1. PENALTIES.**

**Proposed assessment.** DOGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGM to consider regarding the cessation order and proposed fine, please submit that to DOGM within *15 days of the date this notice or order is served on you or your agent*. Such information will be used by the assessment officer in determining facts surrounding the violation(s) and amount of penalty. Once DOGM has determined the proper penalty, it will serve the proposed assessment on you or your agent, no later than 30 days of the issuance of this notice or order. See Utah Admin. Code R645-401-600 et. seq.

The penalty will be final unless you or your agent file, within 15 days of receipt of the proposed assessment, a written request for an informal hearing before the assessment officer.

**Assessment.** For each violation included in this notice, a penalty of up to \$5,000 may be assessed for each separate day the violation continues.

If you fail to abate any violation within the time set for abatement or for meeting any interim step, you will be assessed an additional minimum penalty of \$750 for each day of continuing violation beyond the time set for abatement. You will be issued a Cessation Order requiring cessation of surface coal mining operations or the portion of the operations relevant to the violation.

**2. INFORMAL PUBLIC HEARING.**

On the reverse side of this page, an authorized representative has made a finding as to whether or not this notice requires cessation of mining. If this order or notice requires cessation of mining, expressly or in practical effect, you may request that an informal public hearing be held at or near the mine site. If you wish an informal public hearing be held, please contact an authorized representative from DOGM. See Utah Admin. Code R645-400-350 et seq. Once an informal public hearing is scheduled, you will be notified of the date, time, and location of the hearing.

If this notice requires cessation of mining, it will expire within 30 days from the date you are notified unless an informal public hearing is held or waived, or the condition, practice, or violation is abated within the 30-day period.

**3. FORMAL REVIEW AND TEMPORARY RELIEF.**

You may appeal this notice or order to the Board of Oil, Gas, and Mining by submitting an application for hearing within 30 days of receipt of this notice or order. See Utah Admin. Code R645-300-164.300. Please submit the application for hearing to:

Secretary  
Board of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
P O Box 145801  
Salt Lake City, Utah 84114-5801

If applying for a formal board hearing, you may submit with your petition for review a request for “*temporary relief*” from this notice. Procedures for obtaining a formal board hearing are contained in the Board’s Rules of Practice and Procedure and in Utah Admin. Code R645-401-800 et. seq.

**4. EFFECT ON PERMIT.**

The permit may be suspended or revoked if it is determined that a pattern of violations of the Act, regulations or permit conditions exists, and that the violations were caused by an unwarranted or willful failure to comply.

For further information, consult Utah Code Ann. § 40-10-20 through 40-10-23 and Utah Admin. Code R645-400-300 et. seq. and R645-401 et. seq., or contact the Division of Oil, Gas, and Mining at (801) 538-5340.



GARY R. HERBERT  
Governor

GREG 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

# Inspection Report

Permit Number:	C0070020
Inspection Type:	PARTIAL
Inspection Date:	Wednesday, May 21, 2014
Start Date/Time:	5/21/2014 2:00:00 PM
End Date/Time:	5/21/2014 3:00:00 PM
Last Inspection:	Thursday, May 08, 2014

Inspector: Amanda Daniels,

Weather: Clear, 65F

InspectionID Report Number: 3858

Accepted by: jheltric  
5/29/2014

Representatives Present During the Inspection:	
OGM	Amanda Daniels
OGM	Pete Hess
OGM	Daron Haddock

Permitee: **HIDDEN SPLENDOR RESOURCES**  
 Operator: **HIDDEN SPLENDOR RESOURCES**  
 Site: **HORIZON MINE**  
 Address: **57 WEST 200 SOUTH, SUITE 400, SALT LAKE CITY UT 84101**  
 County: **CARBON**  
 Permit Type: **PERMANENT COAL PROGRAM**  
 Permit Status: **ACTIVE**

#### Current Acreages

1,577.00	Total Permitted
9.50	Total Disturbed
	Phase I
	Phase II
	Phase III

#### 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:

An inspection took place at the Horizon Mine on May 21, 2014. On site from OGM were Daron Haddock, Amanda Daniels and Pete Hess. During the inspection, overall site maintenance was evaluated. Corresponding pictures are attached. See NOVs 10140, 10141, and 10142.

Inspector's Signature

*Amanda Daniels*

Date

Thursday, May 21, 2014

Amanda Daniels,  
Inspector ID Number: 67



**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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### **3. Topsoil**

Excelsior logs along the toe of the topsoil piles, on the North side of the facility, are in need of maintenance. See pictures 18 and 19.

#### **4.a Hydrologic Balance: Diversions**

Undisturbed drainage culverts UC-2 (picture 20) and UC-3 (pictures 11 and 12) are both partially blocked by debris and waste. The outlet of UC-1 (picture 6) is almost completely plugged and should be cleaned immediately. Culvert DC-1 (picture 15) is also partially blocked. All drainage ditches throughout the facility need maintenance, but currently DD-6 (picture 1) and DD-1 (pictures 21, 22, and 23) do not have the ability to effectively transmit water. See NOV 10140.

#### **4.b Hydrologic Balance: Sediment Ponds and Impoundments**

As indicated in plate 7-6 of the approved MRP, the plan indicates that there should be a 2" diameter decant pipe at elevation 7570.4'. This pipe is not visible (picture 7). A new sediment marker was installed in the pond (picture 5), the pond should be cleaned out as soon as possible. Inlet from ditch DD-6 (pictures 2, 3, and 10) is severely eroded and needs to be fixed. See NOV 10141.

### **6. Disposal of Excess Spoil, Fills, Benches**

Slopes above the pond and above ditches DD-1H and DD-1I (pictures 25, 26, and 27) are eroding and should be maintained.

### **8. Noncoal Waste**

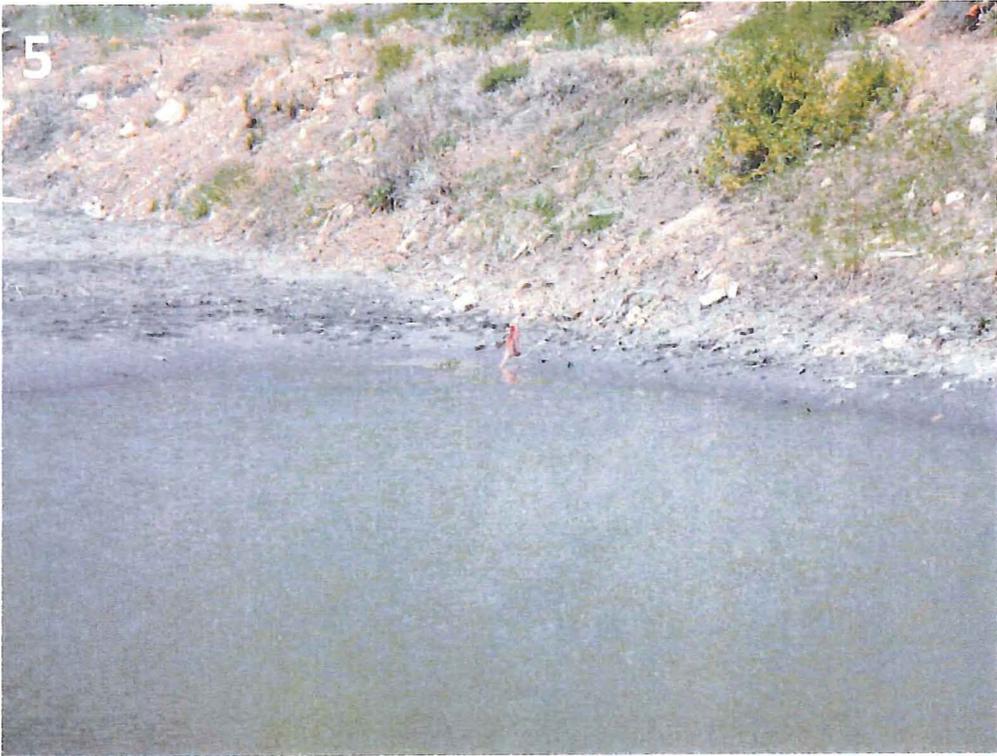
Waste is located throughout the site and should be cleaned up. One of the oil barrels have fallen into Jewkes Creek and sits at the inlet of UC-3 (picture 12). It is unclear if this barrel is empty. Other waste located throughout the site is documented in picture 16 and almost all of the other attached pictures. See NOV 10142.













9



10





13



15



16



17









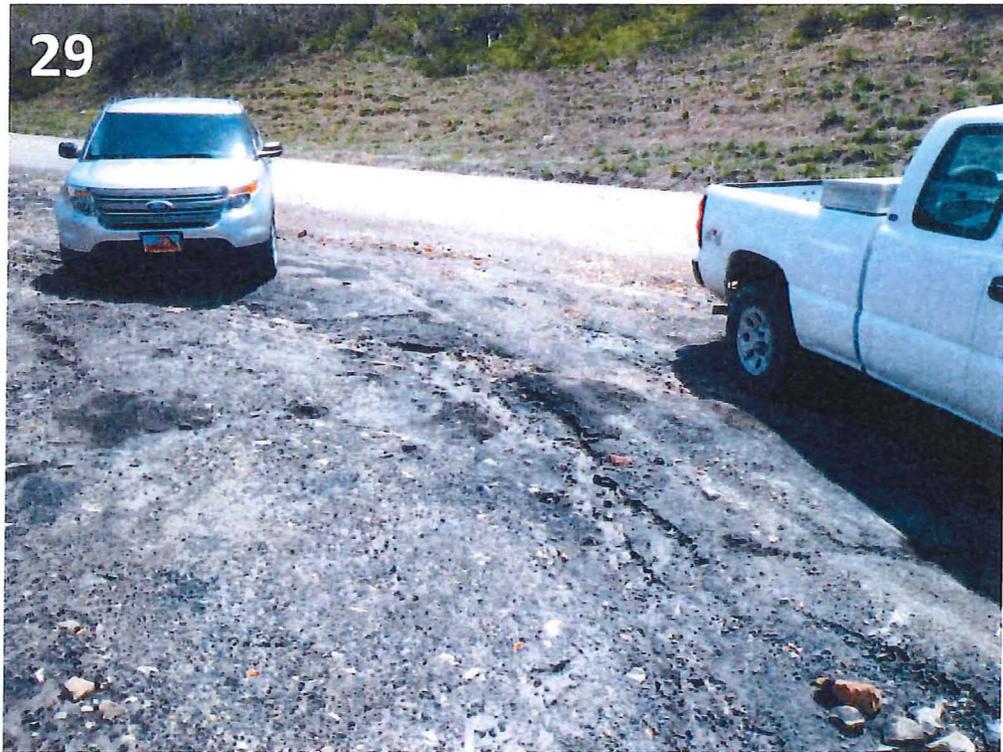




28

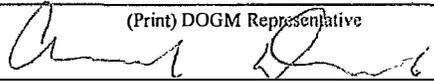


29



30



	<b>Action Taken on Existing Citation</b> <b>Utah Coal Regulatory Program</b> 1594 West North Temple, Salt Lake City, UT 84114 Phone: (801) 538 - 5285 Fax: (801) 359-3940	Action on Citation#: <b>10142</b>
		Permit Number: <b>C0070020</b>
		Date Cit. Issued: <b>05/27/2014</b>
<input checked="" type="checkbox"/> <b>MODIFICATION</b> of <input type="checkbox"/> <b>TERMINATION</b> of <input type="checkbox"/> <b>VACATION</b> of		
<input checked="" type="checkbox"/> <b>NOTICE OF VIOLATION</b> <input type="checkbox"/> <b>CESSATION ORDER (CO)</b> <input type="checkbox"/> <b>FAILURE TO ABATE CO</b>		
Permittee Name: <b>HIDDEN SPLENDOR RESOURCES</b>		Inspector Number and ID: <b>67</b> <b>ADANIELS</b>
Mine Name: <b>HORIZON MINE</b>		Date and Time of Action: <b>06/05/2014</b>
Certified Return Receipt Number:		Date and Time of Service:
<p><i>In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:</i></p>		
<input checked="" type="checkbox"/> <b>Modified as follows:</b> Actions Required: The Permittee must properly dispose of all non-coal mine waste at the site in accordance with the approved MRP. All work must be completed by July 3, 2014.		
<p><b>Reason for modification:</b></p> A date by which the abatement work must be completed by was added.		
<input type="checkbox"/> <b>Terminated because:</b>		
<input type="checkbox"/> <b>Vacated because:</b>		
<b>ALEX WALKER</b> _____ (Print) Permittee Representative		<b>AMANDA DANIELS</b> _____ (Print) DOGM Representative
_____ Permittee Representative's Signature - Date		 _____ DOGM Representative's Signature - Date
<p><i>Refer to the "Citation For Non-Compliance" for additional information</i></p>		



**Action Taken on Existing Citation  
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **10142**  
Permit Number: **C0070020**  
Date Cit. Issued: **05/27/2014**

- |  |  |   |
|--|--|---|
| <input checked="" type="checkbox"/> <b>MODIFICATION of</b>     | <input type="checkbox"/> <b>TERMINATION of</b>       | <input type="checkbox"/> <b>VACATION of</b>         |
| <input checked="" type="checkbox"/> <b>NOTICE OF VIOLATION</b> | <input type="checkbox"/> <b>CESSATION ORDER (CO)</b> | <input type="checkbox"/> <b>FAILURE TO ABATE CO</b> |

Permittee Name: <b>HIDDEN SPLENDOR RESOURCES</b>	Inspector Number and ID: <b>67 ADANIELS</b>
Mine Name: <b>HORIZON MINE</b>	Date and Time of Action: <b>06/30/2014</b>
Certified Return Receipt Number:	Date and Time of Service:

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

**Modified as follows:**  
 Actions Required:  
 The Permittee must properly dispose of all non-coal mine waste at the site in accordance with the approved MRP.  
 All work must be completed by August 4, 2014.

**Reason for modification:**  
 A 30 day extension was requested by the operator.

**Terminated because:**

**Vacated because:**

**ALEX WALKER**

(Print) Permittee Representative

**AMANDA DANIELS**

(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

Refer to the "Citation For Non-Compliance" for additional information



GARY R. HERBERT  
Governor

SPENCER J. COX  
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

July 9, 2014

CERTIFIED RETURN RECEIPT  
7012 3460 0002 9559 5970

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

Subject: Proposed Assessment for State Violation No. N 10142, Horizon Mine. C/007/0020.  
Task ID #4600

Dear Mr. Walker:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Amanda Daniels, on May 27, 2014. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.



2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

**If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment.** Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,



Joseph C. Helfrich  
Assessment Officer

Enclosure

cc: Suzanne Steab, DOGM  
Sheri Sasaki, DOGM

O:\007020.HZN\WG4600\PROPOSED ASSESSMENT 10142 WG4600.DOC

**WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE Horizon Mine

PERMIT C/007/0020 NOV / CO # N 10142 VIOLATION 1 of 1

ASSESSMENT DATE July 9, 2014

ASSESSMENT OFFICER Joe Helfrich

**I. HISTORY (Max. 25 pts.)**

A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
<u>10133</u>	<u>03/22/2014</u>	<u>1</u>
<u>10134</u>	<u>03/22/2014</u>	<u>1</u>

1 point for each past violation, up to one (1) year  
5 points for each past violation in a CO, up to one (1) year  
No pending notices shall be counted

**TOTAL HISTORY POINTS 2**

**II. SERIOUSNESS (Either A or B)**

NOTE: For assignment of points in Parts II and III, the following apply:

1. Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
2. Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation?    Event

A. EVENT VIOLATION (Max 45 pts.)

1. What is the event which the violated standard was designed to prevent?

***Environmental harm and water pollution***

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

**ASSIGN PROBABILITY OF OCCURRENCE POINTS 5**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* *"The Permittee failed to control and properly store non-coal mine waste. Debris was found throughout the site, including a 55 gallon drum sitting at the inlet of UC-3 in Jewkes Creek. : It is unlikely that the non-coal mine waste will have impacts off the permit area, with the exception potential leaks of any potential chemicals in the 55 gallon drums observed in Jewkes Creek contaminating water and soil, as well as other chemicals contained onsite that may leak or spill. Some of the waste found throughout the site does have the potential to be blown off the permit area".***

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

**ASSIGN DAMAGE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* *According to the information in the inspector statement no damage occurred as a result of the violation***

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

**ASSIGN HINDRANCE POINTS \_\_\_\_\_**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\***

TOTAL SERIOUSNESS POINTS ( A or B ) 7

**III. NEGLIGENCE (Max 30 pts.)**

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

ASSIGN NEGLIGENCE POINTS 10

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* According to the information in the inspector statement "The waste throughout the site is evident and would be observed by anyone on the permit area".**

**IV. GOOD FAITH (Max 20 pts.)**

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?  
IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance	-11 to -20*
	(Immediately following the issuance of the NOV)	
X	Rapid Compliance	-1 to -10
	(Permittee used diligence to abate the violation)	
X	Normal Compliance	0
	(Operator complied within the abatement period required)	
	(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)	

\*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

- |   |   |             |
|---|---|-------------|
| X | Rapid Compliance<br>(Permittee used diligence to abate the violation)   | -11 to -20* |
| X | Normal Compliance<br>(Operator complied within the abatement period required)   | -1 to -10*  |
| X | Extended Compliance<br>(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)<br>(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan) | 0           |

EASY OR DIFFICULT ABATEMENT? Difficult, plans were required

ASSIGN GOOD FAITH POINTS 0

**PROVIDE AN EXPLANATION OF POINTS:**

***\*\*\*Good faith will be evaluated upon termination of the violation***

**V. ASSESSMENT SUMMARY**

NOTICE OF VIOLATION # <b><u>N 10142</u></b>	
I. TOTAL HISTORY POINTS	<u>2</u>
II. TOTAL SERIOUSNESS POINTS	<u>5</u>
III. TOTAL NEGLIGENCE POINTS	<u>10</u>
IV. TOTAL GOOD FAITH POINTS	<u>0</u>
TOTAL ASSESSED POINTS	<u>17</u>
 <b>TOTAL ASSESSED FINE</b>	 <b><u>\$374</u></b>

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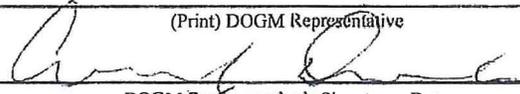
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**Hidden Splendor Resources, Inc.**  
**57 West 200 South, Suite 400**  
**Salt Lake City, Utah 84101**

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or PO Box  
City, State



	<b>Citation for Non-Compliance</b>	<b>Citation #:</b> 11146
	<b>Utah Coal Regulatory Program</b>	<b>Permit Number:</b> C0070020
	1594 West North Temple, Salt Lake City, UT 84114 Phone: (801) 538-5340 Fax: (801) 359-3940	<b>Date Issued:</b> 07/02/2014
<input checked="" type="checkbox"/> <b>NOTICE OF VIOLATION</b> <input type="checkbox"/> <b>CESSATION ORDER (CO)</b> <input type="checkbox"/> <b>FAILURE TO ABATE CO</b>		
<b>Permittee Name:</b> HIDDEN SPLENDOR RESOURCES		<b>Inspector Number and ID:</b> 67 ADANIELS
<b>Mine Name:</b> HORIZON MINE		<b>Date and Time of Inspection:</b> 07/02/2014
<b>Certified Return Receipt Number:</b> 70123460000295595956		<b>Date and Time of Service:</b> 07/02/2014
<b>Nature of condition, practice, or violation:</b> The Permittee failed to collect and report required water monitoring data during the second quarter of 2014 (April 1, 2014 thru June 30, 2014) as specified in sections 7.1.5 and 7.2.2.3 of the approved MRP.		
<b>Provisions of Act, regulations, or permit violated:</b> R645-301-731.212, R645-301-731.223, and Section 18 - "Special Conditions" of the approved permit.		
<input type="checkbox"/> <b>This order requires Cessation of ALL mining activities.</b> (Check box if appropriate.)		
<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.		<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.		<input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.
<input type="checkbox"/> <b>This order requires Cessation of PORTION(S) of mining activities.</b>		
<b>Mining activities to be ceased immediately:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Abatement Times (if applicable).</b>
<b>Action(s) required:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No Please follow the approved water monitoring program as outlined in the approved Mining and Reclamation Plan.		
<b>ALEX WALKER</b> (Print) Permittee Representative		<b>AMANDA DANIELS</b> (Print) DOGM Representative
_____ Permittee Representative's Signature - Date		 _____ DOGM Representative's Signature - Date
<b><u>SEE REVERSE SIDE Of This Form For Instructions And Additional Information</u></b>		

## IMPORTANT – READ CAREFULLY

Pursuant to the Utah Coal Mined Land Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the undersigned authorized representative of the Division of Oil, Gas, and Mining (DOGGM) has conducted an inspection and found that a Notice of Violation or Cessation Order must be issued.

This order shall remain in effect until it is modified, terminated or vacated by written notice of an authorized representative of DOGGM.

### 1. PENALTIES.

**Proposed assessment.** DOGGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGGM to consider regarding the cessation order and proposed fine, please submit that to DOGGM within *15 days of the date this notice or order is served on you or your agent*. Such information will be used by the assessment officer in determining facts surrounding the violation(s) and amount of penalty. Once DOGGM has determined the proper penalty, it will serve the proposed assessment on you or your agent, no later than 30 days of the issuance of this notice or order. See Utah Admin. Code R645-401-600 et. seq.

The penalty will be final unless you or your agent file, within 15 days of receipt of the proposed assessment, a written request for an informal hearing before the assessment officer.

**Assessment.** For each violation included in this notice, a penalty of up to \$5,000 may be assessed for each separate day the violation continues.

If you fail to abate any violation within the time set for abatement or for meeting any interim step, you will be assessed an additional minimum penalty of \$750 for each day of continuing violation beyond the time set for abatement. You will be issued a Cessation Order requiring cessation of surface coal mining operations or the portion of the operations relevant to the violation.

### 2. INFORMAL PUBLIC HEARING.

On the reverse side of this page, an authorized representative has made a finding as to whether or not this notice requires cessation of mining. If this order or notice requires cessation of mining, expressly or in practical effect, you may request that an informal public hearing be held at or near the mine site. If you wish an informal public hearing be held, please contact an authorized representative from DOGGM. See Utah Admin. Code R645-400-350 et seq. Once an informal public hearing is scheduled, you will be notified of the date, time, and location of the hearing.

If this notice requires cessation of mining, it will expire within 30 days from the date you are notified unless an informal public hearing is held or waived, or the condition, practice, or violation is abated within the 30-day period.

### 3. FORMAL REVIEW AND TEMPORARY RELIEF.

You may appeal this notice or order to the Board of Oil, Gas, and Mining by submitting an application for hearing within 30 days of receipt of this notice or order. See Utah Admin. Code R645-300-164.300. Please submit the application for hearing to:

Secretary  
Board of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

If applying for a formal board hearing, you may submit with your petition for review a request for “*temporary relief*” from this notice. Procedures for obtaining a formal board hearing are contained in the Board’s Rules of Practice and Procedure and in Utah Admin. Code R645-401-800 et. seq.

### 4. EFFECT ON PERMIT.

The permit may be suspended or revoked if it is determined that a pattern of violations of the Act, regulations or permit conditions exists, and that the violations were caused by an unwarranted or willful failure to comply.

For further information, consult Utah Code Ann. § 40-10-20 through 40-10-23 and Utah Admin. Code R645-400-300 et. seq. and R645-401 et. seq., or contact the Division of Oil, Gas, and Mining at (801) 538-5340.

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	Salt Lake City, Utah 84101	



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Governor

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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

July 22, 2014

CERTIFIED RETURN RECEIPT  
7012 3460 0002 9559 6007

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

Subject: Proposed Assessment for State Violation No. N 11146, Horizon Mine, C/007/0020,  
Task ID #4638

Dear Mr. Walker:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Amanda Daniels, on July 2, 2014. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

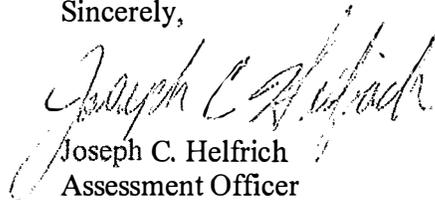
Under R645-401-700, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.

2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

**If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment.** Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,



Joseph C. Helfrich  
Assessment Officer

Enclosure

cc: Suzanne Steab, DOGM  
Sheri Sasaki, DOGM

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**WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE Horizon Mine

PERMIT C/007/0020 NOV / CO # N 11146 VIOLATION 1 of 1

ASSESSMENT DATE July 22, 2014

ASSESSMENT OFFICER Joe Helfrich

**I. HISTORY (Max. 25 pts.)**

- A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
<u>10133</u>	<u>03/22/2014</u>	<u>1</u>
<u>10134</u>	<u>03/22/2014</u>	<u>1</u>

1 point for each past violation, up to one (1) year  
5 points for each past violation in a CO, up to one (1) year  
No pending notices shall be counted

**TOTAL HISTORY POINTS 2**

**II. SERIOUSNESS (Either A or B)**

NOTE: For assignment of points in Parts II and III, the following apply:

- Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
- Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation? Hindrance

**A. EVENT VIOLATION (Max 45 pts.)**

- What is the event which the violated standard was designed to prevent?

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

**ASSIGN PROBABILITY OF OCCURRENCE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

\*\*\*

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

**ASSIGN DAMAGE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

\*\*\*

**B. HINDRANCE VIOLATION (Max 25 pts.)**

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

**ASSIGN HINDRANCE POINTS 12**

**PROVIDE AN EXPLANATION OF POINTS:**

*\*\*\* According to the information in the inspector statement "The Permittee failed to submit April thru June 2014 water monitoring data for all wells, springs, and stream monitoring locations. Ground and surface water monitoring locations are required to be monitored once each quarter per MRP requirements found in sections 7.1.5 and 7.2.2.3 of the approved MRP. Without this data the Division cannot perform an evaluation of ground and surface water conditions around the mine".*

**TOTAL SERIOUSNESS POINTS ( A or B ) 12**

**III. NEGLIGENCE (Max 30 pts.)**

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

**ASSIGN NEGLIGENCE POINTS 24**

**PROVIDE AN EXPLANATION OF POINTS:**

**\*\*\* According to the information in the inspector statement** *"The Permittee is required to monitor these locations each quarter. During the second quarter of 2013, the Permittee began bankruptcy procedures. Since that time the Permittee continued monitoring UPDES sites 001 and 002 as required by the Division and the Department of Environmental Quality, but did not monitor the rest of the Division approved locations except for fourth quarter 2013 and first quarter 2014. The approved MRP contains surface and groundwater monitoring sections. These are found in section 7.1.5 and 7.2.2.3 of the MRP. These sections state that water monitoring will occur each quarter. DOGM wrote two violations for failure to collect water monitoring data for the second and third quarters of 2013. These are filed as NOV #s 10133 and 10134".*

**IV. GOOD FAITH (Max 20 pts.)**

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?

IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance (Immediately following the issuance of the NOV)	-11 to -20*
X	Rapid Compliance (Permittee used diligence to abate the violation)	-1 to -10
X	Normal Compliance (Operator complied within the abatement period required)	0

(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)

\*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

- |   |   |             |
|---|---|-------------|
| X | Rapid Compliance  | -11 to -20* |
|   | (Permittee used diligence to abate the violation)   |             |
| X | Normal Compliance   | -1 to -10*  |
|   | (Operator complied within the abatement period required)  |             |
| X | Extended Compliance   | 0           |
|   | (Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete) |             |
|   | (Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)   |             |

EASY OR DIFFICULT ABATEMENT? Difficult, plans were required

ASSIGN GOOD FAITH POINTS 0

**PROVIDE AN EXPLANATION OF POINTS:**

*\*\*\*There is no abatement required by the violation since the quarter has passed.*

**V. ASSESSMENT SUMMARY**

NOTICE OF VIOLATION # **N 11146**

I.	TOTAL HISTORY POINTS	<u>2</u>
II.	TOTAL SERIOUSNESS POINTS	<u>12</u>
III.	TOTAL NEGLIGENCE POINTS	<u>24</u>
IV.	TOTAL GOOD FAITH POINTS	<u>0</u>
	TOTAL ASSESSED POINTS	<u>38</u>

**TOTAL ASSESSED FINE \$1980**

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**Hidden Splendor Resources, Inc.**  
**57 West 200 South, Suite 400**  
**Salt Lake City, Utah 84101**

or PO Box



**Action Taken on Existing Citation  
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **11146**

Permit Number: **C0070020**

Date Cit. Issued: **07/02/2014**

MODIFICATION of

TERMINATION of

VACATION of

NOTICE OF VIOLATION

CESSATION ORDER (CO)

FAILURE TO ABATE CO

Permittee Name: HIDDEN SPLENDOR RESOURCES

Inspector Number and ID: **67 ADANIELS**

Mine Name: HORIZON MINE

Date and Time of Action: **07/22/2014 7:30 am**

Certified Return Receipt Number:

Date and Time of Service: **07/22/2014**

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

Modified as follows:

Reason for modification:

Terminated because:  
No abatement possible, hindrance violation.

Vacated because:

**ALEX WALKER**

(Print) Permittee Representative

**AMANDA DANIELS**

(Print) DOGM Representative

Permittee Representative's Signature - Date

DOGM Representative's Signature - Date

**Refer to the "Citation For Non-Compliance" for additional information**

	<b>Citation for Non-Compliance</b> <b>Utah Coal Regulatory Program</b> 1594 West North Temple, Salt Lake City, UT 84114 Phone: (801) 538-5340 Fax: (801) 359-3940	<b>Citation #:</b> 12146
		<b>Permit Number:</b> C0070020
		<b>Date Issued:</b> 07/29/2014
<input checked="" type="checkbox"/> <b>NOTICE OF VIOLATION</b>	<input type="checkbox"/> <b>CESSATION ORDER (CO)</b>	<input type="checkbox"/> <b>FAILURE TO ABATE CO</b>
<b>Permittee Name:</b> HIDDEN SPLENDOR RESOURCES	<b>Inspector Number and ID:</b> 49 KHOUSKEE	
<b>Mine Name:</b> HORIZON MINE	<b>Date and Time of Inspection:</b> 07/29/2014 8:00 am	
<b>Certified Return Receipt Number:</b> 7008 0150 0002 0896 5236	<b>Date and Time of Service:</b> 07/29/2014 9:00 am	
<b>Nature of condition, practice, or violation:</b> Failure to comply with the terms and conditions of the Mining and Reclamation Plan by conducting the Macro Invertebrate Studies on the schedule specified in the Mining and Reclamation Plan (MRP) to present date.		
<b>Provisions of Act, regulations, or permit violated:</b> R645-300-143		
<input type="checkbox"/> <b>This order requires Cessation of ALL mining activities.</b> (Check box if appropriate.)		
<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.	<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.	
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	<input type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.	
<input type="checkbox"/> <b>This order requires Cessation of PORTION(S) of mining activities.</b>		
<b>Mining activities to be ceased immediately:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<b>Abatement Times (if applicable):</b> None
<b>Action(s) required:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The terms and conditions of the MRP must be followed in the future. Consultation with the Division Biologist Joe Helfrich to assure future compliance is required.		
<b>Alexander H. Walker III</b> <small>(Print) Permittee Representative</small> 7008 0150 0002 0896 5236 <i>Mailed Certified Return Receipt</i> Permittee Representative's Signature - Date	<b>KARL HOUSKEEPER</b> <small>(Print) DOGM Representative</small> <i>Karl H. Houskeeper 7/29/14</i> DOGM Representative's Signature - Date	
<b>SEE REVERSE SIDE OF This Form For Instructions And Additional Information</b>		

**IMPORTANT – READ CAREFULLY**

Pursuant to the Utah Coal Mined Land Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the undersigned authorized representative of the Division of Oil, Gas, and Mining (DOG M) has conducted an inspection and found that a Notice of Violation or Cessation Order must be issued.

This order shall remain in effect until it is modified, terminated or vacated by written notice of an authorized representative of DOGM.

**1. PENALTIES.**

**Proposed assessment.** DOGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGM to consider regarding the cessation order and proposed fine, please submit that to DOGM within *15 days of the date this notice or order is served on you or your agent*. Such information will be used by the assessment officer in determining facts surrounding the violation(s) and amount of penalty. Once DOGM has determined the proper penalty, it will serve the proposed assessment on you or your agent, no later than 30 days of the issuance of this notice or order. See Utah Admin. Code R645-401-600 et. seq.

The penalty will be final unless you or your agent file, within 15 days of receipt of the proposed assessment, a written request for an informal hearing before the assessment officer.

**Assessment.** For each violation included in this notice, a penalty of up to \$5,000 may be assessed for each separate day the violation continues.

If you fail to abate any violation within the time set for abatement or for meeting any interim step, you will be assessed an additional minimum penalty of \$750 for each day of continuing violation beyond the time set for abatement. You will be issued a Cessation Order requiring cessation of surface coal mining operations or the portion of the operations relevant to the violation.

**2. INFORMAL PUBLIC HEARING.**

On the reverse side of this page, an authorized representative has made a finding as to whether or not this notice requires cessation of mining. If this order or notice requires cessation of mining, expressly or in practical effect, you may request that an informal public hearing be held at or near the mine site. If you wish an informal public hearing be held, please contact an authorized representative from DOGM. See Utah Admin. Code R645-400-350 et seq. Once an informal public hearing is scheduled, you will be notified of the date, time, and location of the hearing.

If this notice requires cessation of mining, it will expire within 30 days from the date you are notified unless an informal public hearing is held or waived, or the condition, practice, or violation is abated within the 30-day period.

**3. FORMAL REVIEW AND TEMPORARY RELIEF.**

You may appeal this notice or order to the Board of Oil, Gas, and Mining by submitting an application for hearing within 30 days of receipt of this notice or order. See Utah Admin. Code R645-300-164.300. Please submit the application for hearing to:

Secretary  
Board of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

If applying for a formal board hearing, you may submit with your petition for review a request for *"temporary relief"* from this notice. Procedures for obtaining a formal board hearing are contained in the Board's Rules of Practice and Procedure and in Utah Admin. Code R645-401-800 et. seq.

**4. EFFECT ON PERMIT.**

The permit may be suspended or revoked if it is determined that a pattern of violations of the Act, regulations or permit conditions exists, and that the violations were caused by an unwarranted or willful failure to comply.

For further information, consult Utah Code Ann. § 40-10-20 through 40-10-23 and Utah Admin. Code R645-400-300 et. seq. and R645-401 et. seq., or contact the Division of Oil, Gas, and Mining at (801) 538-5340.



**Action Taken on Existing Citation  
Utah Coal Regulatory Program**

1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538 - 5285 Fax: (801) 359-3940

Action on Citation#: **12146**  
Permit Number: **C0070020**  
Date Cit. Issued: **07/29/2014**

<input type="checkbox"/> MODIFICATION of	<input checked="" type="checkbox"/> TERMINATION of	<input type="checkbox"/> VACATION of
<input checked="" type="checkbox"/> NOTICE OF VIOLATION	<input type="checkbox"/> CESSATION ORDER (CO)	<input type="checkbox"/> FAILURE TO ABATE CO

Permittee Name: HIDDEN SPLENDOR RESOURCES	Inspector Number and ID: 49 KHOUSKEE
Mine Name: HORIZON MINE	Date and Time of Action: 07/29/2014 8:15 am
Certified Return Receipt Number: 7008 0150 0002 0896 5236	Date and Time of Service: 07/29/2014 9:00 am

*In accordance with the provisions of the Utah Coal Mining and Reclamation Act, Utah Code Ann. § 40-10-1 et. seq. (Act), the above referenced Citation is:*

Modified as follows:

Reason for modification:

**Terminated because:**  
The time to complete the Macro Invertebrate Studies has past. Consultation for future studies and schedules are to be done with the Division Biologist Joe Helfrich.

Vacated because:

**Alexander H. Walker III**  
(Print) Permittee Representative  
7008 0150 0002 0896 5236  
*Mailed Certified Return Receipt*  
Permittee Representative's Signature - Date

**KARL HOUSKEEPER**  
(Print) DOGM Representative  
*Karl H. Houskeeper 7/29/14*  
DOGM Representative's Signature - Date

Refer to the "Citation For Non-Compliance" for additional information



GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*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*

August 12, 2014

CERTIFIED RETURN RECEIPT  
7012 3460 0002 9559 6038

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

Subject: Proposed Assessment for State Violation No. N 12146, Horizon Mine, C/007/0020,  
Task ID #4644

Dear Mr. Walker:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Karl Housekeeper, on July 29, 2014. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

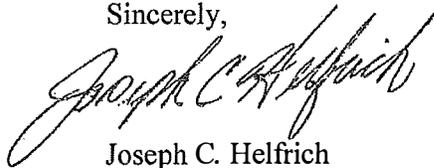
1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.



2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

**If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment.** Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,



Joseph C. Helfrich  
Assessment Officer

Enclosure

cc: Suzanne Steab, DOGM  
Sheri Sasaki, DOGM

O:\007020.HZN\WG4644\PROPOSED ASSESSMENT 12146 WG4644.DOC

**WORKSHEET FOR ASSESSMENT OF PENALTIES  
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE Horizon Mine

PERMIT C/007/0020 NOV / CO # N 12146 VIOLATION 1 of 1

ASSESSMENT DATE August 11, 2014

ASSESSMENT OFFICER Joe Helfrich

**I. HISTORY (Max. 25 pts.)**

- A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today's date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
<u>10133</u>	<u>03/22/2014</u>	<u>1</u>
<u>10134</u>	<u>03/22/2014</u>	<u>1</u>

1 point for each past violation, up to one (1) year  
5 points for each past violation in a CO, up to one (1) year  
No pending notices shall be counted

**TOTAL HISTORY POINTS 2**

**II. SERIOUSNESS (Either A or B)**

NOTE: For assignment of points in Parts II and III, the following apply:

- Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
- Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation? Hindrance

**A. EVENT VIOLATION (Max 45 pts.)**

- What is the event which the violated standard was designed to prevent?

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

**ASSIGN PROBABILITY OF OCCURRENCE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

\*\*\*

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

**ASSIGN DAMAGE POINTS 0**

**PROVIDE AN EXPLANATION OF POINTS:**

\*\*\*

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

**ASSIGN HINDRANCE POINTS 12**

**PROVIDE AN EXPLANATION OF POINTS:**

\*\*\* *According to the information in the inspector statement "Macro Invertebrate studies were not done on the schedule approved in the Mining & Reclamation Plan (MRP)".*

**TOTAL SERIOUSNESS POINTS ( A or B ) 12**

**III. NEGLIGENCE (Max 30 pts.)**

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or

lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

ASSIGN NEGLIGENCE POINTS 8

**PROVIDE AN EXPLANATION OF POINTS:**

*\*\*\* There was a lack of diligence with regard to meeting the requirements for Macro Invertebrate surveying as required by the MRP.*

**IV. GOOD FAITH (Max 20 pts.)**

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?

IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance	-11 to -20*
	(Immediately following the issuance of the NOV)	
X	Rapid Compliance	-1 to -10
	(Permittee used diligence to abate the violation)	
X	Normal Compliance	0
	(Operator complied within the abatement period required)	
	(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)	

\*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

X	Rapid Compliance	-11 to -20*
	(Permittee used diligence to abate the violation)	

- X Normal Compliance -1 to -10\*  
(Operator complied within the abatement period required)
- X Extended Compliance 0  
(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)  
(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)

EASY OR DIFFICULT ABATEMENT? Difficult, plans were required

ASSIGN GOOD FAITH POINTS 0

**PROVIDE AN EXPLANATION OF POINTS:**

*\*\*\*There is no abatement required by the violation since the required time frames for monitoring have passed.*

**V. ASSESSMENT SUMMARY**

NOTICE OF VIOLATION # <u>N 12146</u>	
I. TOTAL HISTORY POINTS	<u>2</u>
II. TOTAL SERIOUSNESS POINTS	<u>12</u>
III. TOTAL NEGLIGENCE POINTS	<u>8</u>
IV. TOTAL GOOD FAITH POINTS	<u>0</u>
TOTAL ASSESSED POINTS	<u>22</u>
<b>TOTAL ASSESSED FINE</b>	<b><u>\$484</u></b>



**Citation for Non-Compliance  
Utah Coal Regulatory Program**  
1594 West North Temple, Salt Lake City, UT 84114  
Phone: (801) 538-5340 Fax: (801) 359-3940

**Citation #:** 12147  
**Permit Number:** C0070020  
**Date Issued:** 08/05/2014

NOTICE OF VIOLATION     CESSATION ORDER (CO)     FAILURE TO ABATE CO

Permittee Name: HIDDEN SPLENDOR RESOURCES	Inspector Number and ID: 67 ADANIELS
Mine Name: HORIZON MINE	Date and Time of Inspection: 08/05/2014 10:15 am
Certified Return Receipt Number: 70123460000295596014	Date and Time of Service: 08/05/2014 4:30 pm

**Nature of condition, practice, or violation:**  
Failure to abate Notice of Violation (NOV) #10141 within the time specified in the citation.

**Provisions of Act, regulations, or permit violated:**  
R645-400-314

**This order requires Cessation of ALL mining activities.** (Check box if appropriate.)

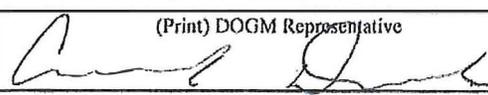
<input type="checkbox"/> Condition, practice, or violation is creating an imminent danger to health or safety of the public.	<input type="checkbox"/> Permittee is/has been conducting mining activities without a Permit.
<input type="checkbox"/> Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	<input checked="" type="checkbox"/> Permittee has failed to abate Violation(s) included in <input checked="" type="checkbox"/> Notice of Violation or <input type="checkbox"/> Cessation Order within time for abatement originally fixed or subsequently extended.

**This order requires Cessation of PORTION(S) of mining activities.**

Mining activities to be ceased immediately: <input type="checkbox"/> Yes <input type="checkbox"/> No	Abatement Times (if applicable).

**Action(s) required:**  Yes  No  
Complete the abatement requirements of NOV #10141.

**ALEX WALKER**  
\_\_\_\_\_  
(Print) Permittee Representative

**AMANDA DANIELS**  
\_\_\_\_\_  
(Print) DOGM Representative  
  
\_\_\_\_\_  
DOG M Representative's Signature - Date

Permittee Representative's Signature - Date

**SEE REVERSE SIDE Of This Form For Instructions And Additional Information**

U.S. Postal Service™

**CERTIFIED MAIL™ RECEIPT**

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(Endorsement Required)

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Total Pos. Alex Walker, Resident Agent  
Hidden Splendor Resources Inc.  
57 West 200 South, Suite 400  
or PO Box Salt Lake City, Utah 84101  
State,

PS Form 3800, October 2006

See Reverse for Instructions

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Board of Oil, Gas, and Mining  
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PO Box 145801  
Salt Lake City, Utah 84114-5801

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7012 3460 0002 9559 6034

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