

05/18 Incoming RECEIVED

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U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING Mine Site Evaluation State Program



1. Person/Permittee ENERGY WEST MINING		9. Permit Number UT-015-018	10. Permit Type PP
2. Address P. O. BOX 310		11. Field Visit Date 04/27/2011 mm - dd - yyyy	12. Purpose OPI
3. City HUNTINGTON	4. State UT	14. Permit Status A	15. Site Status AP
5. Zip Code 84528	6. Phone Number (435) 687 - 4712	17. OSM Office # 140	16. Facility Type BDEFG
7. Operator Name (if different than Permittee) ENERGY WEST MINING CO.		20. M.S.H.A. ID # 42-00121	13. SRA Present Y
8. Mine Name DEER CREEK MINE		21. State Code UT	19. Land Code SF
		23. AVS Permittee Entity ID Number	22. County Name EMERY
			24. State Office

25. Hours

4.00	a. Permit Review
3.00	b. Site Visit Time
15.00	c. Travel Time
3.00	d. Report Writing

26. Signature Block

Elizabeth Shaeffer
Signature

Elizabeth Shaeffer ID # 377
Printed Name

Date: **05/23/2011**

27. Reviewing Official:

Kenneth Walker
Signature

Review Date: **5/23/11**
mm - dd - yyyy

Is Supplemental MSE Page Used Y?N **Y**

Permit Type - Item 10 IP = Interim Program, PP = Permanent Program, NP = No Permit

Purpose Type Codes - Item 12

Oxx... Oversight	RFx... Reclamation Fees	CCR... Citizen Compliant Referral (non site)
Axx... Assistance	Fxx... Federal Actions	CC... Citizen Complaint (initial site visit)
		CCF... Citizen Complaint Follow-up

Joint Inspection - Item 13 A joint inspection is when a state inspector accompanies an OSM inspector any time during the review of the mine site.

Permit Status - Item 14

A.... Active: Coal mining and reclamation activities occurring or permitted but not yet disturbed.	AB.... Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g).
IN... Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit) Coal mining completed and reclamation activities initiated	AB1.. Bond Forfeiture: Bond forfeiture officially in process or completed, and reclamation in progress or not yet commenced.
BR.. Bond Release: Reclamation completed and State Regulatory Authority (RA) has released all of the bond (Phase III Release.)	AB2.. Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.
	AB3.. Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.
	NA.... Not Applicable: When site is unpermitted.

Site Status Codes - Item 15

ND.. No Disturbance: No coal mining and reclamation operations have been started.	MC.. Mining Complete: No mining activity on site, site regraded and awaiting phase bond release.	NS.. Non-Site Visit: Status of site not determined.
EX.. Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.	TC.. Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/ 817.131(b).	FP.. Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
AP.. Active Coal Producing: Coal surface mining activities are occurring	P1... Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.	FR.. Forfeited and Reclaimed: Forfeiture reclamation completed.
AN.. Active Non-Producing: Active non-producing facility such as tipple or preparation plant.	P2... Phase II Release: At least Phase II bond release for the entire permitted area.	FO.. Abandoned Site: Abandoned site that is permitted but there is no bond.
NM.. No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.	P3... Phase III Release: Reclamation completed and the RA has released all bond.	WC.. Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes - Item 16

A... Surface	D... Ancillary (Haulroad, Conveyor, and/or Rails)	H... Exploration Permits	L... Remining site permitted under 30CFR785.25
B... Underground	E... Refuse and/or Impoundment	I... Notice of Intent to Explore	
C... Preparation Plant	F... Loading Facility and/or Tipple	J... Exempt 16 and 2/3	
	G... Stockpiles	K... Government Financed Construction Exemption	

Small Business Regulatory Enforcement Fairness Act (SBREFA) Your Comments Are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program

Permittee/ Person ENERGY WEST MINING

Permit Number UT-015-018

Field Visit Date 04/27/2011

Continuation Page

28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited

<p>A. Administrative</p> <ol style="list-style-type: none"> 1. <u>1</u> Mining within Valid Permit 2. ___ Mining within Bonded Area 3. ___ Terms & Conditions of Permit 4. ___ Liability Insurance 5. ___ Ownership and Control 6. ___ Temporary Cessation 7. ___ AML Rec. Fees -- Non-Respondent 8. ___ AML Rec. Fees -- Failure to Pay <p>B. Hydrologic Balance</p> <ol style="list-style-type: none"> 1. <u>1</u> Drainage Control 2. ___ Inspections & Certifications 3. <u>1</u> Siltation Structures 4. <u>1</u> Discharge Structures 5. <u>1</u> Diversions 6. ___ Effluent Limits 7. ___ Ground Water Monitoring 8. ___ Surface Water Monitoring 9. ___ Drainage -- Acid-Toxic Materials 10. <u>1</u> Impoundments 11. <u>1</u> Stream Buffer Zones <p>C. Topsoil & Subsoil</p> <ol style="list-style-type: none"> 1. ___ Removal 2. ___ Substitute Materials 3. ___ Storage and Protection 4. ___ Redistribution 	<p>D. Backfilling & Grading</p> <ol style="list-style-type: none"> 1. ___ Exposed Openings 2. ___ Contemporaneous Reclamation 3. ___ Approximate Original Contour 4. ___ Highwall Elimination 5. ___ Steep Slopes (includes downslope) 6. ___ Handling of Acid & Toxic Materials 7. ___ Stabilization (rills and gullies) <p>E. Excess Spoil Disposal</p> <ol style="list-style-type: none"> 1. ___ Placement 2. ___ Drainage Control 3. ___ Surface Stabilization 4. ___ Inspections & Certifications <p>F. Coal Mine Waste (Refuse Piles/Impoundments)</p> <ol style="list-style-type: none"> 1. <u>1</u> Drainage Control 2. ___ Surface Stabilization 3. <u>1</u> Placement 4. ___ Inspections and Certifications 5. ___ Impounding Structures <p>G. Use Of Explosives</p> <ol style="list-style-type: none"> 1. ___ Blaster Certification 2. ___ Distance Prohibitions 3. ___ Blast Survey/Schedule 4. ___ Warnings & Records 5. ___ Control of Adverse Effects 	<p>H. ___ Subsidence Control Plan</p> <p>I. Roads</p> <ol style="list-style-type: none"> 1. <u>1</u> Road Construction 2. ___ Certification 3. <u>1</u> Drainage 4. <u>1</u> Surfacing and Maintenance 5. ___ Reclamation <p>J. Signs & Markers</p> <ol style="list-style-type: none"> 1. <u>1</u> Signs 2. <u>1</u> Markers <p>K. ___ Distance Prohibitions</p> <p>L. Revegetation</p> <ol style="list-style-type: none"> 1. ___ Vegetative Cover 2. ___ Timing <p>M. <u>1</u> Postmining Land Use</p> <p>N. Other</p> <p style="text-align: center;">General Category Performance</p> <p>___ ___ 1) _____</p> <p>___ ___ 2) _____</p> <p>___ ___ 3) _____</p>
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Performance Standard Categories 30 CFR Counterparts

<p>A. Administrative _____</p> <ol style="list-style-type: none"> 1. Valid Permit 773.11 2. Mining within Bonded Area 773.11 3. Terms & Conditions of Permit 773.17 4. Liability Insurance 800.60 5. Ownership and Control 778.13 6. Temporary Cessation 842.11(e) & 816.817.131 7. AML Rec. Fees - Non-Respondent 870.15(b) 8. AML Rec. Fees - Failure to Pay 870.15(a) <p>B. Hydrologic Balance (816/817.41-57)</p> <ol style="list-style-type: none"> 1. Drainage Control 45 2. Inspections & Certifications 49(a)(10) 3. Siltation Structures 46 4. Discharge Structures 47 5. Diversions 43 6. Effluent Limits 42 7. Ground Water Monitoring 41(c) 8. Surface Water Monitoring 41(e) 9. Drainage-Acid - Toxic Materials 41(f) 10. Impoundments 49 11. Stream Buffer Zones 57 <p>C. Topsoil & Subsoil (816/817.22)</p> <ol style="list-style-type: none"> 1. Removal 22(a) 2. Substitute Materials 22(c) 3. Storage and Protection 22(c) 4. Redistribution 22(d) <p>D. Backfilling & Grading 816/817.95-107)</p> <ol style="list-style-type: none"> 1. Exposed Openings 816.817.13, 14, 15, & 823.11 & 21 2. Contemporaneous Reclamation 100 3. Approximate Original Contour 102(a)(1) 4. Highwall Elimination 102(a)(2) 5. Steep Slopes (includes downslope) 107 6. Handling of Acid & Toxic Materials 102(c) 7. Stabilization (rills and gullies) 95(b) 	<p>E. Excess Spoil Disposal (816/817.71-74)</p> <ol style="list-style-type: none"> 1. Placement 71(e) 2. Drainage Control 71(f) 3. Surface Stabilization 71(g) 4. Inspections & Certifications 71(h) <p>F. Coal Mine Waste (Refuse Piles/Impoundments) 816/817.81-84)</p> <ol style="list-style-type: none"> 1. Drainage Control 83(a) 2. Surface Stabilization 83(b) 3. Placement 83(c) 4. Inspections and Certifications 83(d) 5. Impounding Structures 84 <p>G. Use of Explosives (816/817.61-68)</p> <ol style="list-style-type: none"> 1. Blaster Certification 61(c) 2. Distance Prohibitions 61(d) 3. Blast Survey/Schedule 62-64 4. Warnings & Records 66 & 68 5. Control of Adverse Effects 67 <p>H. Subsidence Control Plan (817.121-122)</p> <p>I. Roads (816/817.150-151)</p> <ol style="list-style-type: none"> 1. Road Construction 150(c) 2. Certification 151(a) 3. Drainage 150(b)-151(d) 4. Surfacing and Maintenance 150(e)-151(d) 5. Reclamation 150(f) <p>J. Signs & Markers 816/817.11)</p> <ol style="list-style-type: none"> 1. Signs 11(a),(b),&(c) 2. Markers 11(a),(b),(d),(e),&(f) <p>K. Distance Prohibitions (761.11)</p> <p>L. Revegetation (816/817.111-116)</p> <ol style="list-style-type: none"> 1. Vegetative Cover 111 & 116 2. Timing 113 <p>M. Postmining Land Use (816/817.133)</p>
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Deer Creek Partial Independent Oversight Inspection
Utah Division of Oil, Gas, and Mining (DOGM) Permit ID # UT-015-018
Wednesday, April 27, 2011, 11:00 a.m. -2:00 p.m.

Operator: Energy West Mining Company

Participants:

Karl Houskeeper, DOGM
Elizabeth Shaeffer, OSM, Badge # 377
Dennis Oakley, Energy West Mining Company

Weather conditions: upper 40s, partly cloudy, dry

This was a partial independent oversight inspection of the Bear Creek Mine conducted by Elizabeth Shaeffer of OSM's Denver Field Division. Dennis Oakley, representing Energy West, and Karl Houskeeper, representing DOGM, joined OSM for this inspection. This site is actively mining coal.

The mine ID signs were intact and contained all of the necessary information at the main facilities, waste rock site, and Rilda Canyon facilities. All roads associated with the mine were well maintained. Recently, a rotted-out culvert pipe that ran underneath the mine access road caused a sinkhole in the road. At the time of inspection, a crew was repairing the road and installing a new culvert. The mining company and the county are sharing the cost of this repair (see Photo 1).

We began our inspection by visiting the waste rock site/refuse pile area. The topsoil along the outslope of the embankment is well established and the silt fences have been removed. Topsoil identification markers are in place. We approached the north and south piles (or cells) which both appeared stable. The north pile appeared to have recently received new material and is approaching its approved maximum capacity (approximately 3 ft available) and should be surveyed soon so that the operator does not exceed the designed limit. There is an area at the top of the north pile that now serves as a pad area for parking (see Photo 2). This pad will be filled in and reclaimed. The runoff from the north pile will continue to drain into the sediment pond below (see Photo 3). At the time of inspection this sedimentation pond was dry and the embankment appeared stable.

We drove the dirt road along the C2 Beltline heading towards the main facilities area. "Buffer Zone" signs were seen along the beltline. We then observed the C1/C2 transfer station where coal changes between belts when necessary. We noted that near "Inverted U" No. 52, part of the corrugated metal cover that protects the beltline was damaged and torn off, possibly due to high winds. This section must be repaired.

As we approached the tippie, the Run of Mine belt was actively transporting coal through the tippie and into the coal stockpile. Coal fines that go into the main facility sedimentation pond below the tippie are continually washed through the tippie process. This pond contained water and appeared stable (see Photo 4).

We observed noncoal waste at many locations near the main facility including the parking area, access road, intake portal, and storage areas. Mr. Houskeeper communicated to me that this is an ongoing issue at the mine. We observed the noncoal waste storage area, which was overflowing with trash. There was an orange plastic mesh construction-type fence that was intended to contain the noncoal waste, but was not functioning in this capacity (see Photo 5). The trash needs to be gathered, contained, and disposed of in a way that will not enable it to overflow and spread/blow to other parts of the facilities area. Because this has been an ongoing issue at the mine, and Energy West has received many warnings about this noncoal waste issue, I recommend that DOGM take enforcement action if the problem continues.

Next, we drove to the Rilda Canyon facilities area. The storage facilities at this newly developed site are well maintained and organized (see Photo 6).

OSM Recommended Action Items:

- Repair damaged portion of corrugated metal belt cover near Inverted U No. 52
- Create and implement new containment strategy for noncoal waste

Inspection Photographs:

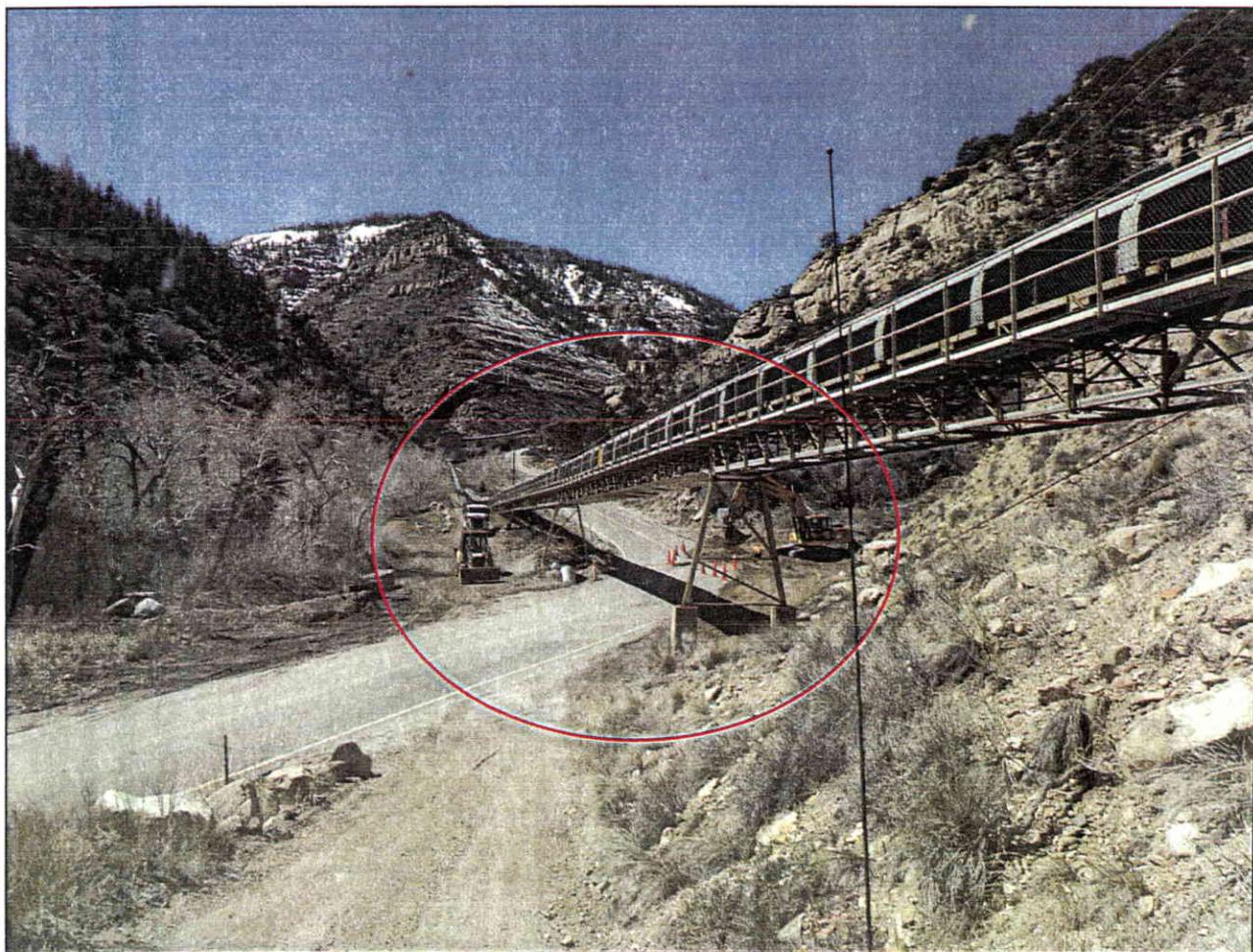


Photo 1 – Road construction associated with culvert replacement

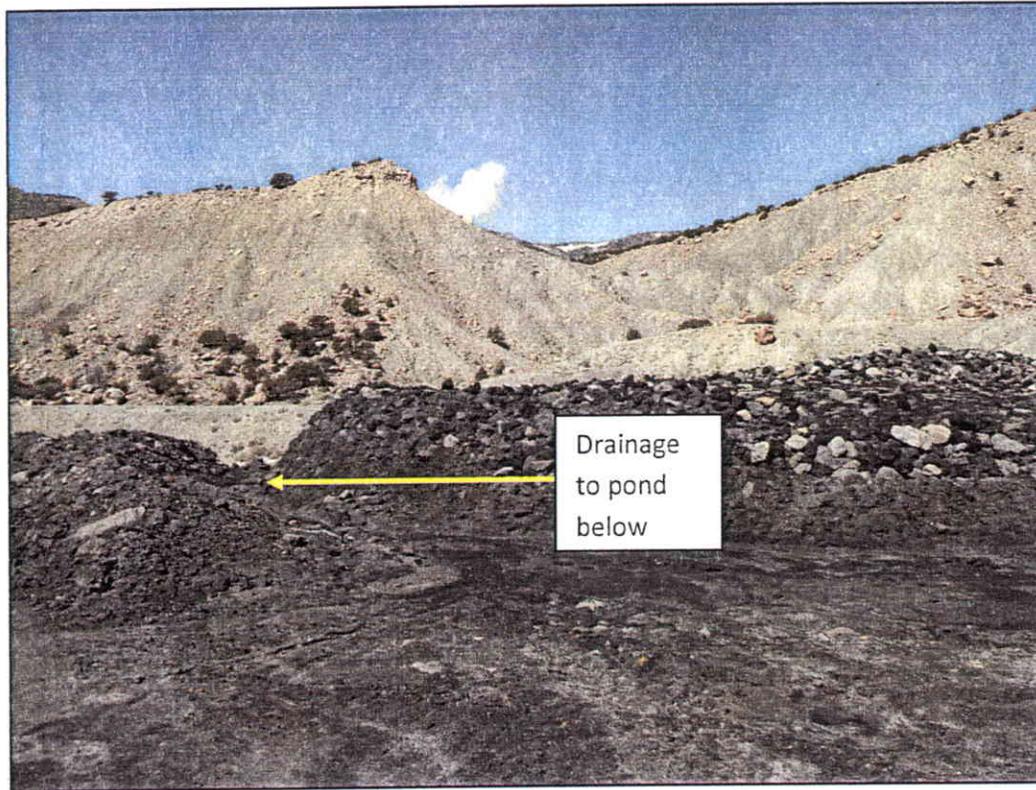


Photo 2 – Pad area on north cell with drainage to pond



Photo 3 – Sedimentation associated with waste rock site, north and south cells



Photo 4 – Sedimentation pond, main facilities area with C1 beltline in foreground



Photo 5 – Noncoal waste containment, main facilities area

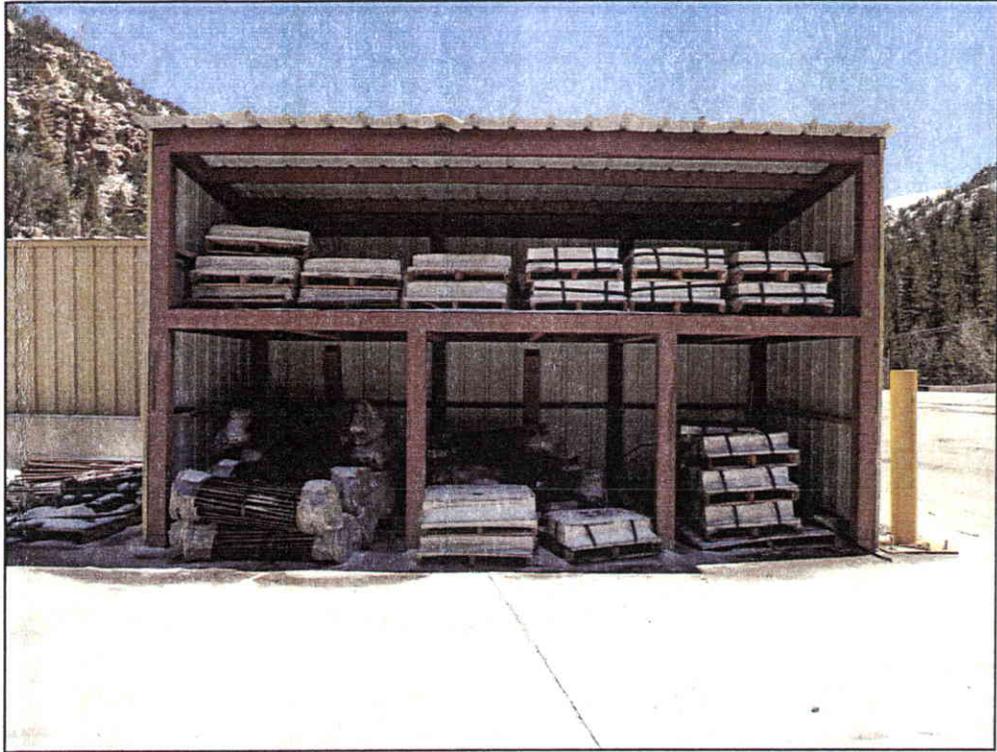


Photo 6 - Well maintained storage area, Rilda Facilities