



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

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INSPECTION REPORT

Handwritten notes: PAL by [signature]

Partial: Complete: XXX Exploration:
Inspection Date & Time: 01/23/2002 / 8:20 AM-1:45 PM
Date of Last Inspection: 10/10/2001

Mine Name: Willow Creek Mine County: Carbon Permit Number: C/007/038
Permittee and/or Operator's Name: Plateau Mining Corporation
Business Address: 847 Northwest Highway 191, Helper, Utah 84526
Type of Mining Activity: Underground XXX Surface Prep. Plant Other
Company Official(s): Mr. Johnny Pappas, RAG / Mr. Norm Johnson, Mining Remedial Recovery Company
State Official(s): Peter Hess Federal Official(s): None
Weather Conditions: Clear, cold / mid-20's Fahrenheit / windy
Existing Acreage: Permitted 14,670 Disturbed 161.55 Regraded Seeded
Status: Active XXX

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 N/A.
b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing 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, Division Orders, and amendments.

Table with 5 columns: Item, EVALUATED, N/A, COMMENTS, NOV/ENF. Rows include categories like PERMITS, SIGNS AND MARKERS, TOPSOIL, HYDROLOGIC BALANCE, etc.

INSPECTION REPORT

(Continuation sheet)

PERMIT NUMBER: C/007/038

DATE OF INSPECTION: 01/23/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

Negotiations between AM West and Plateau Mining Corporation continue to work toward an agreeable business transaction in which the Willow Creek permit area will be transferred to AM West. The most recent knowledge relative to the underground area of the Mine was that the permittee and AM West were in the process of sealing off the longwall section of the Mine. It is this individual's understanding that the permittee has no intention of recovering any of the mining machinery which was inundated by the flooding process used to extinguish the July 31, 2001 fire.

Assuming that no inundated equipment will be recovered, the permittee should submit an amendment to the mining and reclamation plan which includes a list of the abandoned machinery, the location of each piece, and the amounts of any potentially hazardous materials which might exist by unit. The purpose of the amendment is so that the Division can make a written finding relative to the potential for impact on the groundwater and surface water regimes within the Willow Creek Mine permit area.

4A. HYDROLOGIC BALANCE: DIVERSIONS

Most of the snow at the site has melted, exposing the majority of the ditches and culverts associated with the site's surface drainage system. Some tumbleweed existed in some culvert inlets, but in general, the system was capable of functioning as designed.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The permittee conducted the fourth quarter and annual 2001 impoundment inspections for the Willow Creek site on November 15, 2001. The inspections were performed by Mr. John Borla, Utah registered professional engineer, who certified the inspections on December 19, 2001. There were no signs of instability or other hazardous conditions reported for any of the ponds during the November inspection.

As observed this day, no water existed in any of the ponds at the Mine site and preparation plant area. At Crandall Canyon, the lower pond was frozen; the upper pond contained snow. There were no problems noted with any of the ponds.

The permittee continues to conduct the monthly inspections of MSHA pond 013 located at the base of the School House Canyon refuse facility. Mr. Roland Tallerico continues to conduct the inspections for the permittee. No problems have been noted with the impoundment during any of the conducted inspections. As observed this day, pond 013 was dry.

4D. HYDROLOGIC BALANCE: WATER MONITORING

Water monitoring data for the third quarter of 2001 was reviewed. The permittee collected samples for the following stream monitoring points on September 20, 2001: B151, B211, B3N, B-5, and B-6. A review of the laboratory analysis sheets for these samples did not reveal any abnormal quantities for the reported parameters. All required parameters were reported.

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The only exception noted relative to the aforementioned discussion is that Table 4.7-3, Sample Frequency, as it exists in the mining and reclamation plan indicates that the samples taken are required to be taken during the month of August, rather than September for field and operational parameters. As both months are in the same quarter, no violation is felt to exist.

All third quarter water monitoring information has been forwarded to the Division for input to the data base.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

Discharge monitoring reports for the months of October, November, and December 2001 were reviewed. None of the site's nine UPDES discharge points had outfalls during that three month period. All reports had been submitted in a timely fashion.

5. EXPLOSIVES

Although the permittee's general liability insurance continues to provide coverage for damage due to the use of explosives, there are no dynamite or detonator storage magazines at the facility. Same were removed during the process to place the site in temporary cessation status.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The permittee conducted the fourth quarter 2001 waste rock pile inspection for the School House Canyon facility on November 20, 2001. Mr. John Borla conducted the inspection as well as the certification for the permittee. No hazards were noted.

As observed this day, the refuse facility is under snow. There were no obvious problems noted.

In order to examine the underground conditions at the site, the permittee removed the earth materials used to backfill the Mine's portals during the fire sealing process. Most of this material has been placed within the retaining wall area specifically permitted for the temporary storage of coal mine waste. However, some material does exist outside this permitted area. This excess material should be cleaned up and hauled to the waste rock facility.

14. SUBSIDENCE CONTROL

All mining ceased at Willow Creek in July, 2000. The latest subsidence report was submitted with the year 2000 annual report which was analyzed by this individual in September of 2001. As no mining has occurred, it seems likely that very little, if any, additional subsidence has occurred within the permit area.

15. CESSATION OF OPERATIONS

The Willow Creek Mine remains in temporary cessation status.

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21. BONDING AND INSURANCE

With the approval of C/007/038-AM01B, Revision to Reclamation Plan, a reduction in the reclamation bond amount has been approved. The former bond amount was \$11,949,205. The bond will be adjusted accordingly to the new amount of \$7,866,000. The following bond amounts are listed for their respective areas:

- 1) Barn Canyon \$100,000.00
- 2) Crandall Canyon \$1,251,000.00
- 3) Gravel Canyon \$159,000.00
- 4) Mine Facilities \$3,650,000.00
- 5) Preparation Plant \$2,706,000.00

Inspector's Signature: _____



Peter Hess #46

Date: January 25, 2002

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Johnny Pappas, Plateau
Price Field office

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