



GARY R. HERBERT
Governor

GREGORY S. BELL
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

June 5, 2013

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

Subject: Completion of Mid-Term Review, Task ID #4317, Alton Coal Development, Coal Hollow Mine, C/025/0005

Dear Mr. Nicholes:

On April 2, 2013, Alton Coal Development was informed that the Division of Oil, Gas and Mining (the Division) had commenced a midterm permit review for the Coal Hollow Mine.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author for each of the respective deficiencies has been provided.

Your response to these deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1 and C2 forms by no later than July 12, 2013.

A site visit was conducted on April 30, 2013 in conjunction with this review, and the resulting inspection report is attached to this letter.

As a reminder, posting the reclamation bond for Phase II mining activity (recently reviewed and approved as Task #4323) will be required prior to any mining in Phase II areas.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at 801-538-5325 or Priscilla Burton at 435-613-3733.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/PWB/ss
cc: Price Field Office
O:\025005.COL\WG4317\MidtermCompletion.doc



Deficiency List
Task No. 4317
Midterm Permit Review

The members of the review team included the following individuals:

Priscilla Burton [PWB]
Pete Hess [PHH]
Ken Hoffman [KMH]
Joe Helfrich [JCH]
Suzanne Steab [SS]
Karl Houskeeper [KH]

R645-301-143 Please provide an update as required by Special Condition item 5 as an addendum to the 2012 Annual Report. [PWB]

R645-301-521.131 County records show that surface owners in surrounding fee and BLM coal lands have changed since the time of permitting. Please update the surface ownership map Dwg 1-3. [PWB]

R645-301-731.200 The Permittee shall update Table 7-5 to reflect that monitoring station BLM-1 will be monitored for dissolved and total selenium. [KMH]

R645-301-732.200 The Permittee shall update MRP Appendix 5-2 to reflect the enlarged capacities of Pond 3. [KMH]

R645-301-742.110 The Permittee shall update and add ASCAs and ASCMs and needed to the MRP text and maps. All disturbed area drainage must be clearly depicted on appropriate maps and identified with their respective sediment control measure. A disturbed area acreage calculation for each sediment control area will be provided in the plan in either tabular or narrative form. Designs may be in written, tabular, or graphical form, and must include, at minimum, a generalized description of the methods and elements used to comply with R645-301-742.110. A proposed sediment control measure's design shall include adequate detail to determine the functionality of the specific practice. [KMH]

R645-301-121-300,

1) Pagination associated with task # 4100 in Chapter 3 and appendix 3-5 have been identified during the mid-term review that eliminated references to a commitment previously found in the MRP. Please reinstate the following commitment on page 13 in appendix 3-5 with the following language. ***“ACD will meet with DOGM and DWR six months prior to conducting mining and reclamation activities in the Alton Lek area to discuss methods, using the best technology currently available, to avoid impacts to the sage grouse.”*** Sage grouse monitoring information in the current Appendix 3-5 is located on pages 19-25. [JCH]

2) The Table of Contents for Chapter 3 lists page numbers for Reclamation Plan Sections 340, 341, 341.100 and 341.200, however these sections could not be found in the MRP. These pages may also have been inadvertently eliminated with task #4100. The following text needs to

be reinstated in the MRP beginning on page 3-57: [JCH]

340. RECLAMATION PLAN

341. REVEGETATION

This document contains the revegetation plan for final reclamation of all lands disturbed by coal mining and reclamation operations, except water areas and the surface of roads approved as part of the postmining land use, as required in R645-301-353 *through* R645-301-357. It also shows how the Coal Hollow Project will comply with the biological protection performance standards of the State Program.

341.100. Reclamation Timetable

A detailed schedule and timetable for the completion of each major step in the mine plan has been included in Chapter 5 of the MRP. Briefly, the mine will conduct operations in one area (segment) at a time. No more than 40 acres will be disturbed at one time for mining. Once mined, the plan includes redistributing subsoil and topsoil followed by seeding this segment with the final seed mix contemporaneously, or at the same time the mining of the next segment begins. However, seeding will be accomplished only in appropriate periods (usually late-fall, but early-spring could also be an option). The mine plan has been engineered to disturb the smallest practicable area at any one time. With prompt establishment and maintenance of vegetation, immediate stabilization of disturbed areas will minimize surface erosion. Details of the plan has been included in Chapter 5 of this document.

341.200. Reclamation Description

The Coal Hollow Project will be reclaimed and revegetated to meet the appropriate postmining land use. Most areas will be reclaimed to the native plant communities that existed prior to mining conditions. Other areas will be reclaimed to enhance habitat for sage-grouse or other wildlife species. Finally, in those areas where the landowner requests a change in the plant community to increase productivity for domestic livestock, they will be reclaimed accordingly.

341.210. Seed Mixtures

Revegetation seed mixtures for each plant community disturbed by mining activities in the Coal Hollow Project area is given in this section. Table 3-36 shows the plant communities that may eventually be disturbed by mining operations at the Coal Hollow Project area.

Table 3-36: Vegetation Communities of the Coal Hollow
Permit Area Proposed for Disturbance
MAP SYMBOL PLANT COMMUNITY
(see *Vegetation Map*,
Drawing 3-1)
S/G Sagebrush/Grass
P Pasture Land
P-J Pinyon-Juniper
M Meadow
OB Oak brush
RB/SB Rabbitbrush/Sagebrush

Seed mixtures for each disturbance type are shown on Tables 3-37 *through* 3-42. These rates have been based on drill seeding methods described in this document. When broadcast seeding is employed these rates will be doubled.



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Inspection Report

Permit Number:	C0250005
Inspection Type:	TECHNICAL
Inspection Date:	Tuesday, April 30, 2013
Start Date/Time:	4/30/2013 9:00:00 AM
End Date/Time:	4/30/2013 2:00:00 PM
Last Inspection:	

Inspector: Priscilla Burton,

Weather: WINDY 60 F

InspectionID Report Number: 3467

Accepted by: jhelfric

5/13/2013

Representatives Present During the Inspection:	
OGM	Priscilla Burton
OGM	Joe Helfrich
OGM	Pete Hess
OGM	Kenneth Hoffman
OGM	Karl Houskeeper
Company	Kirk Nicholes

Permitee: 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	Total Permitted
289.00	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:

Midterm review inspection with staff biologist, hydrologist, soil scientist, engineer, and inspector. Refer to Map 5-10 for pit locations, map 5-3 for surface facilities, and map 2-2 for topsoil stockpile locations.

Inspector's Signature

Priscilla Burton,

Inspector ID Number: 37

Digitally signed by Priscilla Burton
DN: cn=Priscilla Burton, o, ou,
email=priscillaburton@utah.gov, c=US
Date: 2013.06.05 12:51:36 -06'00'

Date

Thursday, May 02, 2013

Note: This inspection report does not constitute an official finding of compliance with the regulatory program of the Division of Oil, Gas and Mining.
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov



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 type="checkbox"/>	<input type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

Each review item of the midterm letter dated April 2, 2013 was discussed and reviewers summarized their comments that will be forthcoming in a midterm review memo. Attachment A Special Conditions to the Mining Permit was reviewed. There are 8 Special Conditions. Conditions 2 and 3 refer to future mining in the vicinity of pit 15. An addendum to the 2012 Annual Report regarding Special Condition #5 was requested of the Permittee. The objectives of Special Condition #7 are being followed, see Addendum to Appendix 3-6 in the 2012 Annual Report. A sagegrouse concern was noted with the Mining Sequence Change Task 4323 which was conditionally approved 4/19/2013, but which requires Phase II bond prior to final approval. The Permittee was reminded of the commitment in the MRP Appendix 3-5 p. 13 to evaluate the sagegrouse in the permit area prior to mining pit 28. Joe Helfrich and Dustin Schibley (DWR) will return on Monday May 6, 2013 to expedite this evaluation. The Permittee's consultant, Steve Peterson will be at the site for the same purpose in mid-May at the completion of the nesting period. The Permittee expects bonding for Phase II to be in place by mid-May.

3. Topsoil

Topsoil from Pit #9 has been windrowed and is ready for live haul. Topsoil pile #4 has been surface roughened using a ripper. There is a compacted area on the east side that needs to be ripped. The longterm pile needs to be treated with mulch and seeded. The berm is formed of uncompacted topsoil approximately 30" high and 36" wide. A discussion of berm sizing ensued. The pile was seeded in February before additional material from Pond 4 was added and before the entire pile received surface roughening treatment. Some vegetation was able to germinate and grow with the spring moisture. The pile is now dry and the outlook for moisture is limited through the spring and summer. The Division agreed that seeding the pile could wait until the weather was more favorable (late fall). The mulch will be crimped into the pile now.

Topsoil Pile #1, Topsoil pile #2 and Subsoil pile #1 were evaluated. Vegetation was seeded in the Spring of 2011 and is now in its second year. Burying the seed with a harrow was successful. Broadcasting the seed on the mixture of slash and soil was not successful. The slash does provide an effective erosion cover.

An open area east of Subsoil pile #1 should be roughened and seeded in the fall.

Thistle control on all topsoil piles is recommended.

4.a Hydrologic Balance: Diversions

A pile of cleanout sediment was observed in a ditch upgradient of Pond 1. The operator stated cleanout was currently being conducted and the sediment would be removed shortly. New hay bales have been placed at the end of the Lower Robinson Diversion.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Ponds 1, 1b, 2, 3, and 4 were observed. Pond 3 is currently being expanded to the approved December 2012 amendment. Pond 4 is currently being constructed in accordance with the approved MRP Phase 1 design.

4.c Hydrologic Balance: Other Sediment Control Measures

The spoils pile area was inspected and the south slope of the pile is currently being worked. Installation of a sediment control measure such as a straw waddle was discussed and the operator said they could have something installed by June 1 in the area.

4.d Hydrologic Balance: Water Monitoring

Water monitoring for dissolved selenium per Attachment A Special Condition 4 was discussed. The Permittee is in compliance with this monitoring, although a Table in the MRP requires updating to show all the monitoring locations.

9. Protection of Fish, Wildlife and Related Environmental Issues

New surface disturbance included construction of pond 4 during the end of the active lekking and the beginning of the nesting period for the Sage Grouse. According to personal observations from Dustin Schaible (DWR Wildlife Biologist), Rhet Boswell (DWR habitat Biologist) and Dr Steven Petersen (ACD Biologist) on Monday, May 6th pond 4 is located at the South end of the active historic lek and in nesting and brood rearing habitat.

11. Contemporaneous Reclamation

The west toe of the reclaimed Excess Spoil pile is green with Triticale. The upper slopes of the reclaimed pile are showing less growth, perhaps due to the drying effects of the wind. Work continues on spreading the remaining topsoil from Topsoil pile #3 onto the west slope of the Excess Spoil Pile. The Permittee suggested and the Division agreed that the contemporaneous reclamation should be seeded this summer with Triticale only and wait to seed the final mix until more favorable conditions of late fall/winter.

16.a Roads: Construction, Maintenance, Surfacing

Haul road construction for access to pits 27 and 28 will eliminate the known historic lekking and portions of the nesting and brood rearing areas. The permittee was requested to not to initiate any new mining activities in these areas until recommendations regarding temporal buffers could be provided from DWR and DOGM.



Pit 9 windrowed topsoil



Topsoil pile #4 foreground. Coal in seen in Pit 6. Backfilled pits 5 and 4 in mid ground. Excess Spoil pile over pits 2 and 1 in background.



Enlarging Pond #3.



topsoiled south slope of Excess Spoil pile



redistributed topsoil, subsoil on the Excess Spoil pile.



First year growth on the Excess Spoil pile.



Pond 4 construction view from County road.



Ditch construction north of Pond 4.



Topsoil pile #2. Subsoil pile on right.



Slope and berm around Topsoil Pile #2



Topsoil pile #4. Subsoil stockpile #2 on right side background.



Slash on topsoil pile #1.



Topsoil pile #1 foreground, facilities farground.



Facilities slope.