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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:	C0150025
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, September 21, 2010
Start Date/Time:	9/21/2010 7:30:00 AM
End Date/Time:	9/21/2010 1:45:00 PM
Last Inspection:	Thursday, August 05, 2010

Representatives Present During the Inspection:
OGM Karl Houskeeper

Inspector: Karl Houskeeper
Weather: Clear, Temp. 65 Deg. F.
InspectionID Report Number: 2503

Accepted by: jhelfric
9/23/2010

Permitee: **HIAWATHA COAL CO INC**
Operator: **HIAWATHA COAL CO INC**
Site: **BEAR CANYON MINE**
Address: **PO BOX 1240, HUNTINGTON UT 84528**
County: **EMERY**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

Current Acreages

10,991.83	Total Permitted
40.46	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:

Lynn McCourt with Price Mine Service was present during the inspection.

Spoke with Cory Heaps on the phone. Cory is with Rhino Energy L.L.C. . Evidently the sale from The Bankruptcy case is finalized the mine is to be called Castle Valley Mining L.L.C. To date the Permit has not been transferred to Castle Valley Mining L.L.C. All information relative to this complete inspection is still tied to the bankruptcy trustee and the previous owner/operator.

Enforcement action taken see items 4a. & 18. Citation #10068 issued.

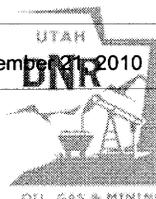
Inspector's Signature: _____

Karl Houskeeper

Date Tuesday, September 21, 2010

Karl Houskeeper,

Inspector ID Number: 49



Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
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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 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 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 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 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 checked="" type="checkbox"/>	<input checked="" 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/015/0025 on file was issued effective 04/03/2007 and expires 11/02/2010 to CW Mining. Kenneth Rushton is the assigned Trustee by the Bankruptcy Court. Information found in chapter one of the mining and reclamation plan (MRP) relative to ownership and control needs to be updated to reflect the proper information such as addresses, directors, resident agent to name a few. Any change in ownership requires a permit transfer to be approved by the Division.

-Certificate of Insurance policy number CSPKG00617-00, issued 02/07/2010 and terminates 02/17/2011, Bear Canyon Mining (Trustee Kenneth Rushton).

-UPDES permit # UTG040000(UTG040006) effective 08/01/2008 and expires @ midnight 04/30/2013. Current permit is under Hiawatha Coal company. This permit needs to go through a permit change to reflect the proper permittee.

-Air Quality permit DAQE-145-02, issued February 22, 2002. Current permit is under Hiawatha Coal company. This permit needs to go through a permit change to reflect the proper permittee.

-SPCC Plan dated 09/14/06. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E. This plan needs to be revised to reflect the current persons and personnel in charge. The individuals listed in this plan no longer have any responsibility.

2. Signs and Markers

A new mine identification sign is posted at the point of public access to the permit. The new sign shows Caste Valley Mining L.L.C. with there phone number and address. A permit transfer has not taken place to date. Responsibility still remains with the bankruptcy trustee.

4.a Hydrologic Balance: Diversions

New construction has taken place at the culvert inlet leading into Sediment pond B. The inlet is located at the end of diversion D-8D. The construction consists of poring a concrete apron. Citation #10068 was issued for Failure to submit a permit change or receive Division Approval prior to construction. See also item 18 part of citation.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The last pond inspection records available indicate that second quarter 2010 pond inspections were done on 4/24/2010.

18. Support Facilities, Utility Installations

New construction was found adjacent to the main road where the access road to the shop takes off. The new construction consists of a concrete vault to cover a culinary overflow valve. The vault is above ground. Citation #10068 was issued for Failure to submit a permit change or receive Division Approval prior to construction. See also item 4a part of citation.

20. Air Quality Permit

The current air quality permit is under Hiawatha Coal Company. A permit transfer needs to be done as Hiawatha Coal Company is longer part of this operation.

21. Bonding and Insurance

The information available on site indicates CW Mining has a bond through Lyndon Property Insurance Company NPL-0601-310000 for \$1,825,000. All indications are that this bond is still effective.