

May 10, 2006

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 2567

Charles Reynolds, Mine Manager
Co-Op Mining Company
P.O. Box 1245
Huntington, Utah 84528

Subject: Proposed Assessment for State Violation No. N06-46-2-2, Co-Op Mining Company, Bear Canyon Mine, C/015/0025, Outgoing File

Dear Mr. Reynolds:

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, Peter H. Hess, on April 10, 2006. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

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

1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by an assigned conference officer (usually the Division Director or Associate 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.

Page 2
C/015/0025
N06-46-2-2
May 10, 2006

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 Vickie Southwick.

Sincerely,

Daron R. Haddock
Assessment Officer

Enclosure

cc: Vickie Southwick, DOGM
Price Field Office

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

COMPANY / MINE C. W. Mining Company, (d.b.a., Co-Op Mining Company)
PERMIT C/015/0025 CO/NOV # N06-46-2-2 VIOLATION 1 of 2

ASSESSMENT DATE May 10, 2006

ASSESSMENT OFFICER Daron R. Haddock

I. HISTORY (Max. 25 pts.)

A. Are there previous violations, which are not pending or vacated, which fall within one (1) year of the date the violation was issued?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
<u>N05-46-1-1</u>	<u>April 15, 2005</u>	<u>1</u>
<u>N06-46-1-1</u>	<u>February 3, 2006</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)

A. EVENT VIOLATION (Max 45 pts.)

1. What is the event that the violated standard was designed to prevent?
*****Water Pollution and unsafe road conditions.**

2. What is the probability of the occurrence of the event that 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 20

PROVIDE AN EXPLANATION OF POINTS:

******The event that the regulation was intended to prevent is water pollution and unsafe road conditions. Snow melt water was observed reporting from the snow storage areas along primary access road at the #3 mine in an uncontrolled manner. Water pollution was occurring along the access road because adequate drainage and sediment control were not in place. The road and pad areas were becoming saturated with water and as a result could be considered unsafe. The sediment control in this area was not adequate to handle the volume of water and as a result water was running on the road and pad in an uncontrolled manner. Water pollution and unsafe road conditions did occur.***

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 8

PROVIDE AN EXPLANATION OF POINTS:

******The inspector indicated that minor damage had occurred as a result of the violation. Some water pollution was occurring as a result of the untreated runoff but it was very minimal (mainly just potential for damage). Because there is only minor damage and it occurred during a seasonal runoff event, points are assessed in the lower third of the range.***

B. HINDRANCE VIOLATION (Max 25 pts.)

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

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

ASSIGN HINDRANCE POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

TOTAL SERIOUSNESS POINTS (A or B) 28

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 _____

ASSIGN NEGLIGENCE POINTS 8

PROVIDE AN EXPLANATION OF POINTS:

******Proper design and permitting of snow storage and water treatment are expected. A prudent operator would assure that melt water treatments are adequate to control runoff and pollution. By not permitting or adequately addressing the storage of snow and runoff of snow melt the operator shows a lack of diligence and reasonable care. The inspector indicated that he had advised the permittee to permit storage areas for snow accumulations, but the fact that the operator didn't indicates a general lack of concern. Accordingly, an assessment in the middle of the negligence range has been levied.***

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

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

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

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

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

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

EASY OR DIFFICULT ABATEMENT? Difficult

ASSIGN GOOD FAITH POINTS _____

PROVIDE AN EXPLANATION OF POINTS:

****Plans were required to be submitted so this is considered a difficult abatement. Since the abatement has not been completed, good faith cannot be awarded at this time. Once the abatement is completed, this area can be looked at again and good faith points awarded, depending on the diligence in complying with the requirements.*

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # N 06-46-2-2 (1 of 2)

I.	TOTAL HISTORY POINTS	<u>2</u>
II.	TOTAL SERIOUSNESS POINTS	<u>28</u>
III.	TOTAL NEGLIGENCE POINTS	<u>8</u>
IV.	TOTAL GOOD FAITH POINTS	<u> </u>
	TOTAL ASSESSED POINTS	<u>38</u>

TOTAL ASSESSED FINE \$1980.00

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

COMPANY / MINE C. W. Mining Company, (d.b.a., Co-Op Mining Company)
 PERMIT C/015/0025 CO/NOV # N06-46-2-2 VIOLATION 2 of 2

ASSESSMENT DATE May 10, 2006

ASSESSMENT OFFICER Daron R. Haddock

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>N05-46-1-1</u>	<u>April 15, 2005</u>	<u>1</u>
<u>N06-46-1-1</u>	<u>February 3, 2006</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)

A. EVENT VIOLATION (Max 45 pts.)

1. What is the event that the violated standard was designed to prevent?
 ****Water pollution.*
2. What is the probability of the occurrence of the event that 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 20

PROVIDE AN EXPLANATION OF POINTS:

*****The event that the regulation was intended to prevent is water pollution. The inlet to culvert C-25U was blocked and ditch D-25U was short-circuiting to catch basin #2, which is not designed for this additional volume. As a result basin #2 was discharging untreated water. Water pollution was occurring along the #3 mine road because of the un-maintained condition of the drainages.**

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 5

PROVIDE AN EXPLANATION OF POINTS:

***** The inspector indicated that minimal damage had occurred as a result of the violation. There is potential for water pollution as a result of the untreated runoff. Because there is mainly potential damage and it occurred during a seasonal runoff event, points are assessed in the lower third of the range.**

- B. HINDRANCE VIOLATION (Max 25 pts.)

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

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

ASSIGN HINDRANCE POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

TOTAL SERIOUSNESS POINTS (A or B) 25

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 _____

ASSIGN NEGLIGENCE POINTS 8

PROVIDE AN EXPLANATION OF POINTS:

******Proper maintenance of the drainage ditches and culverts is expected. A prudent operator would assure that this maintenance is performed routinely. By allowing the culvert to be blocked to the point where the water was short-circuiting to basin#2, shows a lack of diligence and reasonable care. The fact that the operator had been cited for similar violations in the past has been taken into account. Accordingly, the point assessment is in the mid-range for negligence.***

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

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

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

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

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

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

EASY OR DIFFICULT ABATEMENT? Easy Abatement

ASSIGN GOOD FAITH POINTS -10

PROVIDE AN EXPLANATION OF POINTS:

****The operator utilized company resources to perform the required work so this is considered an easy abatement. The abatement was required to be completed by April 14, 2006 at 5:00 pm. The Division was notified on April 14, 2006 at 11:45 am, that the required abatement work was completed. Abatement was completed ahead of the deadline and in a short timeframe, which indicates diligence on the part of the Operator. Good faith points are granted in the rapid compliance category.*

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # N 06-46-2-2 (2 of 2)

I.	TOTAL HISTORY POINTS	<u>2</u>
II.	TOTAL SERIOUSNESS POINTS	<u>25</u>
III.	TOTAL NEGLIGENCE POINTS	<u>8</u>
IV.	TOTAL GOOD FAITH POINTS	<u>-10</u>
	TOTAL ASSESSED POINTS	<u>25</u>

TOTAL ASSESSED FINE \$ 550.00