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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

C0150025
Outgoing
#4296
OK

June 26, 2013

Cory Heaps
Castle Valley Mining LLC
P. O. Box 475
Huntington, Utah, 84528

Subject: 2012 Annual Report Review Completion, Bear Canyon Mine, C/015/0025, Task ID #4296

Dear Mr. Heaps:

The Division staff has completed the review of the 2012 Annual Report. Enclosed is a copy of the review with each reviewer's comments completed.

Thank you for your diligence in completing the Annual Report. If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
O:\015025.BCN\WG4296\ReviewCompletionLetter.doc

Print Form

Submit by Email

Reset Form

Annual Report

This Annual Report shows information the Division has for your mine. Submit the completed document and any additional information identified in the Appendices to the Division by the date specified in the cover letter. During a complete inspection an inspector will check and verify the information.

| GENERAL INFORMATION | | | |
|---------------------|--------------------------|------------------------|------------------------|
| Company Name | Rhino Energy | Mine Name | Bear Canyon Mine |
| Permit Number | C/015/0025 | Permit expiration Date | 11-2-2015 |
| Operator Name | Castle Valley Mining LLC | Phone Number | +1 (435) 687-2178 |
| Mailing Address | P.O. BOX 475 | Email | jjorgensen@rhinolp.com |
| City | HUNTINGTON | | |
| State | UTAH | Zip Code | 84528 |

DOGM File Location or Annual Report Location

| | | |
|--------------------|---|---|
| Excess Spoil Piles | <input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required | |
| Refuse Piles | <input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required | |
| Impoundments | <input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required | See Annual Report Attachment on this E Mail |
| Other: | | |

OPERATOR COMMENTS

IMPOUNDMENT CONSISTS OF PONDS A,B,C,D. IMPOUNDMENTS CERTIFIED 12/21/2012. SEE ANNUAL REPORT ATTACHMENT WITH THIS E MAIL

REVIEWER COMMENTS

Met Requirements Did Not meet Requirements

The annual sediment pond inspections were done on December 10, 2012. The results of this inspection are contained in a report dated December 21, 2012. The report is P.E. certified, dated and signed on December 21, 2012 by a Utah P.E. This report is available at the mine site and has been submitted as part of the 2012 Annual Report. (KRH)

Inspection reports provided indicate that impoundments show no signs of structural instability or other hazardous conditions. Structures have been cleaned according to required clean-out levels and are reported to be functioning properly. (JCO)

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If additional written response is required, it should be filed as an attachment to this report.

Title: **SUBSIDENCE MONITORING**

Objective: Determine subsidence effects from mining

Frequency: Annually

Status: On going

Reports: Submit surveyed monitoring data to the Division annually. **Please include a map showing the location of the subsidence points in relationship to the underground workings.**

Citation: MRP Chapter 5, Appendix 5C, pg 5c-8

Operator Comments

A SUBSIDENCE MAP IN PDF FORMAT WILL BE ATTACHED. ALSO ATTACHED WILL BE THE MONITORING DATA

Reviewer Comments Met Requirements Did Not Meet Requirements

A subsidence map was provided showing all of the surveyed monitoring locations in relationship to the underground workings. Raw subsidence data (easting, northing, elevation) was provided for each monitoring point. Previous point elevations from 2011 were also provided. No significant subsidence was identified during the data review. All changes in elevation are within expected ranges for subsidence or surveying error. New subsidence monitoring stations (9K series) were added to the annual subsidence survey in 2012. (JCO)

Title: **WILDLIFE AWARENESS PROGRAM**

Objective: To inform employees of the wildlife and the need for protection in the mine facilities and access road areas.

Frequency: As needed.

Status: Ongoing.

Reports: Summary in Annual Report

Citation: Chapter three, page 3-45, paragraph 2.

Operator Comments

DURING OUR QUARTERLY SAFETY TRAINING WE INCLUDE A WILDLIFE PROTECTION SEGMENT. THIS INCLUDES DISCUSSION OF OUR MINING FACILITY AND ACCESS ROADS, AND HOW WE CAN PROTECT THE WILDLIFE AROUND US AND WORK SAFE TO.

Reviewer Comments Met Requirements

Did Not Meet Requirements

DOGGM is working with DWR to include a section in each mines employee awareness program that talks about collisions with wildlife, how to avoid them, reporting collisions and getting permission to safely move carcasses a short distance to allow raptors to feed on them safely. [JCH]

Title: IDENTIFICATION OF NEW CULTURAL RESOURCES.

Objective: If during the course of mining operations, previously unidentified cultural resources are discovered, Permittee shall ensure that the site(s) is not disturbed and shall notify the Division of Oil, Gas, and Mining. The Division, after coordination with OSM, shall inform the Permittee of necessary actions required.

Frequency: The Permittee shall implement the mitigation measures required by the Division within the time specified by the Division.

Status: Ongoing.

Reports: Annual

Citation: MRP, Chapter 4, Section 411.144, page 4-15

Operator Comments

WE HAVE NOT DISCOVERED ANY NEW CULTURAL RESOURCES ON THE MINING FACILITY. IF FOUND THE SITE WILL NOT BE DISTURBED AND CASTLE VALLEY MINING WILL INFORM THE DIVISION OF OIL, GAS, AND MINING

Reviewer Comments Met Requirements

Did Not Meet Requirements

DOGGM concurs with CV minings findings.[JCH]

Title: RAPTOR SURVEYS

Objective: Verify presence of nesting birds, and status of nests. Raptor surveys will be conducted every year during the mine life. Include follow-up surveys if conducted.

Frequency: annually for the life of the mine.

Status: Ongoing

Reports: Annual

Citation: Chapter three, page 3-70, paragraph 2.

Operator Comments

ATTACHED AS A SEPERATE ATTACHMENT MARKED ANNUAL REPORT CONFIDENTIAL INFORMATION. THIS THE RAPTOR SURVEY THAT WAS COMPLETED BY CASTLE VALLEY MINING WITH EIS.

Reviewer Comments

Met Requirements

Did Not Meet Requirements

The annual report for the calendar year 2012 includes a raptor survey. The survey indicates that only nest # 903 was tended for the area surveyed. For future surveys it is recommended that the permittee meet with a DOGM biologist to determine which areas should be surveyed based on mining projections. [JCH]



FUTURE COMMITMENTS AND CONDITIONS

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the "status" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

Title: VEGETATION MONITORING PROCEDURES

Objective: Qualitative observations of revegetated areas will be made yearly throughout the ten year liability period. (See R645-301-250).

Frequency: Quantitative measurements of reclamation will be collected during years 2,3,5,9, and 10 of the same bond liability period. Any areas not achieving success will be evaluated and revegetated as needed.

Status: Begin at reclamation

Reports: Annually after reclamation

Citation: Chapter three, page 3-41, paragraph 1

Title: SEALING OF WELLS

Objective: Permanent closure of wells using measures required by DOGM to prevent access and contamination of groundwater.

Frequency: Once, as wells are no longer needed.

Status: Wells are in use until no longer needed.

Reports: Report status when mining is terminated or wells no longer needed.

Citation: MRP, Chapter 6, page 6-10.

Title: DETAILED REVEGETATION PLAN

Objective: The Operator will submit a detailed revegetation plan in the last Five year permit renewal prior to reclamation. The plan will include detailed map(s) of sufficient scale to show exact areas and methods of revegetation (i.e. drill seeding, terraces, netting, etc.) based on the best technology available and final mine site conditions.

Frequency: Once during last five year permit renewal prior to reclamation. the operator will notify the Division two weeks prior to all seeding work (interim or permanent) to allow the Division to be on site when work is done.

Status: During last permit renewal prior to reclamation.

Reports: NA

Citation: Chapter 3, page 3-46, paragraph 2.

Title: ANALYSIS FOR RE-INITIATION OF SAMPLING SITES

Objective: Notify DOGM of any reactivation of water sampling stations if mining is to occur in the following areas: Leases U-46481; U-024316; T16N R8E Secs 7,17,18,19,20; Mine #4; Mohrland area, or portal opening accessing Leases U61048 or U-61049.

Frequency: Sampling to initiate at least 6 months prior to mining these areas.

Status: Ongoing

Reports: Notify Division in Annual report in mining is to occur.

Citation: Chapter 7, p 7-49.

OPERATOR COMMENTS (OPTIONAL)

[Empty rectangular box]

REVIEWER COMMENTS

[Empty rectangular box]

REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

Reviewer Comments

I have done my review for Bear Canyon mine. There were no issues identified specific to hydrology. I did find an issue with their Tank Seam projected workings map, however. The 5-year Tank Seam workings map they submitted was not georeferenced. The map needs to be overlaid with location information such as Township, Section and Range. The map also shows a different mining sequence than the Tank Seam Workings map found on Plate 5-1C in the MRP. Plate 5-1C was last updated in 1997 during the CO-OP years and needs to be updated with a certified map for insertion into the MRP. In addition, Rhino did not submit any 5-year projection maps for the Hiawatha Seam or the Blind Canyon Seam. If those seams are not actively being mined, they should include a statement in the annual report giving us their status. They should also review their Blind Seam and Hiawatha Seam maps in the MRP (Plates 5-1A and 5-1B) and determine if they are still up-to-date

MAPS

Copies of mine maps, current and up-to-date, are to be provided to the Division as an attachment to this report in accordance with the requirements of R645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

| Map Name | Map Number | Included | | Confidential | |
|------------------------------|------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| | | Yes | No | Yes | No |
| Annual subsidence map | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mine Map- see comments below | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Reviewer Comments Met Requirements Did Not Meet Requirements

Please include a mine map with dates of when the panels are projected to be mined. The Division requires that a map showing at least five years of projected mining be provided annually. I have done my review for Bear Canyon mine. There were no issues identified specific to hydrology. I did find an issue with their Tank Seam projected workings map, however. The 5-year Tank Seam workings map they submitted was not georeferenced. The map needs to be overlaid with location information such as Township, Section and Range. The map also shows a different mining sequence than the Tank Seam Workings map found on Plate 5-1C in the MRP. Plate 5-1C was last updated in 1997 during the CO-OP years and needs to be updated with a certified map for insertion into the MRP. In addition, Rhino did not submit any 5-year projection maps for the Hiawatha Seam or the Blind Canyon Seam. If those seams are not actively being mined, they should include a statement in the annual report giving us their status. They should also review their Blind Seam and Hiawatha Seam maps in the MRP (Plates 5-1A and 5-1B) and determine if they are still up-to-date