C/007/020 Incoming

State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Alan Matheson
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

DEC 15 2016

CERTIFIED MAIL
(Return Receipt Requested)

Alex Walker
Hidden Splendor Resources
Horizon Mine
57 West 200 South – Suite 400
Salt Lake City, Utah 84101

Dear Mr. Walker:

Subject: Reconnaissance Inspection Report – UPDES Permit No.UTG040019 – Hidden Splendor Resources – Horizon Mine

On November 1, 2016, I completed a Reconnaissance Inspection of the Horizon Mine site. Enclosed is a report of that inspection. Five deficiencies were cited in the report. Please note these deficiencies and their associated corrective actions. A response is required within thirty days of receipt of this inspection report. Failure to address the deficiencies and continued noncompliance with the conditions outlined in the UPDES permit may result in an enforcement action.

If you have any questions, please contact me at (801) 536-4386 or by e-mail at mherkimer@utah.gov.

Sincerely,

Mike Herkimer

Mike Herkimer, Environmental Scientist
Surface Water Section

MDH:nf

Enclosures (5)

1. RI 3560-3 (DWQ-2016-015731)
2. RI Report (DWQ-2016-015732)
3. Photo log (DWQ-2016-015730)
4. Invoice 2015 -2016 (DWQ-2016-016061)
5. Invoice 2016 – 2017 (DWQ-2016-016062)

cc: Brady Bradford, SE District Health Department (wo/encl)
Scott Hacking, District Engineer (w/encl)
Daron Haddock, Division of Oil Gas & Mining (w/encl)

RECEIVED
DEC 16 2016
DIV. OF OIL, GAS & MINING

DWQ-2016-015727
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195 North 1950 West • Salt Lake City, UT
Mailing Address: P.O. Box 144870 • Salt Lake City, UT 84114-4870
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www.deq.utah.gov
Printed on 100% recycled paper

United States Environmental Protection Agency
Washington, D.C. 20460

Water Compliance Inspection Report

Section A: National Data System Coding *(i.e., ICIS)*

Transaction Code	NPDES	yr/mo/day	Inspection Type	Inspector	Fac. Type
N	UTG040019	161101	R	S	2
1 2	3 11	12 17	18	19	20

Remarks (21–66):

Inspection Work Days	Facility Self-Monitoring Evaluation Rating	BI	QA	Reserved
1	1	N	N	
67 69	70	71	72	73 74 / 75 80

Section B: Facility Data

Name and Location of Facility Inspected *(For industrial users discharging to POTW, also include POTW name and NPDES permit number)*

Hidden Splendor Resources, Inc. - Horizon Mine
12530 West Consumers Road
Helper, UT 84526

Entry Time/ Date	Permit Effective Date
10:45 am 11/1/2016	9/1/2013
Exit Time/ Date	**Permit Expiration Date**
12:00 pm 11/1/2016	8/31/2018

Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s)

There were no on-site representatives

Other Facility Data *(e.g., SIC NAICS, and other descriptive information)*

Name, Address of Responsible Official/Title/Phone and Fax Number

Mr. Alex Walker
Hidden Splendor Resources - Horizon Mine
57 West 200 South - Suite 400
Salt Lake City, Utah 84101
801-363-0100

Contacted: ☐ Yes ☒ No

Section C: Areas Evaluated During Inspection *(Check only those areas evaluated)*

☐ Permit	☐ Self Monitoring Program	☐ Pretreatment	☐ MS4
☐ Records/Reports	☐ Compliance Schedule	☐ Pollution Prevention	
☒ Facility Site Review	☐ Laboratory	☒ Storm Water	
☐ Effluent/Receiving Waters	☐ Operations & Maintenance	☐ Combined Sewer Overflow	
☐ Flow Measurement	☐ Sludge Handling/Disposal	☐ Sanitary Sewer Overflow	

Section D: Summary of Findings/Comments

(Attach additional sheets of narrative and checklists, including Single Event Violation codes, as necessary)

SEV Codes	SEV Description
B0020	Improper Operation And Maintenance
E0012	Failure To Submit Dmrs
C0017	Analysis Not Conducted
D0015	Failure To Pay Fees

Name(s) and Signature(s) of Inspector(s)	Agency/Office/Phone and Fax Number(s)	Date:
Mike Herkimer	DWQ (801) 536-4386	12-14-16
Name and Signature of Management Q A Reviewer	**Agency/Office/Phone and Fax Number(s)**	**Date:**
Kim Shelley, Manager Surface Water Section	DWQ (801) 536-4385	12·15·16

INSTRUCTIONS

Section A: National Data System Coding *(i.e., ICIS)*

Column 1: Transaction Code: Use N, C, or D for New, Change, or Delete. All inspections will be *new* unless there is an error in the data entered.

Columns 3-11: NPDES Permit No. Enter the facility's NPDES permit number - third character in permit number indicates permit type for U=unpermitted, G=general permit, etc. *(Use the Remarks columns to record the State permit number, if necessary.)*

Columns 12-17: Inspection Date. Insert the date entry was made into the facility. Use the year/month/day format (e.g., 04/10/01 = October 01, 2004).

Column 18: Inspection Type*. Use one of the codes listed below to describe the type of inspection:

A	Performance Audit	X	Toxics Inspection	6	IU Non-Sampling Inspection with Pretreatment
B	Compliance Biomonitoring	Z	Sludge - Biosolids	7	IU Toxics with Pretreatment
C	Compliance Evaluation (non-sampling)	#	Combined Sewer Overflow-Sampling	!	Pretreatment Compliance (Oversight)@ Follow-up (enforcement)
D	Diagnostic	$	Combined Sewer Overflow-Non-Sampling	{	Storm Water-Construction-Sampling
F	Pretreatment (Follow-up)	+	Sanitary Sewer Overflow-Sampling	}	Storm Water-Construction-Non-Sampling
G	Pretreatment (Audit)	&	Sanitary Sewer Overflow-Non-Sampling	:	Storm Water-Non-Construction-Sampling
I	Industrial User (IU) Inspection	\	CAFO-Sampling	~	Storm Water-Non-Construction-Non-Sampling
J	Complaints	=	CAFO-Non-Sampling	<	Storm Water-MS4-Sampling
M	Multimedia	2	IU Sampling Inspection	-	Storm Water-MS4-Non-Sampling
N	Spill	3	IU Non-Sampling Inspection	>	Storm Water-MS4-Audit
O	Compliance Evaluation (Oversight)	4	IU Toxics Inspection		
P	Pretreatment Compliance Inspection	5	IU Sampling Inspection with Pretreatment		
R	Reconnaissance				
S	Compliance Sampling				
U	IU Inspection with Pretreatment Audit				

Column 19: Inspector Code. Use one of the codes listed below to describe the *lead agency* in the inspection.

A-	State (Contractor)	O-	Other Inspectors, Federal/EPA (Specify in Remarks columns)
B-	EPA (Contractor)	P-	Other Inspectors, State (Specify in Remarks columns)
E-	Corps of Engineers	R-	EPA Regional Inspector
J-	Joint EPA/State Inspectors—EPA Lead	S-	State Inspector
L-	Local Health Department (State)	T-	Joint State/EPA Inspectors—State lea
N-	NEIC Inspectors		

Column 20: Facility Type. Use one of the codes below to describe the facility.

1- Municipal. Publicly Owned Treatment Works (POTWs) with 1987 Standard Industrial Code (SIC) 4952.
2- Industrial. Other than municipal, agricultural, and Federal facilities.
3- Agricultural. Facilities classified with 1987 SIC 0111 to 0971.
4- Federal. Facilities identified as Federal by the EPA Regional Office.
5- Oil & Gas. Facilities classified with 1987 SIC 1311 to 1389.

Columns 21-66: Remarks. These columns are reserved for remarks at the discretion of the Region.

Columns 67-69: Inspection Work Days. Estimate the total work effort (to the nearest 0.1 work day), up to 99.9 days, that were used to complete the inspection and submit a QA reviewed report of findings. This estimate includes the accumulative effort of all participating inspectors; any effort for laboratory analyses, testing, and remote sensing; and the billed payroll time for travel and pre and post inspection preparation. This estimate does not require detailed documentation.

Column 70: Facility Evaluation Rating. Use information gathered during the inspection (regardless of inspection type) to evaluate the quality of the facility self-monitoring program. Grade the program using a scale of 1 to 5 with a score of 5 being used for very reliable self-monitoring programs, 3 being satisfactory, and 1 being used for very unreliable programs.

Column 71: Biomonitoring Information. Enter D for static testing. Enter F for flow through testing. Enter N for no biomonitoring.

Column 72: Quality Assurance Data Inspection. Enter Q if the inspection was conducted as follow-up on quality assurance sample results. Enter N otherwise.

Columns 73-80: These columns are reserved for regionally defined information.

Section B: Facility Data

This section is self-explanatory except for "Other Facility Data," which may include new information not in the permit or PCS (e.g., new outfalls, names of receiving waters, new ownership, other updates to the record, SIC/NAICS Codes, Latitude/Longitude).

Section C: Areas Evaluated During Inspection

Check only those areas evaluated by marking the appropriate box. Use Section D and additional sheets as necessary. Support the findings, as necessary, in a brief narrative report. Use the headings given on the report form (e.g., Permit, Records/Reports) when discussing the areas evaluated during the inspection.

Section D: Summary of Findings/Comments

Briefly summarize the inspection findings. This summary should abstract the pertinent inspection findings, not replace the narrative report. Reference a list of attachments, such as completed checklists taken from the NPDES Compliance Inspection Manuals and pretreatment guidance documents, including effluent data when sampling has been done. Use extra sheets as necessary.

*Footnote: In addition to the inspection types listed above under column 18, a state may continue to use the following wet weather and CAFO inspection types until the state is brought into ICIS-NPDES: K: CAFO, V: SSO, Y: CSO, W: Storm Water 9: MS4. States may also use the new wet weather, CAFO and MS4 inspections types shown in column 18 of this form. The EPA regions are required to use the new wet weather, CAFO, and MS4 inspection types for inspections with an inspection date (DTIN) on or after July 1, 2005.

INSPECTION PROTOCOL

UPDES Permit #: UTG0400019
Inspection Type: Reconnaissance Inspection
Inspection Date: November 1, 2016

Mike Herkimer of the Division of Water Quality (DWQ) conducted a Reconnaissance Inspection at the Hidden Splendor – Horizon Mine. The purpose of the inspection was to document the conditions at the mine and to determine if a discharge had occurred. The mine ceased operation in May of 2013. Kit Pappas was hired by Horizon Mine as the Manager of Engineering & Environmental Services continued to submit DMRs until February of 2016, at which time he left the company. Since that date no DMRs have been submitted. Mr. Walker has not submitted a Change in Ownership form to the Division of Water Quality which would identify a new owner who accepts responsibility for the UPDES Permit. Therefore, Alex Walker remains as the owner and responsible party on file. To date the annual permit fee has not been paid since the issuance of the permit in August 2013. Letters requesting permit fee payment have been sent; one on August 7, 2013 issuing the permit and requesting payment, one on April 30, 2014 and another on July 2, 2014. On May 16, 2016 a letter was sent to Mr. Alex Walker which reiterated his responsibility for meeting all permit requirements and permit fees. In October of 2016, DWQ received an inspection report and resulting Notice of Violation from DOGM indicating a discharge had occurred at the mine. Any discharge from the mine without concurrent sampling and DMR reporting is a violation of the permit. Mr. Walker has consistently claimed he has no responsibility for the mine or UPDES permit.

FACILITY DESCRIPTION

Location: 12530 West Consumers Road, Helper, Utah 84526

Outfall Number	Location of Discharge Point(s)
001	Sedimentation pond discharge to Jewkes Creek to north fork of Gordon Creek to Price Rive. Latitude 39°41'37", Longitude 111°02'58".
002	Mine discharge to Jewkes Creek. Latitude 39°41'39", Longitude 111°02'56".

Average Flow: No discharges since May of 2013 have been reported by the facility, except as observed by DOGM and in this inspection report. Therefore the average flow could not be determined.

Receiving waters: Jewkes Creek to north fork of Gordon Creek to the Price River.

Process: This was an underground coal mine using the continuous mining method.

INSPECTION SUMMARY

Discharge from the mine has been eliminated as a result of mine closure. The sedimentation pond still remains and it appears that a discharge had occurred based on the vegetation in the area. The mine site has been abandoned and coal residuals and fines are spread throughout the area. Many requirements of the permit have not been met. This inspector will cite the significant deficiencies below.

DEFICIENCIES

1. Part III.A of UPDES permit UTG040019 states that the permittee must comply with all conditions of the permit. Any noncompliance constitutes a violation of the Act and is grounds for enforcement action.
2. Part III.E of UPDES permit UTG040019 requires that the permittee shall at all times operate and maintain all facilities and systems of treatment and control which are installed or used by the permittee to achieve compliance with the conditions of the permit. This has not been done since February of 2016.
3. Part I.E of UPDES permit UTG040019 requires that the permittee monitor any effluent from the facility through Outfall 001 (sedimentation pond) for those parameters listed in the effluent limit table included in Part I.E. Based on observations made during this inspection, a discharge had occurred. Also, DOGM inspectors had reported a discharge sometime prior to September 29, 2016. DMRs were not submitted documenting monitoring of the effluent as required during this time frame.
4. Part II.D of UPDES permit UTG040019 requires submittal of a monthly Discharge Monitoring Report (DMR) of the monitoring results of the effluent at Outfall 001. If no discharge occurs during the reporting period, "no discharge "shall be reported. DMR reports are due on the 28th day of the month following the reporting period. No DMRs have been submitted since February 2016.
5. UPDES General Permit UTG040019 became effective on September 1, 2013, and to this date no permit fees have been paid. Based on Utah Code Annotated (UCA) 19-5-109 and Utah Administrative Code (UAC) R317-8-5.7 permit coverage could be revoked and terminated as a result of non-payment of the fees.

CORRECTIVE ACTION REQUIRED

1. The facility must immediately comply with all requirements of the permit. This corrective action will comply with all of the deficiencies listed above, except for paying the permit fee.
2. Permit fees in the amount of $832.00 must be submitted within thirty days of receipt of this report. Previous invoices are attached to this report.

Photo #1: Looking at the road going to the mine entrance.

Photo #2: Looking south on mine site towards the sedimentation pond.

Photo #3 Looking north of the mine site.

Photo #4: Looking south on the disturbed area towards the sedimentation pond.

Photo #5: View of the north side of the pond, looking at where the disturbed area would enter the sedimentation pond.

Photo #6: Overflow structure of the sedimentation pond. The decant pipe is under the overflow structure.

Photo #7: Close up of overflow structure of the sedimentation pond.

Photo #8: Jewkes Creek is diverted underground through the disturbed area. Diversion pipe runs under the earth mound in the picture above.

Photo #9: Jewkes Creek bypass is the corrugated pipe. Discharge from the sedimentation pond goes down the same channel.

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Photo Log

Photo Number	File Name	Description	Date/ Time	Photographer
1		Looking at the road going to the mine entrance	11/1/16 am	Mike Herkimer
2		Looking south on mine site towards the sedimentation pond	11/1/16 am	Mike Herkimer
3		Looking north of the mine site.	11/1/16 am	Mike Herkimer
4		Looking south on the disturbed area towards the sedimentation area.	11/1/16 am	Mike Herkimer
5		View of the north side of the pond, looking at where the disturbed area		
		would enter the sedimentation pond	11/1/16 am	Mike Herkimer
6		Overflow structure of the sedimentation pond. The decent		
		is under the overflow structure	11/1/16 am	Mike Herkimer
7		Close-up of overflow structure		
		of the sedimentation pond.	11/1/16 am	Mike Herkimer
8		Jewkes Creek is diverted underground		
		through the disturbed area. Diversion		
		pipe runs under the earth mound in	11/1/16 am	Mike Herkimer
		the picture above.		
9.		Jewkes Creek bypass is the		
		corrugated pipe. Discharge		
		from the sedimentation pond goes		
		down the same channel.	11/1/16 am	Mike Herkimer

STATE OF UTAH

INVOICE

SEND PAYMENT TO:
DEPT OF ENVIRONMENTAL QUALITY
WATER QUALITY
195 N 1950 West
P O Box 144870
Salt Lake City UT 84114-4870

Invoice Number: 670000000000313
Original Invoice Date: 09-24-15
Amount Due: $396.00
Due Date: 10-24-15

AMOUNT ENCLOSED _____
Please write INVOICE NO. on front of check or money order

MAKE CHECKS PAYABLE TO:
UTAH DIVISION OF WATER QUALITY
AR DEPT:BPRO 480:48070

BILL TO: **Hidden Splendor Resources, Inc**
Horizon Mine
HORIZON MINES
57 WEST 2nd SOUTH SUITE #400
SALT LAKE CITY UT 84101

RETURN THIS PORTION WITH YOUR PAYMENT
RETAIN FOR YOUR RECORDS

Contact : Sharon Schofield (801) 536-4321

STATE OF UTAH

Invoice Number:	Original Invoice Date:	Due Date:	Amount Due:
670000000000313	09-24-15	10-24-15	$396.00

Invoice Charges

Line Number	Description	Amount
1	*UPDES Coal Mining and Preparation General Permit UTG040019 Start 07/01/2015 End 06/30/2016*	*$396.00*
	Total Invoice Charges	*$396.00*

Other Charges

Description	Amount
Other Fee	*$0.00*
NSF Fee	*$0.00*
Total Other Charges	*$0.00*
Payments Applied	*$0.00*
Total Amount Due	*$396.00*

Instructions:

DUE DATE: 10-24-15 AMOUNT DUE: $396.00

STATE OF UTAH

COLLECTION LETTER

SEND PAYMENT TO:
DEPT OF ENVIRONMENTAL QUALITY
WATER QUALITY
195 N 1950 West
P O Box 144870
Salt Lake City UT 84114-4870

Invoice Number: 177000000000170
Original Invoice Date:
Amount Due: $436.00
Due Date: 09-30-16

AMOUNT ENCLOSED _____
Please write ACCOUNT NO. on front of check or money order

MAKE CHECKS PAYABLE TO:
UTAH DIVISION OF WATER QUALITY
AR DEPT:BPRO 480:48070

BILL TO: **Hidden Splendor Resources, Inc**
Horizon Mine
HORIZON MINES
57 WEST 2nd SOUTH SUITE #400
SALT LAKE CITY UT 84101

RETURN THIS PORTION WITH YOUR PAYMENT
RETAIN FOR YOUR RECORDS

Contact : Sharon Schofield (801) 536-4321

STATE OF UTAH

Invoice Number:	Original Invoice Date:	Due Date:	Amount Due:
177000000000170		09-30-16	$436.00

Invoice Charges

Line Number	Description	Amount
1	*UPDES Coal Mining and Preparation General Permit UTG040019 Start 07/01/2016 End 06/30/2017*	*$436.00*
	Total Invoice Charges	*$436.00*

Other Charges

Description	Amount
Other Fee	*$0.00*
NSF Fee	*$0.00*
Total Other Charges	*$0.00*
Payments Applied	*$0.00*
Total Amount Due	*$436.00*

Instructions:

Our records show that payment for the above invoice is 50 days past due. Failure to respond to collection efforts leaves us with no alternative other than to refer your account for collection. State Law, Chapter 63A-8 and Legislative intent, allow all collection costs to be charged to the debtor, and added to the balance owed include penalty, interest, collection, and legal fees. State Law also allows the State to attach your state tax refunds and vendor payments, and apply them against the debt owed (called "administrative offset"). To avoid the above, please pay the balance in full or set up payment arrangements within 10 days from the date of this letter. No reponse will result in immediate [illegible] "ve offset" with no further notice from us.

Mailed to Alex 11-22-16

ALEX WALKER
57 WEST 2ND SOUTH SUITE #400
SALT LAKE CITY, UTAH 84101