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GARY R. HERBERT  
Governor

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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

Outgoing

C0250005

#3773

R

March 9, 2011

CERTIFIED MAIL

7005 0390 0000 7507 4917

Kirk Nicoles, Resident Agent  
Alton Coal Development, LLC  
463 North 100 West, Suite 1  
Cedar City, Utah 84720

Subject: Notice of Violation #'s 10078 & 10079, Task IDs #3772 & #3773, Alton Coal Development Company LLC, Coal Hollow Mine, C/025/0005, Outgoing File

Dear Mr. Nicoles:

The above-referenced notices of violations are being issued by the Division as a result of the complete inspection conducted by Joe Helfrich and April Abate on February 23<sup>rd</sup> and March 2<sup>nd</sup>. During the inspection we also discussed several drainage control adjustments that need to be implemented at the mine. They included the following:

- Sediment and drainage controls need to be put in place along the upper portion of the road leading to the office trailer. The ditch along the western side of the road appeared to have been removed due to snow plowing;
- Update maps 5-34 and 5-39 in the mining and reclamation plan (MRP) with sediment pond 1B depicted;
- Submit a plan to implement sediment and drainage controls in the area southwest of Pond 1B (adjacent to the mine entrance);
- Submit a plan to implement sediment and drainage controls in the area southwest of Pond 2;
- Submit a plan to implement sediment and drainage controls at the outfall of the natural channel of Lower Robinson Creek where it meets the outfall of the temporary diversion



ditch for Lower Robinson Creek to prevent sediment and run off from exiting the permit area via Lower Robinson Creek;

- Submit a corrective action plan for the existing sediment controls and a plan to extend sediment and drainage controls along the northwestern permit boundary that parallels Lower Robinson Creek.

An amendment or amendments to your MRP for the above referenced items requiring plans or updates should be submitted to the Division by no later than Wednesday March 23rd, 2011.

Additional modifications to drainage ditch 2 (DD2) will likely be needed in the near future. Under the current design plan for DD2, undisturbed drainage is comingling with disturbed area drainage reporting to sediment pond 2. DOGM and mine personnel will determine what modifications need to be made once the snow melts and site conditions on the ground are more visible.

If you have any questions, please feel free to call me at (801) 538-5325 or April Abate at (801) 538-5214 or Joe Helfrich at (801) 538-5290.

Sincerely,



Daron R. Haddock  
Coal Program Manager

DRH/JCH/sqs  
Enclosures  
cc: Price Field Office  
O:\025005.COL\NOV coverletter.docm



**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 #:** 10078  
**Permit Number:** C0250005  
**Date Issued:** 03/09/2011

**NOTICE OF VIOLATION**     **CESSATION ORDER (CO)**     **FAILURE TO ABATE CO**

<b>Permittee Name:</b> ALTON COAL DEVELOPMENT LLC	<b>Inspector Number and ID:</b> 1 JHELFRIC
<b>Mine Name:</b> COAL HOLLOW	<b>Date and Time of Inspection:</b> 03/02/2011
<b>Certified Return Receipt Number:</b> 7005 0390 0000 7507 4917	<b>Date and Time of Service:</b> 03/09/2011

**Nature of condition, practice, or violation:**  
 Failure to design, construct and maintain appropriate sediment control measures.  
 Failure to prevent the contribution of additional suspended solids and sediment to streamflow or runoff outside the permit area.  
 Failure to retain sediment within the disturbed area.

**Provisions of Act, regulations, or permit violated:**  
 Chapter 10 Title 40 of the Utah Code Annotated 1953. Section 40-10-17(2)(j)(ii)  
 R645-301-742.110, .111, .121

**This order requires Cessation of ALL mining activities.** (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 type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> 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: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Abatement Times (if applicable).
None	

**Action(s) required:**  Yes  No  
 Remove the snow and sediment that has been piled along the the southeast portion of Robinson creek by 5:00 PM Monday, March 14th. Cease the deposition of untreated runoff into the natural Robinson creek drainage from the ponded and associated disturbed areas below the confluence of the temporary Robinson creek diversion and the natural Robinson creek drainage and provide adequate temporary sediment control by 5:00PM Thursday, March 10th. Install at least three straw bales keyed in properly across the natural Robinson creek drainage just above the lower confluence with the temporary Robinson creek diversion by 5:00 PM Thursday, March 10th.

<b>Kirk Nicholes</b> _____ (Print) Permittee Representative	<b>JOE HELFRICH</b> _____ (Print) DOGM Representative
Permittee Representative's Signature - Date	<i>Joe Helfrich</i> 3/8/2011 _____ DOGM Representative's Signature - Date

**SEE REVERSE SIDE Of This Form For Instructions And Additional Information**



**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 #:** 10079  
**Permit Number:** C0250005  
**Date Issued:** 03/09/2011

**NOTICE OF VIOLATION**       **CESSATION ORDER (CO)**       **FAILURE TO ABATE CO**

<b>Permittee Name:</b> ALTON COAL DEVELOPMENT LLC	<b>Inspector Number and ID:</b> 1 JHELFRIC
<b>Mine Name:</b> COAL HOLLOW	<b>Date and Time of Inspection:</b> 03/02/2011
<b>Certified Return Receipt Number:</b> 7005 0390 0000 7507 4917	<b>Date and Time of Service:</b> 03/09/2011

**Nature of condition, practice, or violation:**  
 Failure to protect topsoil.

**Provisions of Act, regulations, or permit violated:**  
 Chapter 10 Title 40 of the Utah Code Annotated 1953. Section 40-10-17(2)(e)  
 R645-301-234.230

**This order requires Cessation of ALL mining activities.** (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 type="checkbox"/> Permittee has failed to abate Violation(s) included in <input type="checkbox"/> Notice of Violation or <input type="checkbox"/> 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).**

None

**Action(s) required:**  Yes  No

Remove the topsoil from both sides of Robinson creek that are currently undisturbed. Place that topsoil and the topsoil that is temporarily stockpiled between Robinson creek and the Robinson creek diversion in the approved topsoil location. Provide adequate protection. Protection measures shall include at a minimum a protective berm, silt fence or straw bales around the base of each stockpile and seeding as prescribed by the Division by 5:00 PM Monday March 14th. The permittee shall notify the Division if the in place or stockpiled topsoil is too wet to remove and stockpile. In place protection measures shall be employed by 5:00 PM Monday March 14th. The Division will set a new date for permanent stockpiling.

**Kirk Nicholes**

(Print) Permittee Representative

**JOE HELFRICH**

(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 (DOGGM) 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 DOGGM.

### 1. PENALTIES.

**Proposed assessment.** DOGGM assesses fines based upon a proposed recommendation by an assessment officer. If there is additional information you wish DOGGM to consider regarding the cessation order and proposed fine, please submit that to DOGGM 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 DOGGM 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 DOGGM. 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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# 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:	C0250005
Inspection Type:	COMPLETE
Inspection Date:	Wednesday, February 23, 2011
Start Date/Time:	02/23/2011 8:00:00 AM
End Date/Time:	03/02/2011 12:00:00 PM
Last Inspection:	Tuesday, February 15, 2011

Inspector: Joe Helfrich

Weather: Sunny 19

InspectionID Report Number: 2669

Accepted by: jhelfric

03/09/2011

Representatives Present During the Inspection:	
Company	Larry Johnson
Company	Kirk Nicoles
OGM	April Abate
OGM	Joe Helfrich

Permittee: **ALTON COAL DEVELOPMENT LLC**

Operator: **ALTON COAL DEVELOPMENT LLC**

Site: **COAL HOLLOW**

Address: **463 North 100 West, Suite 1, CEDAR CITY UT 84720**

County: **KANE**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

#### Current Acreages

635.64	<b>Total Permitted</b>
435.00	<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:

A complete inspection of the Coal Hollow surface mine was conducted on February 23rd and March 2nd. The permittee will need to submit an amendment or amendments for the following: The embankment for the Robinson creek diversion at the lower confluence with the natural Robinson creek drainage. The catch basin and culvert at the southwest corner of the surface facilities yard. The sediment control designs for the area between pond 2 and the haul road. A more detailed description of information requested is included in this report and correspondence to the permittee. Two amendments recently approved were a change in the ownership and control members incorporated February 11, 2011 and a change in the mining sequence for the first year of mining approved March 2nd 2011. Two violations were issued, one for off site drainage control and one for topsoil protection. Both were associated with areas adjacent to and between the Robinson Creek natural drainage and the temporary Robinson Creek diversion. The mine is hauling approximately 17 truck loads of coal per day to the IPA power plant and is currently mining in pit #1.

Inspector's Signature:

*Joseph C. Helfrich*  
Joe Helfrich,  
Inspector ID Number: 1

Date

Monday, March 14, 2011



**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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>

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

The permit to conduct mining activities was issued on 11/08/2010 and expires five years to date.

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

A sign with the required information is posted at the northern entrance to the mine. Access from the adjacent National forest and southern entrance was not readily available due to the snow depth from several recent storms. If not currently in place additional signs should be placed at these points of access.

### **3. Topsoil**

In place topsoil along the southeast portion of Robinson Creek inside the permit area was partially covered with snow and sediment from the disturbed area. The temporary stockpile located on the northwest side of Robinson Creek did not have any protection measures resulting in the issuance of notice of violation # 10079 for failure to protect topsoil. Drawing 2-1 has been updated to show the current locations where topsoil has been salvaged. Salvaging began on 11/11/2011. Four composite samples were sent to the Intermountain Lab in Sherridan Wyoming on 02/25/2011. Sampling volumes, locations and lab results will be included in the annual report.

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

Sediment and drainage controls need to be put in place along the upper portion of the road leading to the office trailer. The ditch along the western side of the road appeared to have been removed due to snow plowing; The permittee needs to submit a plan to implement sediment and drainage controls at the outfall of the natural channel of Lower Robinson Creek where it meets the outfall of the temporary diversion ditch for Lower Robinson Creek to prevent sediment and run off from exiting the permit area via Lower Robinson Creek, there are 2 straw bales currently in place at this location.

The permittee needs to submit a corrective action plan for the existing sediment controls and a plan to extend sediment and drainage controls along the northwestern permit boundary that parallels Lower Robinson Creek. Additional modifications to drainage ditch 2 (DD2) will likely be needed in the near future. Under the current design plan for DD2, undisturbed drainage is comingling with disturbed area drainage reporting to sediment pond 2. DOGM and mine personnel will determine what modifications need to be made once the snow melts and site conditions on the ground are more visible.

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

The permittee has been requested to update maps 5-34 and 5-39 in the mining and reclamation plan (MRP) with sediment pond 1B depicted, submit a plan to implement sediment and drainage controls in the area southwest of Pond 1B (adjacent to the mine entrance) and submit a plan to implement sediment and drainage controls in the area southwest of Pond 2.

#### **4.c Hydrologic Balance: Other Sediment Control Measures**

Violation # 10078 was issued for failure to design, construct and maintain appropriate sediment control measures. This applied to disturbed area runoff entering Robinson Creek and snow removal along the southeast side of Robinson Creek.

#### **4.d Hydrologic Balance: Water Monitoring**

Water monitoring for the mine is conducted by Petersen Hydrologic. Data for the 4th quarter of 2010 and January 2011 was available at the mine for review. Since the mine has gone from baseline to operational monitoring it was suggested that the company consult with DOGM to address any changes to the monitoring program.

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

The UPDES permit for the sediment pond outfalls was issued on 04/23/2009 and expires on 04/30/2013. Fourth quarter 2010 Discharge Monitoring Reports, (DMR's), were available for inspection. No discharge was reported for ponds 1, 1a, 2 and 3. Pond 4 will not be constructed until the area that reports to it is disturbed sometime during the second or third year of mining.

#### **5. Explosives**

There is no blasting at the mine.

#### **6. Disposal of Excess Spoil, Fills, Benches**

Excess spoil has been placed in accordance with the approved MRP. The company is currently mining pit #1.

#### **7. Coal Mine Waste, Refuse Piles, Impoundments**

As of the date of this inspection no coal mine waste has been generated from the mining activities.

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

There was no non coal waste noted in the areas that were accessible during the inspection.

**9. Protection of Fish, Wildlife and Related Environmental Issues**

This year's sage grouse mitigation efforts are slated to include trapping, radio collaring, predator control and connectivity corridor work as outlined in appendix 3-5 of the MRP and permit condition #6.

**10. Slides and Other Damage**

There were no slides or damage observed during this inspection.

**12. Backfilling And Grading**

No backfilling or grading has occurred to date.

**13. Revegetation**

No revegetation has occurred to date

**15. Cessation of Operations**

The Coal Hollow mine is currently active.

**16.a Roads: Construction, Maintenance, Surfacing**

No new roads were being constructed at this time. The haul road and access to pit #1 were constantly being graded presumably to avoid deterioration and rutting.

**16.b Roads: Drainage Controls**

Sediment and drainage controls need to be put in place along the upper portion of the road leading to the office trailer. The ditch along the western side of the road appeared to have been removed due to snow plowing. The area slopes down gradient to sediment pond #1. This is also included under 4a, diversions.

**17. Other Transportation Facilities**

The current transportation facilities include coal haulage from pit #1 to the crusher located in the surface facilities yard and then to IPA by truck.

**18. Support Facilities, Utility Installations**

Included in this report are some minor changes that need to be made to the drainage controls for the surface facilities area.

**19. AVS Check**

A noted in the summary the ownership and control information in the MRP was updated effective 02/11/2011.

**20. Air Quality Permit**

The air quality permit was issued on 11/10/2010. The document did not contain an expiration date.

Permit Number: C0250005  
Inspection Type: COMPLETE  
Inspection Date: Wednesday, February 23, 2011

**21. Bonding and Insurance**

Liability insurance is noted as exhibit C in the permit document. It is currently held with Arch and American liability Insurance and expires on 6/1/2011. The reclamation cost estimate is set at 6,045,000 for the 435 acre parcel.

## 22. Other

The following permit conditions are included as item 18, attachment A of the permit:

1. Alton Coal Development, LLC (ACD) will submit water quality data for the Coal Hollow Mine in an electronic format through the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>. 4th quarter 2010 data has been entered in the database
2. In the event that ACD encounters large volumes of groundwater (a sustained flow of more than 1 cfs) in any pit other than pit 15, they will be required to notify the Division, and assess and submit plans to curtail inflows to the pit and reestablish groundwater movement. There have been several seeps encountered at the top of the shale layer but no continuous flow in excess of 1 cfs.
3. When filling and reclaiming pits, porous fill material must not be left adjacent to the alluvial aquifers. As mining progresses to the south of Pit 15, if the coarse grained alluvium zone connected to the adjacent artesian water system is intersected by mining and a sustained flow greater than 1 cfs is encountered, the compacted shale barrier constructed in Pit 15 must then be extended south to these points of intersection. This extension of the shale barrier will meet the same specifications described in the application for the Pit 15 permanent barrier. This has not happened yet. There is still active mining in pit #1.
4. The Applicant will be required to monitor for selenium where water leaves the minesite, during operational and reclamation phases. There has been no discharge of water from the mine site.
5. The Applicant will be required to evaluate discharges from the mine to determine any impacts to the designated AVF on Kanab Creek. An annual finding should be placed in the Annual Report during operation and reclamation of any adverse impacts to the channel, diminution of water quality and impacts to wildlife. No discharges have occurred to date.
6. Satisfactory compliance with the Alton Sage-Grouse Habitat Protection plan is required. Alton Coal Development, LLC will use best technology currently available to achieve the objectives of the plan in order to minimize the disturbances and adverse impacts to the sage grouse and related habitat and to enhance those resources where practicable. ACD will cooperate with the Division in consultation with the state and federal wildlife agencies to develop reasonable practices and methods as are determined to be necessary to implement the plan and to measure success and to achieve the goals of the plan. The goals are slated to be met for this year, see comments under item #9.
7. Alton Coal Development, LLC will provide for the protection of cultural resource sites

Permit Number: C0250005  
Inspection Type: COMPLETE  
Inspection Date: Wednesday, February 23, 2011

**Inspection Continuation Sheet**

*Page 8 of 8*

identified as 42KA6505 and 42 KA6093 either by acceptable mitigation as determined by the Division with the concurrence of the SHPO or modification of the mine plan to avoid these sites, prior to conducting mining in the area of these sites. These sites are currently fenced and being avoided.

8. The Applicant must receive an Air Quality Approval Order prior to conducting surface mining. The air quality permit was issued 11/10/2010, see also item #20.