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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil, Gas and Mining

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Division Director

April 2, 2013

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

Subject: Commencement of Midterm Review, Alton Coal Development, Coal Hollow Mine Permit C/025/0005, Task ID #4317

Dear Mr. Nicholes:

The Division is required to review each active permit during its term, in accordance with R645-303-211. This review is to take place not later than the midpoint of the permit term, which is May 8m 2013 for the Coal Hollow Mine. The Midterm Review is now being conducted and the items being reviewed are the following:

A. Review of the Plan to ensure that the requirements of all permit condition, division orders, notice of violation (NOV), abatement plans, and permittee-initiated Plan changes approved subsequent to permit approval or renewal (whichever is the most recent) are appropriately incorporated into the Plan document.

B. Ensure that the Plan has been updated to reflect changes in the Utah Coal Regulatory Program which have occurred subsequent to permit approval.

C. Review applicable portions of the permit to ensure that the Plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area.

D. Evaluate the compliance status of the permit to ensure that all unabated enforcement actions comport with current regulations for abatement; verify the status of all finalized penalties levied subsequent to permit issuance or permit renewal, and verify that there are no demonstrated patterns of violation (POV). This will include an AVS check to ensure that Ownership and Control information is current and correct.

E. Conduct a technical site visit in conjunction with the assigned compliance inspector to document the status and effectiveness for operational, reclamation, and contemporaneous reclamation practices undertaken on predetermined portions of the disturbed area to minimize, to the extent practicable, the contribution of acid or toxic materials to surface or groundwater, and to otherwise prevent water pollution.

The reclamation bond is currently under review for Task #4323 to ensure that coverage adequately addresses permit changes and to ensure that the bond amount is appropriately escalated in current-year dollars. Therefore, reclamation bonding is not included in this mid-term review. Once the Division has completed the mid-term review, you will be notified of any outstanding issues that need to be corrected.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5325.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/PWB/sqs
cc: Price Field Office
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