

C/015/015  
C/015/007

Incoming



**DORSEY**<sup>™</sup>  
DORSEY & WHITNEY LLP

cc: Steve C.  
Steve A.

WELLS PARKER  
Partner  
(801) 933-7364  
FAX (801) 880-8425  
parker.wells@dorsey.com

February 3, 2015

VIA ELECTRONIC MAIL AND U.S. MAIL

Steven Alder  
Assistant Attorney General  
P.O. Box 140811  
Salt Lake City, UT 84114  
stevealder@utah.gov

RECEIVED

FEB 08 2015

DIV. OF OIL, GAS & MINING

Steven Christensen  
Permit Supervisor/Hydrologist  
Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
stevechristensen@utah.gov

Re: Imputation to Daniel Baker of Notice of Violation #10141 ("NOV") and Failure to Abate Cessation Order #12147 ("Cessation Order")

Dear Mr. Alder and Mr. Christensen:

We understand from discussions with Bronco Utah Operations, LLC ("Bronco") that the Utah Division of Oil, Gas & Mining ("Division") has questions related to the above captioned NOV and Cessation Order imputed by the Applicant/Violator System to Daniel Baker, Bronco's President and Chief Executive Officer. We are submitting this letter to provide additional background information to the Division regarding Mr. Baker's relationship to the NOV and Cessation Order in order to facilitate the Division's processing of permit transfers for Division Permits C/015/015 for the Emery Mine and C/015/007 for the Hidden Valley Mine.

*Dan Baker's Relation to the Horizon Mine*

Mr. Baker served as an officer and director of America West Resources, Inc. ("America West") from December 2007 until his resignation on June 27, 2013. Mr. Baker's resignation was reported in a Form 8-K filed with the U.S. Securities and Exchange Commission on June 27, 2013 (attached hereto as **Attachment A**). At the time of Mr. Baker's resignation, Hidden Splendor Resources, Inc. ("Hidden Splendor") was a subsidiary of America West. Additionally, Wild West Trucking, a trucking company owned by Mr. Baker's wife, provided coal hauling services for the Horizon Mine. Wild West Trucking was not, and has never been, an affiliate or under common ownership with the Horizon Mine, America West or Hidden Splendor.

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### *NOV and Cessation Order*

Eleven months after Mr. Baker's resignation as an officer and director of America West, the Division issued the NOV to Hidden Splendor on May 27, 2014 for "[f]ailure to maintain the [Horizon Mine] sediment pond as designed and approved in the Mining and Reclamation Plan." The NOV is attached to this letter as **Attachment B-1**. Specifically, the NOV noted that an inlet pipe was eroded and that a decant pipe was not visible during the inspection. Additionally, the NOV stated that the sediment holding capacity of the pond had been exceeded and cleaning was required. The NOV was subsequently modified twice, setting a deadline of August 4, 2014 to abate the NOV. On July 9, 2014, the Division proposed an assessment (attached hereto as **Attachment B-2**) of \$484 against the Horizon Mine and its owner, Hidden Splendor. On August 5, 2014, after Hidden Splendor had failed to abate the NOV, the Division issued the Cessation Order (attached hereto as **Attachment C**).

### *Horizon Mine Inspection History*

The Division inspected the sediment pond at the Horizon Mine on a regular basis prior to issuing the NOV. The inspection reports for twelve inspections conducted prior to the issuance of the NOV, along with a Technical Analysis and Findings document related to the April 2014 midterm inspection, are attached hereto in chronological order as **Attachment D-1** through **D-13**. In a May 23, 2013 inspection report for the Horizon Mine (attached hereto as **Attachment D-1**), Division inspector Karl Houskeeper noted, "First quarter 2013 sediment pond inspection was done on February 15, 2013. No problems were noted in this sediment pond inspection." Based on documents available in the Division's online permit filed for the Horizon Mine, the Division conducted at least nine inspections over the ensuing eleven months; none of the nine inspections contained comments regarding sediment pond compliance issues.

The first document available in the Division's online permit files that identified potential erosion and maintenance problems at the sediment pond is a Technical Analysis and Findings document uploaded to the Division's online permit files on April 8, 2014 (attached hereto as **Attachment D-11**). That document states that "[t]he pond inlet from ditch DD-6 is eroding and should requires [sic] maintenance. Ditch DD-6 also needs maintenance. Ditch DD-6 and the problems with the pond inlet were discussed in the mid-term inspection report." These findings were subsequently confirmed in an inspection report dated May 21, 2014 (attached hereto as **Attachment D-13**), and that report formed the basis for the NOV and subsequent Cessation Order.

### *The NOV and Cessation Order Should Not Be Imputed to Mr. Baker*

Based on the preceding information, the NOV and Cessation Order should not be imputed to Mr. Baker. As noted above, Mr. Baker's association with operations at the Horizon Mine was indirect as a director and officer of the parent company to the corporation that actually owned and operated the mine. Mr. Baker left America West almost a full year before the NOV and Cessation Order were issued, and the Division's own inspections of the Horizon Mine

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sediment pond found no problems prior to April 2014, almost 10 months after Mr. Baker's resignation from America West. Because Mr. Baker's tenure at America West clearly preceded both the issuance and discovery of violations at the Horizon Mine, the NOV and Cessation Order should not be imputed to him as an officer and director of a company only indirectly affiliated with the mine. For your convenience, a timeline of the events described above is attached hereto as **Attachment E**.

Additionally, on the NOV and Cessation Order the Division has included Mr. Baker as an addressee under the company Wild West Equipment and Hauling. Wild West Equipment and Hauling has never been affiliated or under common ownership with the Horizon Mine, America West or Hidden Splendor, and therefore the NOV and Cessation Order should not be imputed to Mr. Baker because of his affiliation with Wild West Equipment and Hauling.

We request that the Division not impute the NOV and the Cessation Order to Mr. Baker, and that the Division continue in the processing and approval of the permit transfers for Division Permits C/015/015 for the Emery Mine and C/015/007 for the Hidden Valley Mine. Please feel free to contact me with any questions.

Very truly yours,



Wells Parker

**Attachment A**  
**Form 8-K of America West Resources, Inc.**

*[See attached]*

8-K 1 f8k070913\_8k.htm FORM 8-K CURRENT REPORT

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K  
CURRENT REPORT**

PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

June 27, 2013  
Date of Report (Date of earliest event reported)



**AMERICA WEST RESOURCES, INC.**

(Exact name of small business issuer as specified in its charter)

**Nevada**

(State of Incorporation)

**0-19620**

(Commission File Number)

**84-1152135**

(IRS Employer ID Number)

**57 West 200 South, Suite 400  
Salt Lake City, Utah 84101**  
(Address of Principal Executive Offices)

**(801) 521-3292**

Registrant's Telephone Number, Including Area Code:

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



**ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On June 27, 2013 Amanda Cardinalli resigned from her position as a director of America West Resources, Inc.

On June 27, 2013 Dan R. Baker resigned from his position as a director and as the Chief Executive Officer and President of America West Resources, Inc.

On June 28, 2013 John Chapman resigned from his position as the Chief Restructuring Officer of America West Resources, Inc.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**America West Resources, Inc.**

**By: /s/Alexander Walker III**  
Alexander Walker III  
Secretary

DATE: July 9, 2013

**Attachment B-1**

**Notice of Violation #10141**

*[See attached]*



**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**

**Permittee Name:** HIDDEN SPLENDOR RESOURCES

**Inspector Number and ID:** 67 ADANIELS

**Mine Name:** HORIZON MINE

**Date and Time of Inspection:** 05/21/2014 2:00 pm

**Certified Return Receipt Number:** 70123460000295595932

**Date and Time of Service:** 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.)**

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

(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 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

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	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,  
Inspector ID Number: 67

Date

Thursday, May 21, 2014

Note: This inspection report is provided to the public as a public record. It is not to be used for any purpose other than to provide information regarding the regularity 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



Permit Number: C0070020  
 Inspection Type: PARTIAL  
 Inspection Date: Wednesday, May 21, 2014

**Inspection Continuation Sheet**

**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**

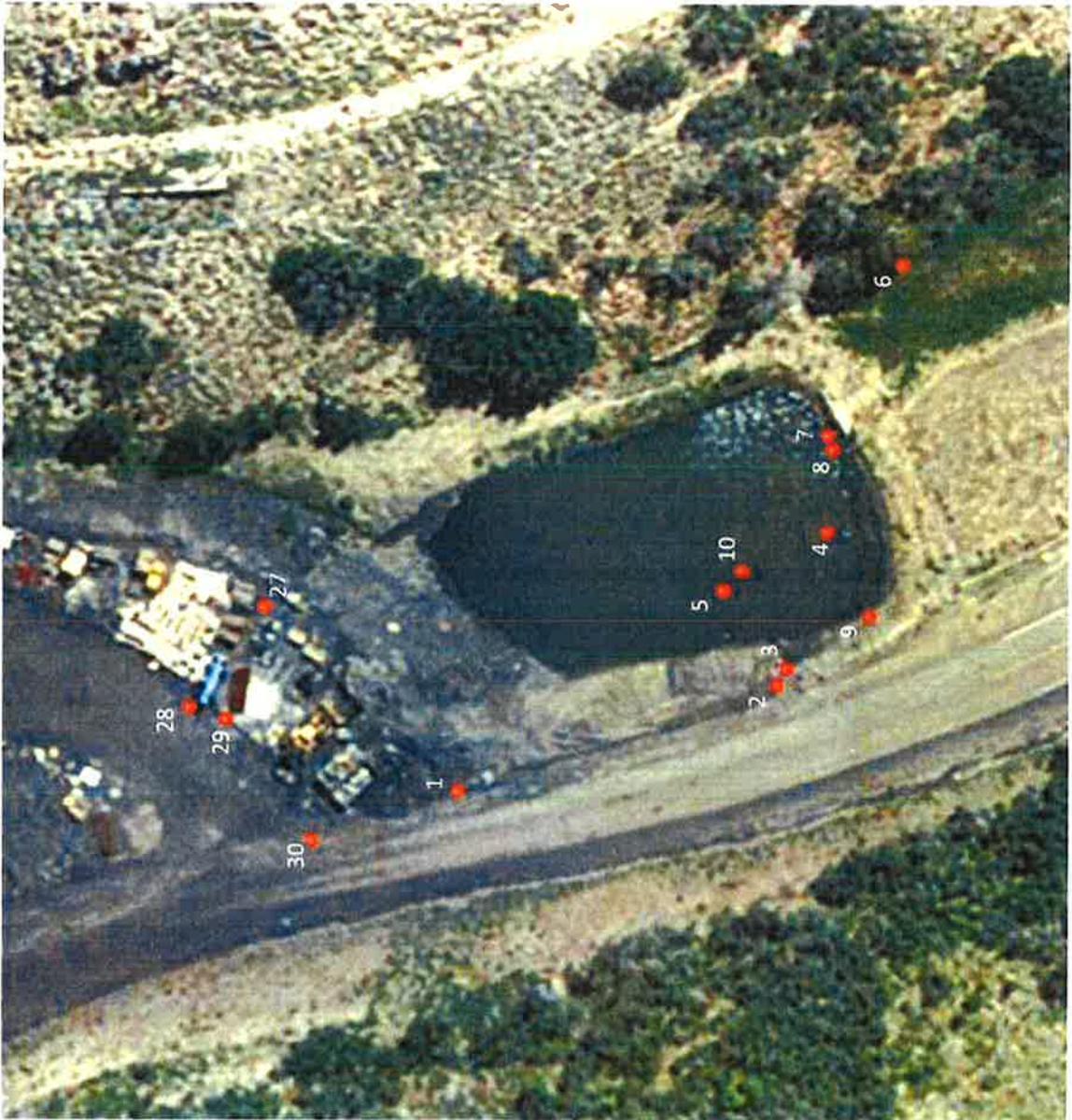
As indicated in plate 7-6 of the approved MRP, the plan indicates that there should be a 2" diameter decant pipe at elevation 7570.4'. This pipe is not visible (picture 7). A new sediment marker was installed in the pond (picture 5), the pond should be cleaned out as soon as possible. Inlet from ditch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

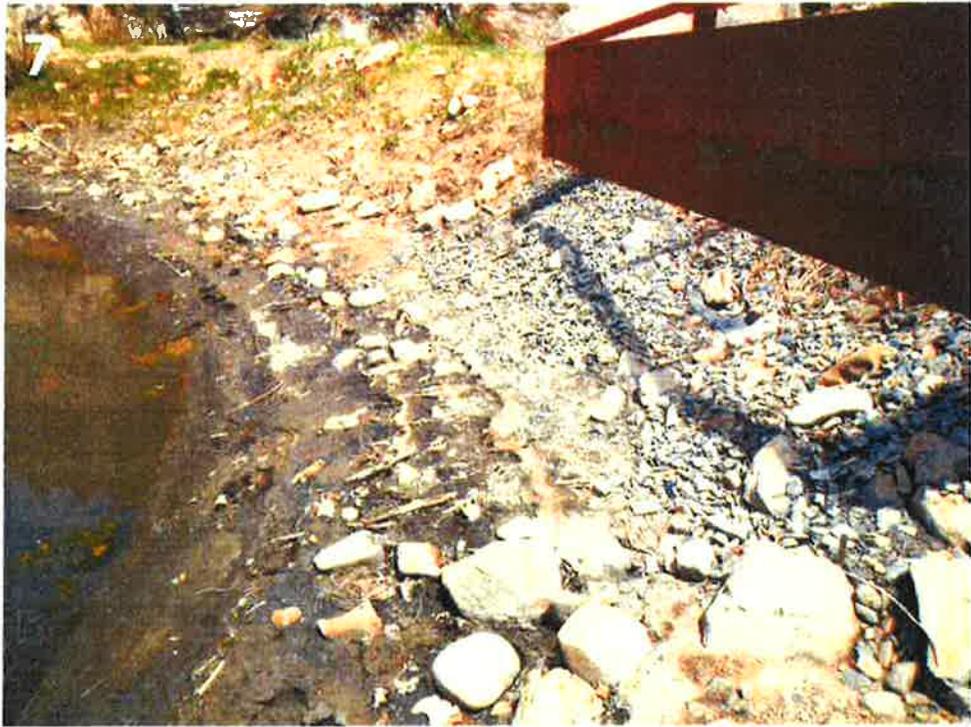














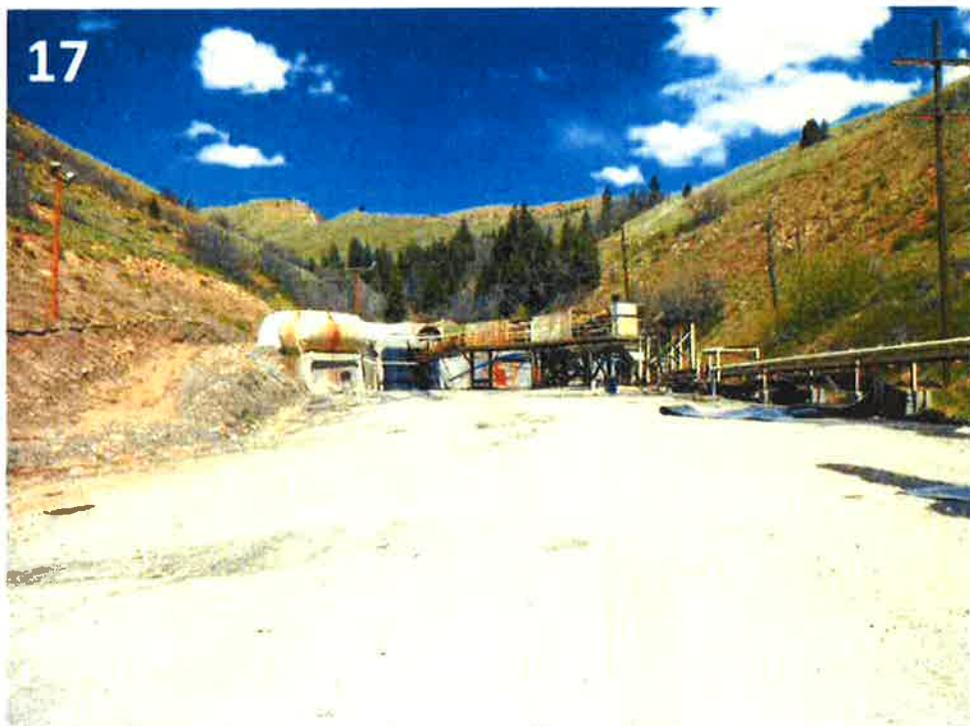


13



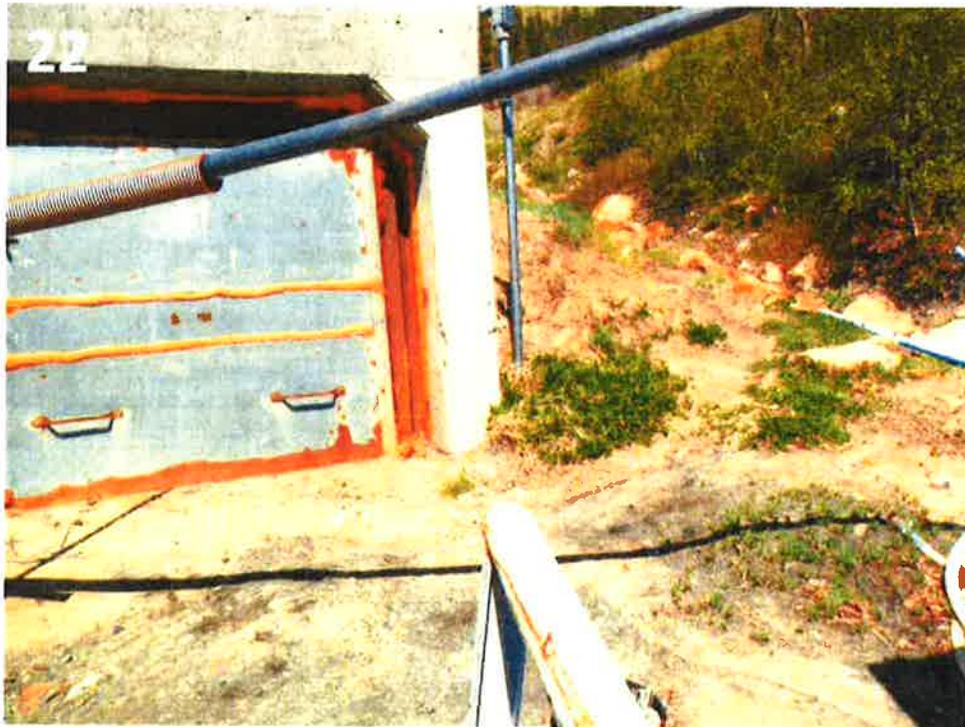
15





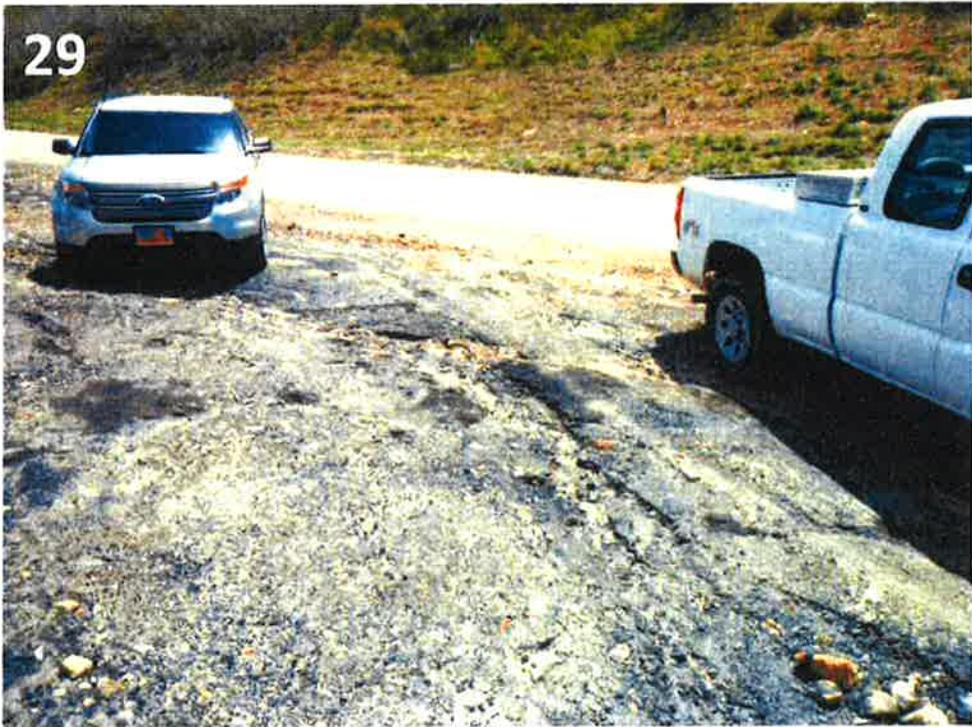




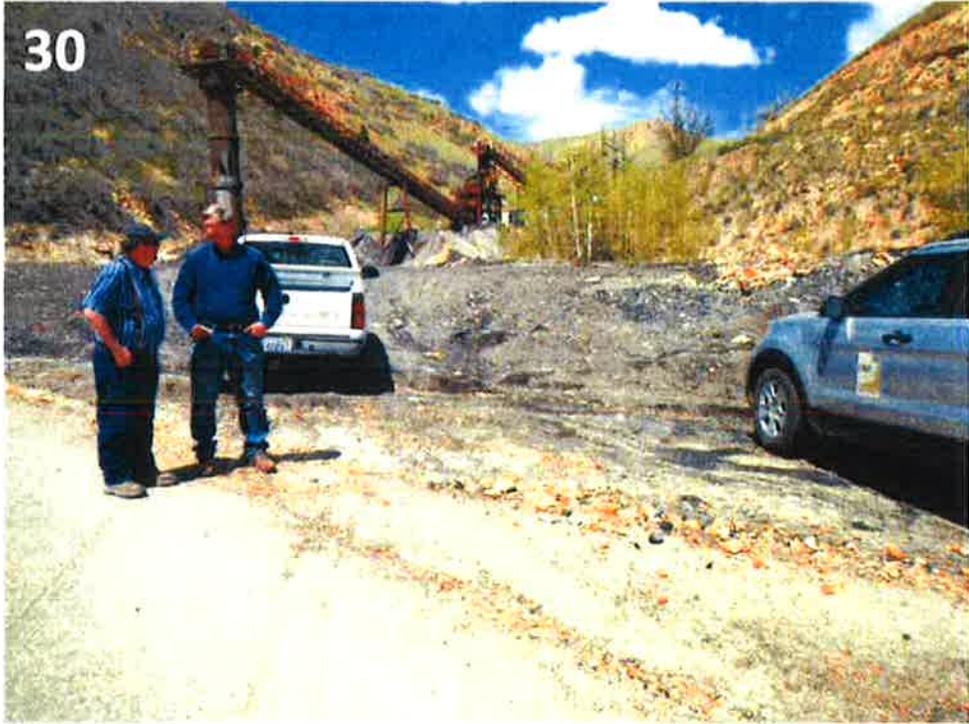








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Total Po: **Alex Walker, Resident Agent**  
**Hidden Splendor Resources, Inc.**

*Sent To*  
*Street, Apt. or PO Box* **57 West 200 South, Suite 400**  
*City, State* **Salt Lake City, Utah 84101**

**Attachment B-2**

**Proposed Assessment for Notice of Violation #10141**

*[See attached]*



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 ct. 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:

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 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 (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) (Operator complied with condition and/or terms of approved Mining and Reclamation Plan)	0

\*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:**

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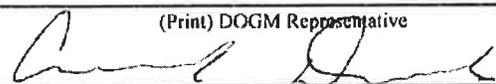
Total Po: **Alex Walker, Resident Agent**  
**Hidden Splendor Resources, Inc.**  
**57 West 200 South, Suite 400**  
**Salt Lake City, Utah 84101**

Sent To  
Street, Apt.  
or PO Box  
City, State

**Attachment C**

**Failure to Abate Cessation Order #12147**

*[See attached]*

 <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>	<b>Citation #:</b> 12147	
	<b>Permit Number:</b> C0070020	
	<b>Date Issued:</b> 08/05/2014	
<input type="checkbox"/> NOTICE OF VIOLATION <input type="checkbox"/> CESSATION ORDER (CO) <input checked="" type="checkbox"/> 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> 08/05/2014 10:15 am	
<b>Certified Return Receipt Number:</b> 70123460000295596014	<b>Date and Time of Service:</b> 08/05/2014 4:30 pm	
<b>Nature of condition, practice, or violation:</b> Failure to abate Notice of Violation (NOV) #10141 within the time specified in the citation.		
<b>Provisions of Act, regulations, or permit violated:</b> R645-400-314		
<input checked="" 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 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.	
<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 Complete the abatement requirements of NOV #10141.		
_____ <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.

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

PS Form 3800, August 2005  
See FIM Logo for Instructions

**Attachment D-1**

**Division Inspection Report (May 23, 2013)**

*[See attached]*



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:	COMPLETE
Inspection Date:	Thursday, May 23, 2013
Start Date/Time:	5/23/2013 9:30:00 AM
End Date/Time:	5/23/2013 1:00:00 PM
Last Inspection:	Thursday, April 18, 2013

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp. 68 Deg. F.

InspectionID Report Number: 3485

Accepted by: jhelfric

5/23/2013

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

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:

The mine remains idle.

Inspector's Signature:

Date Thursday, May 23, 2013

Karl Houskeeper,  
Inspector ID Number: 49

Note: This inspection report is not a contract and does not constitute a warranty of compliance with 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



Permit Number: C0070020  
 Inspection Type: COMPLETE  
 Inspection Date: Thursday, May 23, 2013

**Inspection Continuation Sheet**

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

**1. Permits, Change, Transfer, Renewal, Sale**

The current DOGM permit C/007/020 was issued effective 10/11/2011 and expires 10/11/2016.

-Certificate of Insurance certificate #4413805 issued 06/04/2012 and terminates 06/04/2013.

-UPDES permit UTG040000 (General) UTG040019 (Site Specific) effective 05/01/2008 and expires midnight 04/30/2013. (under temporary extension)

-Air Quality permit DAQE-700-70, issued November 7, 2000.

-SPCC Plan dated January 2010. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E.

**2. Signs and Markers**

The mine identification sign is found along side of the Carbon County road used to access the Mine Site and prior to entrance into the Mine Permit area. The sign contains the required information set forth in the Utah R645 Coal Rules. The sign is in compliance with the regulations.

**3. Topsoil**

A topsoil pile sign located on the topsoil pile below the sediment pond has slid down the pole to the ground and is not visible. This items was discussed with mine personnel on site to arrange for the sign to be re-secured so that is visible.

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

First quarter 2013 sediment pond inspection was done on February 15, 2013. No problems were noted in this sediment pond inspection.

**4.e Hydrologic Balance: Effluent Limitations**

Reviewed the April 2013 discharge monitoring reports. No problems were noted.

**8. Noncoal Waste**

Items of noncoal waste were observed along side of and in the main diversion that is adjacent to the Office/bath house building. These items were discussed with mine personnel on site during the inspection to arrange for them to be gathered and disposed of properly.

**20. Air Quality Permit**

The Air Quality Permit Approval Order DAQE-700-00 was issued on November 7, 2000. Recent documentation shows the approval order number as DAQP-002-06.

Permit Number: C0070020  
Inspection Type: COMPLETE  
Inspection Date: Thursday, May 23, 2013

**Inspection Continuation Sheet**

**Page 4 of 4**

**21. Bonding and Insurance**

The bond is secured by a letter of credit through Bank One in the amount of \$57,000 and collateral to add up to the amount of \$342,000. This letter of credit expired on January 20, 2007. The appraisal was updated as of 12/20/06 for the real estate (collateral) and the appraisal is now \$625,000 and the collateral is adequate. The updated reclamation cost estimate is \$445,000 in 2011 dollars.

**Attachment D-2**

**Division Inspection Report (June 20, 2013)**

*[See attached]*



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:	Thursday, June 20, 2013
Start Date/Time:	6/20/2013 9:30:00 AM
End Date/Time:	6/20/2013 12:30:00 PM
Last Inspection:	Thursday, May 23, 2013

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp. 67 Deg. F.

InspectionID Report Number: 3515

Accepted by: jhelfric  
6/26/2013

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

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:

Temporary seals and foam have been installed over the portals. The fan was being shipped off the property during the inspection. Outside belt drives have been removed. The underground power has been disconnected. Power still remains at the office/bath-house. Three to four works were observed on site, but they will be dismissed at the end of the week. To date a Trustee has not been assigned by the bankruptcy court. Required compliance items such as water monitoring and sediment pond inspections potentially could start to become a compliance issue if not done within the required time frames.

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date

Thursday, June 20, 2013



Permit Number: C0070020  
 Inspection Type: PARTIAL  
 Inspection Date: Thursday, June 20, 2013

**Inspection Continuation Sheet**

**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.
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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.

	Evaluated	Not Applicable	Comment	Enforcement
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3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**2. Signs and Markers**

The mine identification sign was observed in place at the entrance into the permit area. The sign contains the name, address, phone number and mining permit number.

**4.a Hydrologic Balance: Diversions**

A few items were observed within the main diversion along side of the office/bathhouse. Items probably have fallen in the diversion from all of the equipment being hauled off the site. The diversion can still function, but the items should be removed.

**5. Explosives**

The explosives and caps have been removed from the magazines and shipped off site.

**22. Other**

Oil cans and fuel containment still remain on site.





**Attachment D-3**

**Division Inspection Report (July 25, 2013)**

*[See attached]*



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:	Thursday, July 25, 2013
Start Date/Time:	7/25/2013 9:30:00 AM
End Date/Time:	7/25/2013 12:30:00 PM
Last Inspection:	Thursday, June 20, 2013

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp. 85 Deg. F.

InspectionID Report Number: 3552

Accepted by: jhelfric  
7/29/2013

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:

Mine is still idle. In bankruptcy. Temporary seals in the portals.

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Thursday, July 25, 2013



Permit Number: C0070020  
 Inspection Type: PARTIAL  
 Inspection Date: Thursday, July 25, 2013

**Inspection Continuation Sheet**

**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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input 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"/>

Permit Number: C0070020  
Inspection Type: PARTIAL  
Inspection Date: Thursday, July 25, 2013

## Inspection Continuation Sheet

Page 3 of 3

### **2. Signs and Markers**

Mine identification sign is in place along side of the carbon county road used to access the mining permit area. The sign contains the required information.

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

Main diversion has been cleaned of noncoal waste items.

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

The water level in the sediment pond is dissipating with the warmer temperatures.

### **5. Explosives**

All powder and caps along with the magazines used to store these explosives have been removed from the mine site. The explosives and magazines were returned to the vendor.

**Attachment D-4**

**Division Inspection Report (August 13, 2013)**

*[See attached]*



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:	COMPLETE OVERSITE
Inspection Date:	Tuesday, August 13, 2013
Start Date/Time:	8/13/2013 8:30:00 AM
End Date/Time:	8/13/2013 12:00:00 PM
Last Inspection:	Thursday, July 25, 2013

Inspector: Karl Houskeeper

Weather: Clear, Temp. 79 Deg. F.

InspectionID Report Number: 3575

Accepted by: jhelfric  
8/26/2013

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper
OSM	Flynn Dickinson
OSM	Flynn Dickinson

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:

The portals have temporary seals.

The fuel tank and portable containment have been removed from the site.  
Oil cans (5 gallon remain on site as well as a containment for 55 gallon drums.

Pictures were taken at the site and are attached to the PDF version of this inspection report.

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Tuesday, August 13, 2013



Permit Number: C0070020  
 Inspection Type: COMPLETE OVERSITE  
 Inspection Date: Tuesday, August 13, 2013

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

**1. Permits, Change, Transfer, Renewal, Sale**

The current DOGM permit C/007/020 was issued effective 10/11/2011 and expires 10/11/2016.

-Certificate of Insurance policy #GL00031920-01 issued 06/04/2013 and terminates 09/04/2013.

-UPDES permit UTG040000 (General) UTG040019 (Site Specific) effective 09/01/2013 and expires midnight 08/31/2018.

-Air Quality permit DAQE-700-70, issued November 7, 2000.

-SPCC Plan dated January 2010. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E.

**2. Signs and Markers**

The mine identification sign is in place at the access point from the carbon county road leading into the mining permit area. The sign contains all of the required information. The sign is in compliance with the Utah R645 Coal Rules.

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

The sediment pond was last inspected on 05/24/2013 for the second quarter of 2013.

**4.e Hydrologic Balance: Effluent Limitations**

The discharge monitoring reports were reviewed. The last available report is for July 2013. No discharge occurred from outfall 001 or 002.

**5. Explosives**

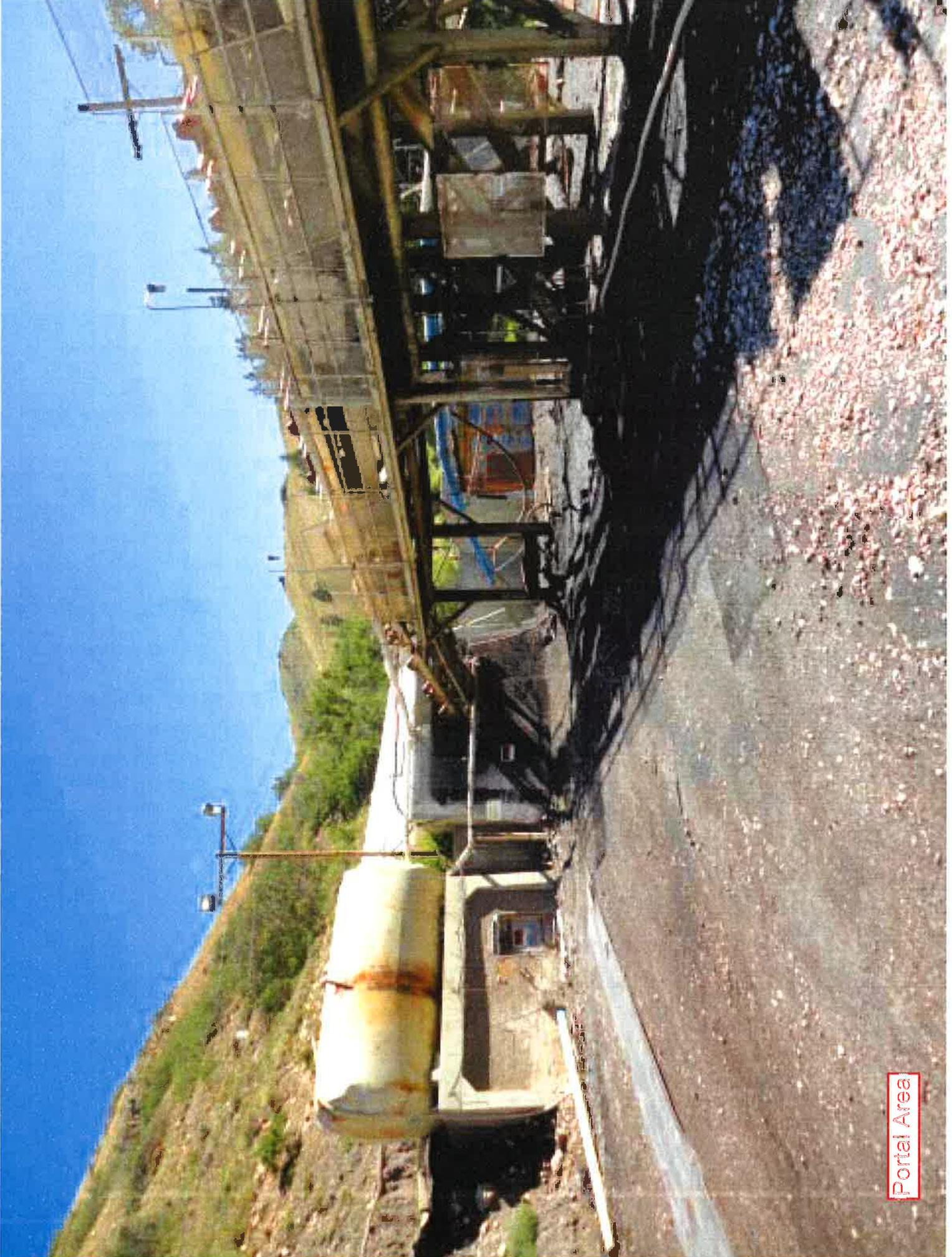
All explosives and the explosive magazines have been removed from the site.

**20. Air Quality Permit**

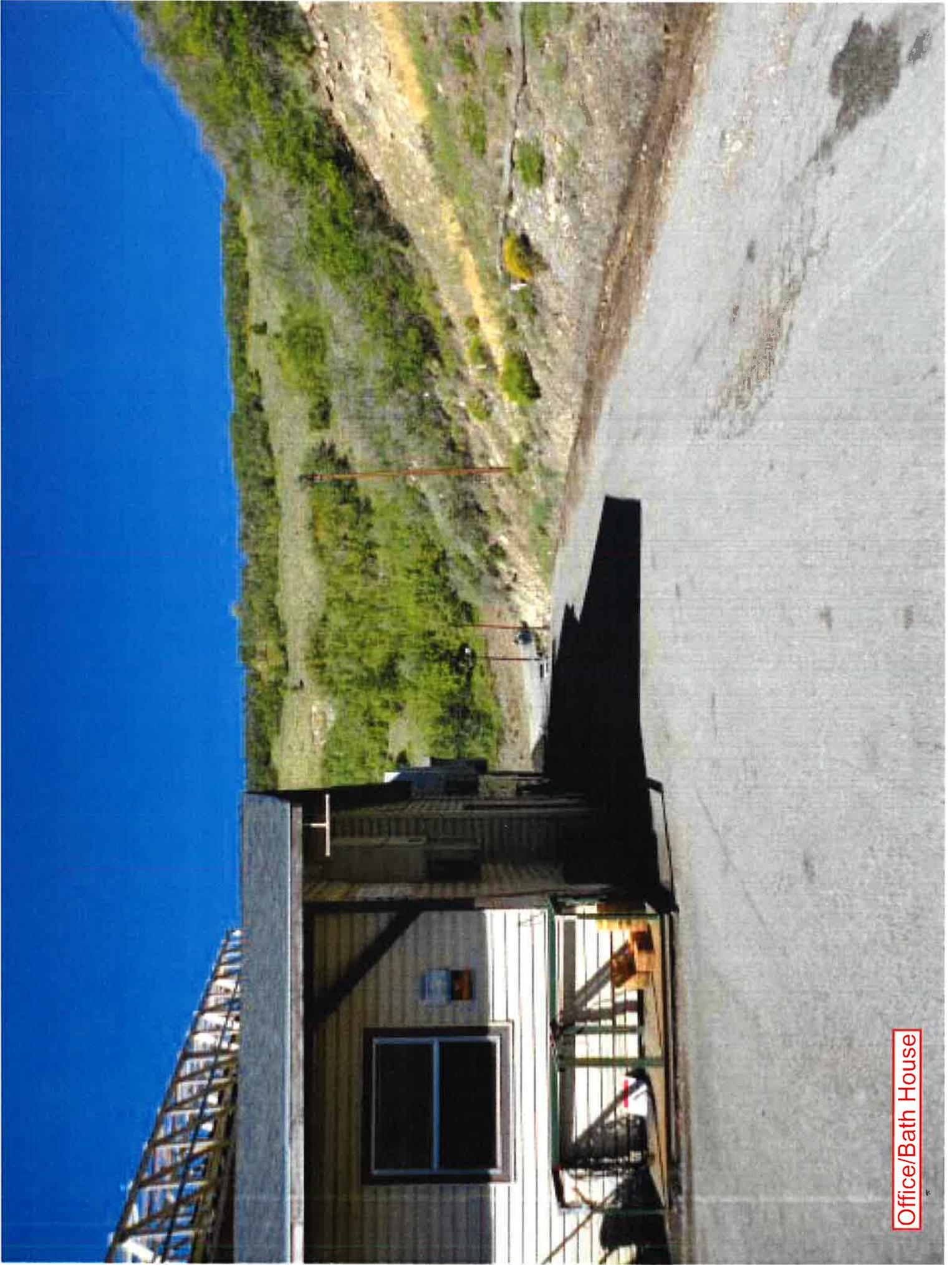
The Air Quality Permit Approval Order DAQE-700-00 was issued on November 7, 2000. Recent documentation shows the approval order number as DAQP-002-06.

**21. Bonding and Insurance**

The bond is secured by a letter of credit through Bank One in the amount of \$57,000 and collateral to add up to the amount of \$342,000. This letter of credit expired on January 20, 2007. The appraisal was updated as of 12/20/06 for the real estate (collateral) and the appraisal is now \$625,000 and the collateral is adequate. The updated reclamation cost estimate is \$445,000 in 2011 dollars.



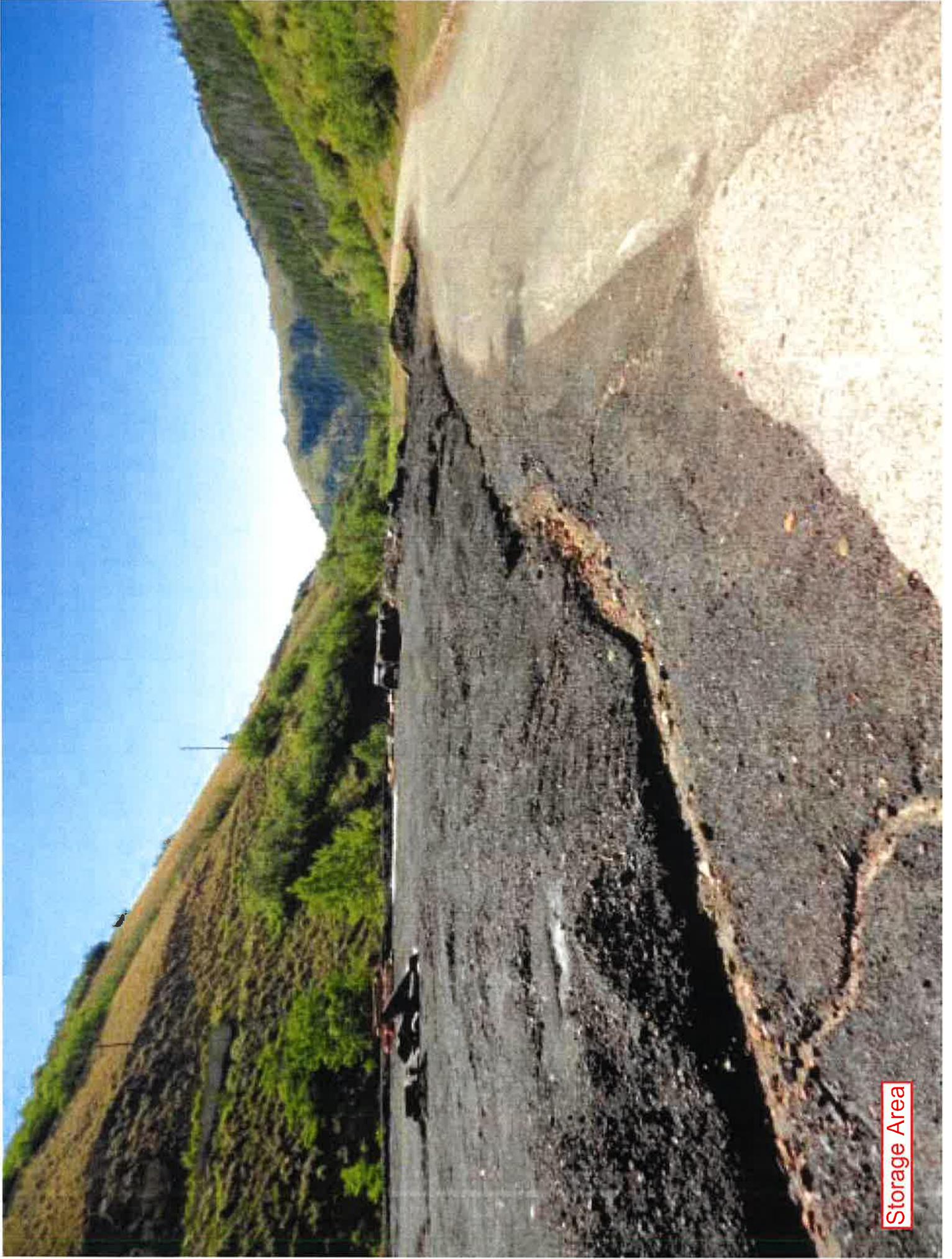
Portal Area



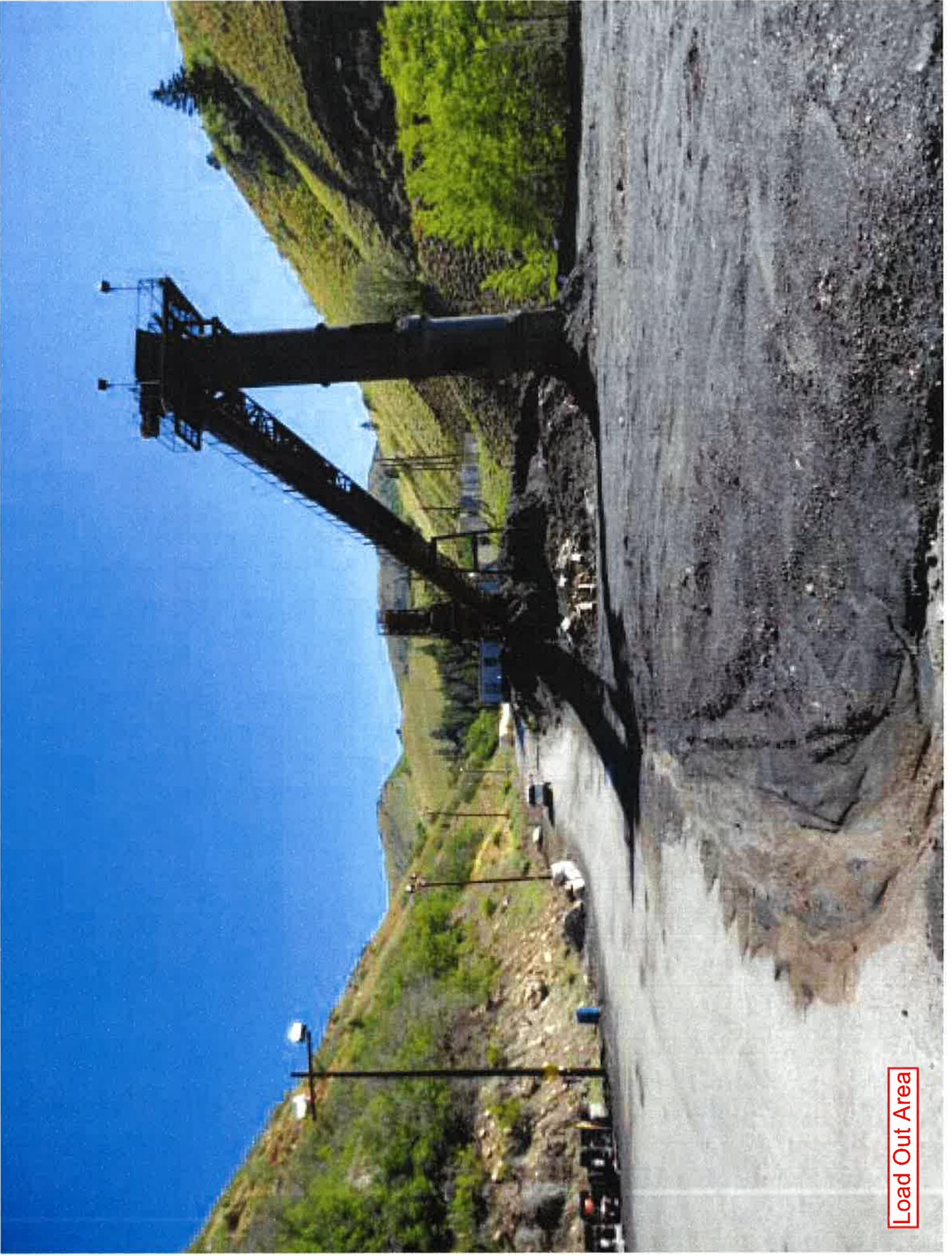
Office/Bath House



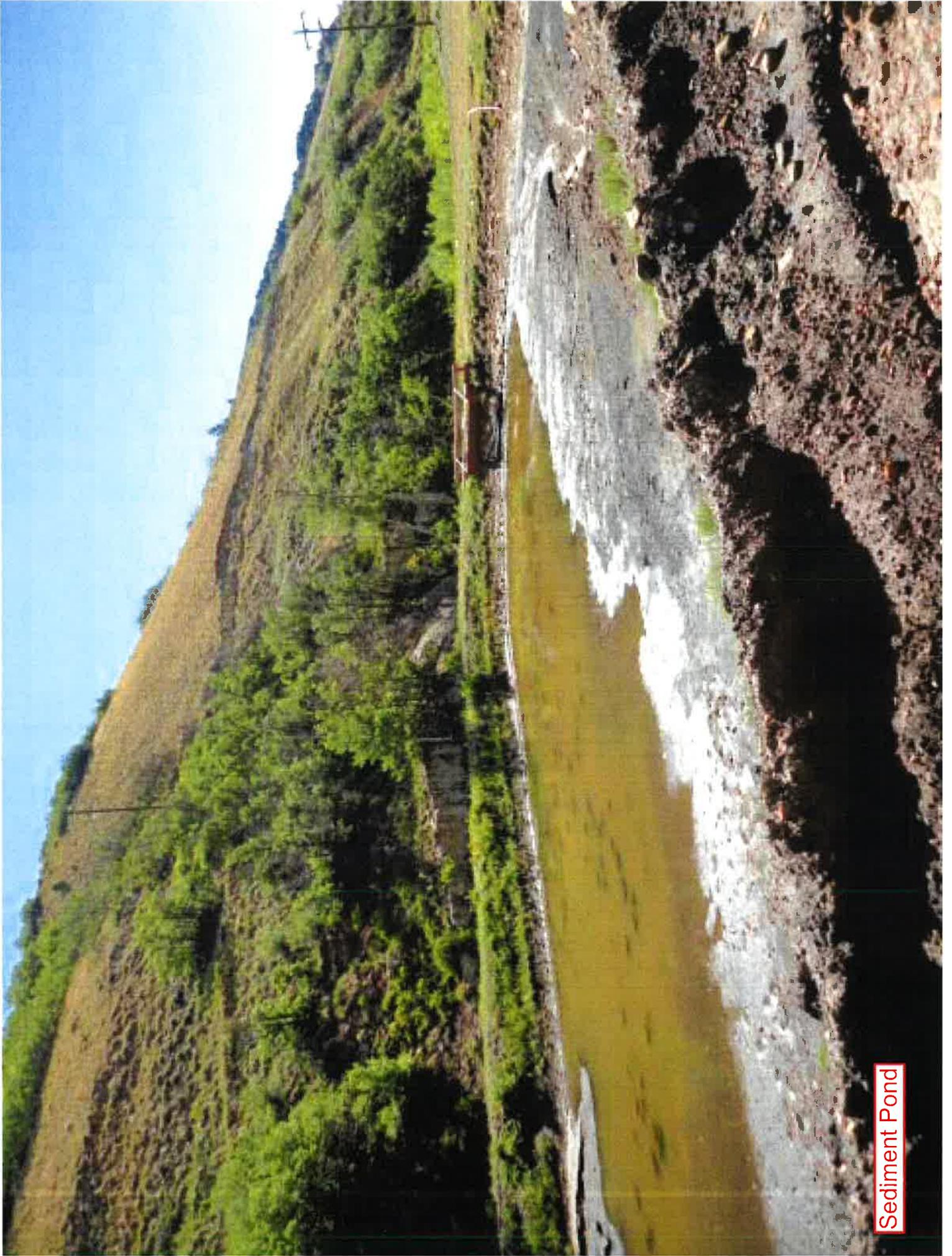
Fuel/Oil Storage



Storage Area



Load Out Area



Sediment Pond

**Attachment D-5**

**Division Inspection Report (September 26, 2013)**

*[See attached]*



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:	Thursday, September 26, 2013
Start Date/Time:	9/26/2013 9:30:00 AM
End Date/Time:	9/26/2013 12:30:00 PM
Last Inspection:	Tuesday, August 13, 2013

#### Representatives Present During the Inspection:

Company	Kit Pappas
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Partly Cloudy, Temp. 54 Deg. F.

InspectionID Report Number: 3620

Accepted by: jhelfric  
9/30/2013

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	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:

Security Guard on site during the inspection.

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Thursday, September 26, 2013



Permit Number: C0070020  
 Inspection Type: PARTIAL  
 Inspection Date: Thursday, September 26, 2013

**Inspection Continuation Sheet**

**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.
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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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**2. Signs and Markers**

The mine identification sign was observed as part of the partial inspection. The sign is placed at the entrance into the mining permit area. M The sign contains all of the required information required by regulations.

**4.a Hydrologic Balance: Diversions**

The main diversion to the side of the Office area is open and functional/

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

The water level in the sediment pond is near the spill way, but has not discharge. The pond has received water from recent storm events.

**22. Other**

Some of the five gallon cans of oil and grease have been removed since the previous inspection. About three and a half pallets remains on site. The containers have been gathered and organized neatly onto wooden pallets.

**Attachment D-6**

**Division Inspection Report (October 24, 2013)**

*[See attached]*



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:	Thursday, October 24, 2013
Start Date/Time:	10/24/2013 9:30:00 AM
End Date/Time:	10/24/2013 1:00:00 PM
Last Inspection:	Thursday, September 26, 2013

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp. 50 Deg.

InspectionID Report Number: 3650

Accepted by: jhelfric  
10/29/2013

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

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:

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Thursday, October 24, 2013



Permit Number: C0070020  
 Inspection Type: PARTIAL  
 Inspection Date: Thursday, October 24, 2013

**Inspection Continuation Sheet**

**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, Division 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**2. Signs and Markers**

The mine identification sign is located at the entrance into the permit area. The sign contains all of the information that is required by regulation.

**4.a Hydrologic Balance: Diversions**

The main diversion is open and functional.

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

The water level inside of the sediment pond has decreased since the previous month inspection.

**22. Other**

All of the 5 gallon oil storage cans have been removed from the oil storage area with in the mining permit area.

**Attachment D-7**

**Division Inspection Report (November 20, 2013)**

*[See attached]*



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:	COMPLETE
Inspection Date:	Wednesday, November 20, 2013
Start Date/Time:	11/20/2013 9:30:00 AM
End Date/Time:	11/20/2013 12:30:00 PM
Last Inspection:	Thursday, October 24, 2013

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Partly Cloudy, Temp. 43 Deg. F.

InspectionID Report Number: 3675

Accepted by: jhelfric

11/21/2013

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:

The portals have temporary seals.

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Wednesday, November 20, 2013



Permit Number: C0070020  
 Inspection Type: COMPLETE  
 Inspection Date: Wednesday, November 20, 2013

**Inspection Continuation Sheet**

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

**1. Permits, Change, Transfer, Renewal, Sale**

The current DOGM permit C/007/020 was issued effective 10/11/2011 and expires 10/11/2016.

-Certificate of Insurance policy #GL00040912-01 issued 12/03/2013 and terminates 12/03/2014.

-UPDES permit UTG040000 (General) UTG040019 (Site Specific) effective 09/01/2013 and expires midnight 08/31/2018.

-Air Quality permit DAQE-700-70, issued November 7, 2000.

-SPCC Plan dated January 2010. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E.

**2. Signs and Markers**

The mine identification sign is in place at the access point from the carbon county road leading into the mining permit area. The sign contains all of the required information. The sign is in compliance with the Utah R645 Coal Rules.

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

The sediment pond was inspected on 09/20/2013 for the third quarter of 2013.

**4.e Hydrologic Balance: Effluent Limitations**

Discharge monitoring reports were observed for June, July August and September 2013. No discharges occurred.

**21. Bonding and Insurance**

The bond is secured by a letter of credit through Bank One in the amount of \$57,000 and collateral to add up to the amount of \$342,000. This letter of credit expired on January 20, 2007. The appraisal was updated as of 12/20/06 for the real estate (collateral) and the appraisal is now \$625,000 and the collateral is adequate. The updated reclamation cost estimate is \$445,000 in 2011 dollars.

**Attachment D-8**

**Division Inspection Report (December 19, 2013)**

*[See attached]*



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:	Thursday, December 19, 2013
Start Date/Time:	12/19/2013 9:30:00 AM
End Date/Time:	12/19/2013 1:00:00 PM
Last Inspection:	Wednesday, November 20, 2013

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Overcast, Temp. 29 Deg. F.

InspectionID Report Number: 3716

Accepted by: jhelfric  
12/30/2013

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	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:

Mine site is still idled. Site is blanketed by snow.

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Thursday, December 19, 2013



Permit Number: C0070020  
 Inspection Type: PARTIAL  
 Inspection Date: Thursday, December 19, 2013

**Inspection Continuation Sheet**

**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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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"/>

Permit Number: C0070020  
Inspection Type: PARTIAL  
Inspection Date: Thursday, December 19, 2013

**Inspection Continuation Sheet**

**Page 3 of 3**

**2. Signs and Markers**

The mine identification sign is posted along side of the carbon county road used to access the mine site. The sign is posted prior to the mining permit area and contains all of the information required by regulation.

**4.a Hydrologic Balance: Diversions**

The main diversion is snow covered.

**8. Noncoal Waste**

Site is free of noncoal waste items.

**Attachment D-9**

**Division Inspection Report (January 22, 2014)**

*[See attached]*



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, January 22, 2014
Start Date/Time:	1/22/2014 9:30:00 AM
End Date/Time:	1/22/2014 12:30:00 PM
Last Inspection:	Thursday, December 19, 2013

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp. 33 Deg. F.

InspectionID Report Number: 3732

Accepted by: jhelfric  
1/30/2014

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:

Mine site is still idled. The oil storage area is cleaned up and consolidated.

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Wednesday, January 22, 2014



Permit Number: C0070020  
 Inspection Type: PARTIAL  
 Inspection Date: Wednesday, January 22, 2014

**Inspection Continuation Sheet**

**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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input 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"/>

Permit Number: C0070020  
Inspection Type: PARTIAL  
Inspection Date: Wednesday, January 22, 2014

**Inspection Continuation Sheet**

**Page 3 of 3**

**2. Signs and Markers**

The mine identification sign is in place and contains the required information.

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

Water level in the sediment has decreased since the prior inspection.

**Attachment D-10**

**Division Inspection Report (February 20, 2014)**

*[See attached]*



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:	COMPLETE
Inspection Date:	Thursday, February 20, 2014
Start Date/Time:	2/20/2014 9:30:00 AM
End Date/Time:	2/20/2014 1:00:00 PM
Last Inspection:	Wednesday, January 22, 2014

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

Inspector: Karl Houskeeper

Weather: Clear Skies, Temp. 28 deg. F.

InspectionID Report Number: 3759

Accepted by: jhelfric  
3/13/2014

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:

Portals are temporarily sealed.

Inspector's Signature:

Karl Houskeeper,  
Inspector ID Number: 49

Date Thursday, February 20, 2014



Permit Number: C0070020  
 Inspection Type: COMPLETE  
 Inspection Date: Thursday, February 20, 2014

**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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**1. Permits, Change, Transfer, Renewal, Sale**

The current DOGM permit C/007/020 was issued effective 10/11/2011 and expires 10/11/2016.

-Certificate of Insurance policy #GL00040912-01 issued 12/03/2013 and terminates 12/03/2014.

-UPDES permit UTG040000 (General) UTG040019 (Site Specific) effective 09/01/2013 and expires midnight 08/31/2018.

-Air Quality permit DAQE-700-70, issued November 7, 2000.

-SPCC Plan dated January 2010. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E.

**2. Signs and Markers**

The mine identification sign is in place near the end of the carbon county road used to access the mining permit area. The address and phone number listed on the identification sign are no longer valid. The sign needs to be updated and/or replaced to reflect an address and phone number where representatives associated with the mine can be reached.

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

The fourth quarter 2013 sediment pond inspection was done on December 9, 2013.

**4.e Hydrologic Balance: Effluent Limitations**

The discharge monitoring reports for September, October, November and December 2013 were reviewed as part of the complete inspection. No discharges occurred from any of the referenced months.

**5. Explosives**

No explosives and/pr magazines are on site.

**21. Bonding and Insurance**

The bond is secured by a letter of credit through Bank One in the amount of \$57,000 and collateral to add up to the amount of \$342,000. This letter of credit expired on January 20, 2007. The appraisal was updated as of 12/20/06 for the real estate (collateral) and the appraisal is now \$625,000 and the collateral is adequate. The updated reclamation cost estimate is \$445,000 in 2011 dollars.

**Attachment D-11**

**Technical Analysis and Findings (April 8, 2014)**

*[See attached]*



**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*

## Technical Analysis and Findings

### Utah Coal Regulatory Program

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

### General Contents

#### Identification of Interest

*Analysis:*

The Ownership and Control found in Chapter 2, Page 2-2A of the MRP was compared to the Applicant Violator System and no anomalies were found.

An AVS Evaluation of the permit was generated on 2/26/14. Twenty (20) violations were retrieved in the system. Violations 19 and 20 are issued to the permittee, Hidden Splendor Resources, Inc. and are outstanding. The remaining violations are under Island Creek settlement.

Both violations (19 and 20) are AML violations. Violation 19 was issued on 6/30/12 and shows an amount due of \$13,602.19. Violation 20 was issued on 9/30/12 and shows an amount due of \$1,200.10.

ssteab

### Operation Plan

#### Fish and Wildlife Protection and Enhancement Plan

*Analysis:*

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.

*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

*Analysis:*

The mine is currently inactive and has been for quite some time. 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.

*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

## **Hydrologic Siltation Sedimentation**

*Analysis:*

During the March 11, 2014 mid-term inspection, the pond and diversion ditches were evaluated. The pond is beginning to show sediment build up at the pond inlets, but the frozen water in the pond prevented further investigation of sediment build up. A copy of the December 2013 pond inspection report states that the sediment levels are still below the clean-out elevation.

The pond inlet from ditch DD-6 is eroding and should requires maintenance. Ditch DD-6 also needs maintenance. Ditch DD-6 and the problems with the pond inlet were discussed in the mid-term inspection report.

adaniels

## **Reclamation Plan**

### **Bonding Determination of Amount**

*Analysis:*

The mine currently has a real property bond in place covering \$445,000. The principal holder is American Towers. The bond amount will need to be updated to current year dollars.

*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 data manual and the Caterpillar Handbook or other appropriate resources. The bond summary and corresponding bond calculation sheets in the MRP need to be updated and appropriately escalated to 2019 dollars using Division's approved 1.9% and 5 year escalation.

jowen

**Attachment D-12**

**Division Inspection Report (May 8, 2014)**

*[See attached]*



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:	Thursday, May 08, 2014
Start Date/Time:	5/8/2014 9:30:00 AM
End Date/Time:	5/8/2014 1:00:00 PM
Last Inspection:	Wednesday, April 30, 2014

Inspector: Karl Houskeeper

Weather: Cloudy, Temp. 40 Deg. F.

InspectionID Report Number: 3845

Accepted by: jhelfric

5/14/2014

Representatives Present During the Inspection:	
Company	Kit Pappas
OGM	Karl Houskeeper

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:

Inspector's Signature:

Date: Thursday, May 08, 2014

Karl Houskeeper,  
Inspector ID Number: 49

Note: This inspection report is prepared in accordance with 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



Permit Number: C0070020  
 Inspection Type: PARTIAL  
 Inspection Date: Thursday, May 08, 2014

**Inspection Continuation Sheet**

**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.
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4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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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"/>

## **2. Signs and Markers**

The mine identification sign has been updated since the prior inspection on 04/30/2014. The update consists of a new address for the resident agent being posted on the sign. The sign is in compliance with the Utah R645 Coal Rules. The previous address was for the office in Price Utah which has been closed down.

## **3. Topsoil**

Examined the topsoil pile adjacent to the bathhouse/Portal area subsequent to the midterm review and requests from Division Management. The winter snow melt has placed material against the wattles (up hill side). The majority of the erosion is below the wattles which is not a topsoil pile. There are a few places where a cut dissects the wattle and has went (by passed) underneath the wattle. The mine site is still idle with no one on site. Instructed Kit Pappas to maintain the wattles and re-secure the wattles so that they are trenched in to prevent any bypass. Pictures will be attached to the PDF version of this inspection report. The maintenance work was requested to be done by the next inspection in June 2014.

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

The lower portion of the main diversion adjacent to the bathhouse has silted in due to a buffer before it drops. The diversion is still functional, but should be cleaned. Picture taken and attached to PDF version of this inspection report.

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

Concerns from a previous Division inspection about the sediment marker not being visible were discussed. Asked Kit Pappas to install a new sediment markers that depicts the 60% sediment level by the next Division inspection in June 2014. Pictures of the sediment pond, sediment delta's, inlets and outlets were taken and included in the PDF version of this inspection report.

Sediment delta's are present at the inlet to the sediment pond and along the side of the pond where pad and some county road drainage enters. From discussions with Kit Pappas today following the concerns from the Division on a previous inspection the pond has been checked and it indicates that the pond will need to be cleaned this Summer/Fall 2014. The division inspector attempted to get a sediment elevation from the emergency spillway. Do to the slope of the pond, water in the pond and distance to the sediment horizontally from the emergency spillway a measurement was not a possibility. The saturated soils and water present an unsafe work environment.

## **4.e Hydrologic Balance: Effluent Limitations**

No discharges are occurring from the mine site. To address the concerns about the macro-invertebrate survey identified in the mid term review a permit amendment is being prepared to request suspension of the requirement until mine discharge occurs again in the future. The request change will be presented on page 10-4 of the permit.



***Horizon  
Mine***

***Hidden  
Splendor  
Resources, INC.***

57 WEST 200 SOUTH, SUITE 400

SALT LAKE CITY, UT 84101

PHONE: 801-521-3292

**Permit UDOGM # 007-020**

**MSHA ID# 42-02074**

Updated Mine ID Sign, Horizon



Sediment Pond, Horizon



Sediment Pond, Horizon



Sediment Pond, Horizon



Sediment Pond, Horizon



Main Diversion, Horizon



Topsoil Pile, Horizon



Topsoil Pile, Horizon



Topsoil Pile, Horizon



Topsoil Pile, Horizon



Topsoil Pile, Horizon



Topsoil Pile, Horizon



Topsoil Pile, Horizon



Topsoil Pile, Horizon

**Attachment D-13**

**Division Inspection Report (May 21, 2014)**

*[See attached]*



**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:	<b>C0070020</b>
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

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 is filed in the Carbon County Office of the Division of Oil, Gas and Mining. The regular office hours are 8:00 AM to 5:00 PM, Monday through Friday. For more information, please call the Carbon County Office at (801) 538-5340 or the Division of Oil, Gas and Mining at (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



Permit Number: C0070020  
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 Inspection Date: Wednesday, May 21, 2014

**Inspection Continuation Sheet**

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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.

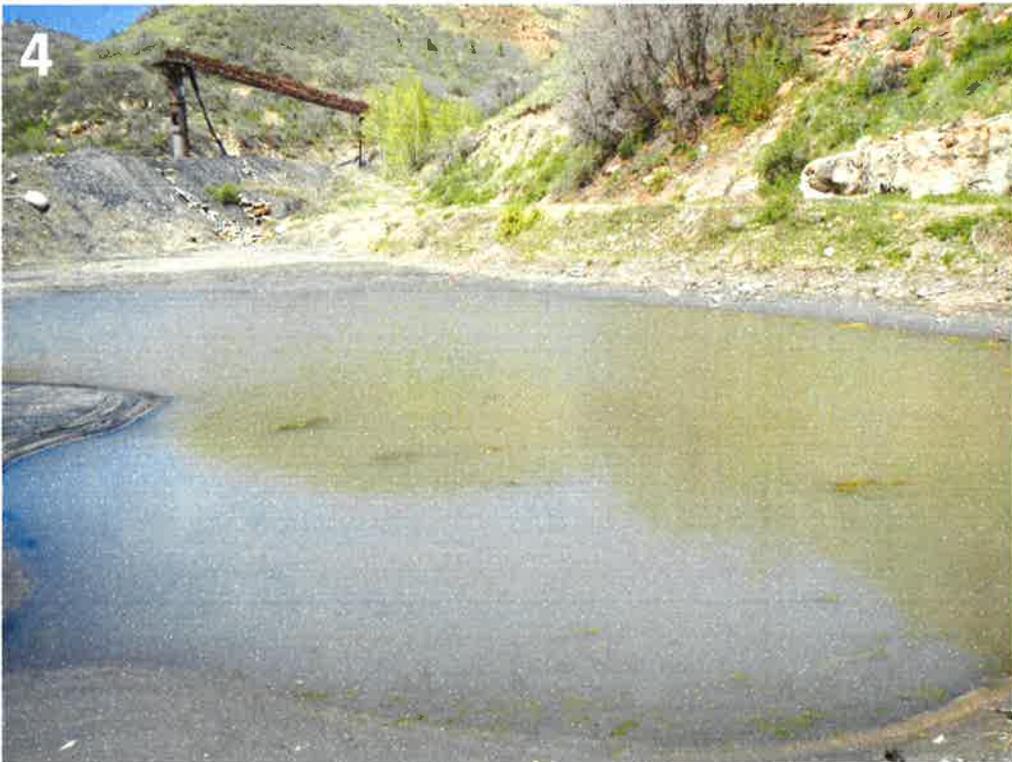
#### **8. Noncoal Waste**

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.



















16

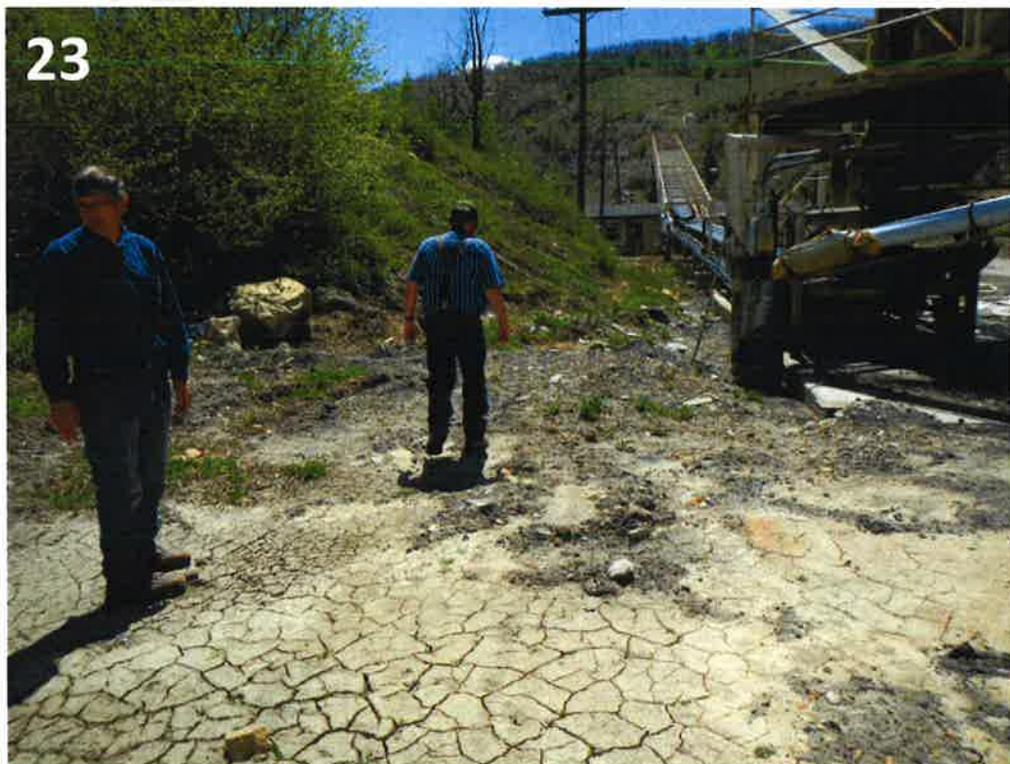


17





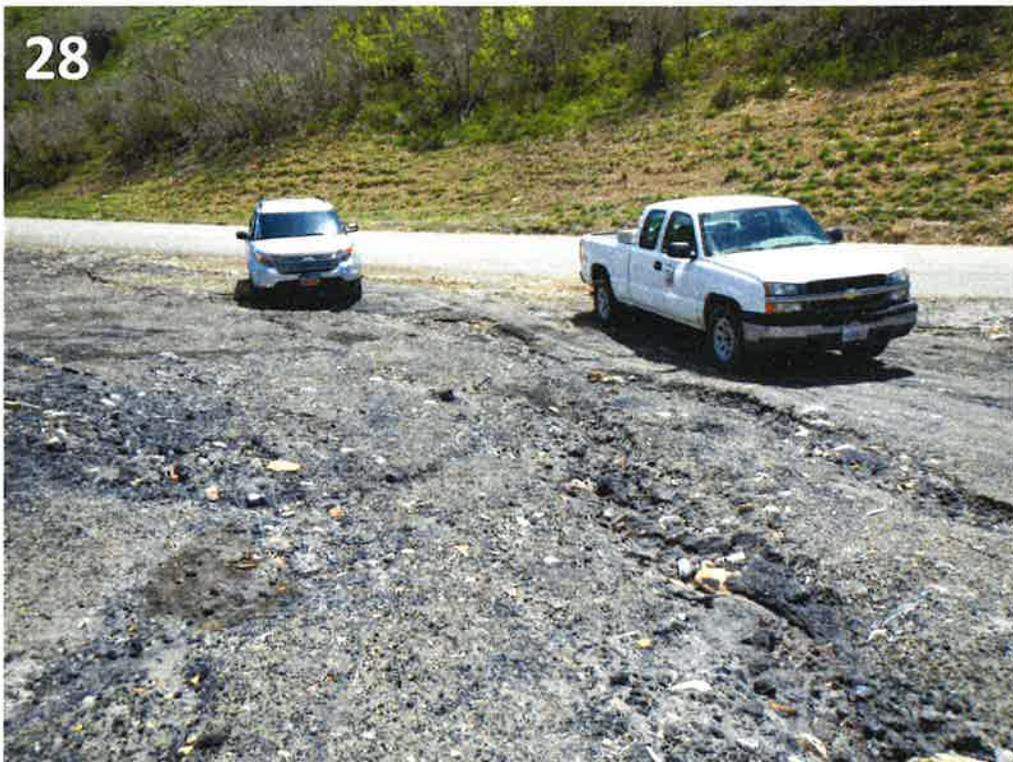




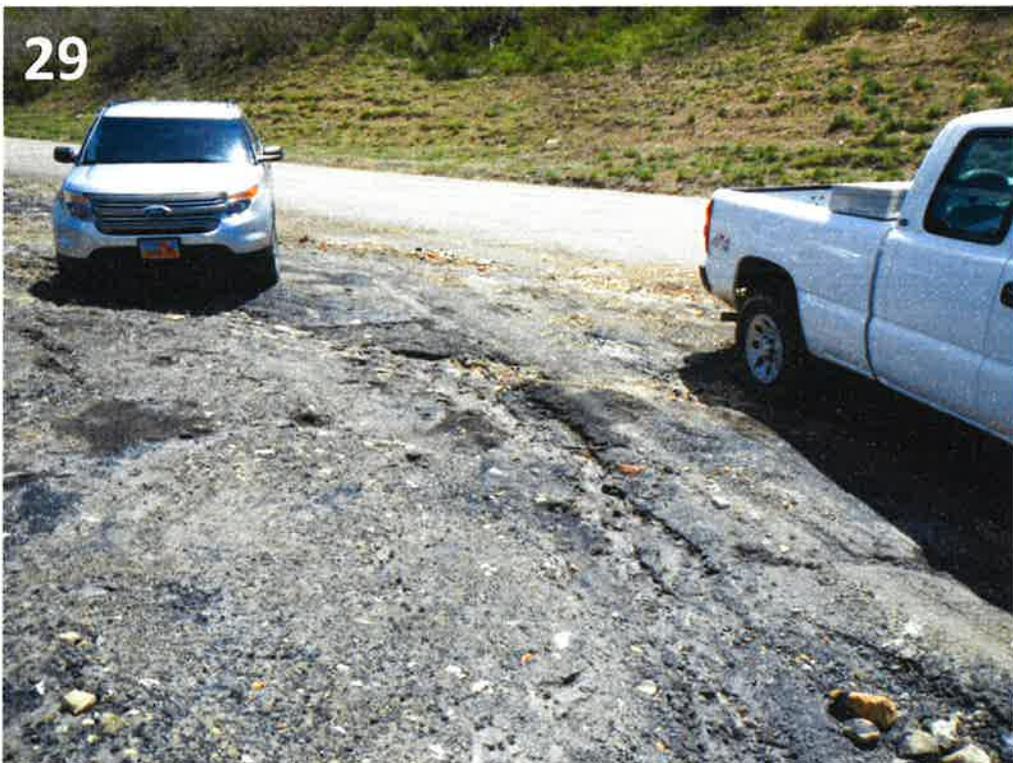




28



29



30



# Attachment E

## Timeline of Events

