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DEPARTMENT OF NATURAL RESOURCES

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Outgoing
C0250005
4314
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June 18, 2013

Kirk Nicholes
Alton Coal Development, LLC
463 North 100 West, Ste. 1
Cedar City, UT 84720

Subject: 2012 Annual Report Review Completion, Coal Hollow Mine, Alton Coal Development, LLC, C/025/0005, Task ID #4314

Dear Mr. Nicholes:

The Division staff has completed the review of the 2012 Annual Report. Enclosed is a copy of the review which was completed on June 17, 2013. Further information has been requested; please submit the following by July 18, 2013:

R645-301-143, An evaluation on discharges to Kanab Creek in accordance with Permit Condition #5 was requested during the mid-term review. Please provide an update as required by Special [Permit] Condition item 5 as an addendum to the 2012 Annual Report. [PWB]

R645-301-333 and R645-301-121.300, 1) The 2012 Sage Grouse Monitoring progress report includes an update on the efforts made during 2012 to control ravens and coyotes. Figure 16 of that document needs to also include the locations of coyote control efforts. [JCH] 2) The written verification of wildlife awareness training included on page 52 of the Annual Report should also state which sage-grouse specialists (ACD, UDWR, UDOGM) provided the training. [JCH]

R645-301-500, -542.100 and R645-301-121.300, The Permittee needs to provide documentation, (surveyed acreages), that demonstrates that no more than 40 acres were disturbed at any one time. [JCH]

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

PWB/DRH/sqs
Enclosure
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Print Form

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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 Alton Coal Development, LLC

Mine Name Coal Hollow Mine

Permit Number C/025/0005

Permit expiration Date 2015-11-08

Operator Name Alton Coal Development, LLC

Phone Number +1 (435) 867-5331

Mailing Address 463 N 100 W, Suite 1

Email knicholes@altoncoal.com

City Cedar City

State

Utah

Zip Code

84721

DOG M File Location or Annual Report Location

Excess Spoil Piles

Required

Not Required

Refuse Piles

Required

Not Required

Impoundments

Required

Not Required

Other:

OPERATOR COMMENTS

Ponds 1, 1B, 2, and 3 were constructed in the 1st quarter of 2011. Certified inspection of all ponds and the Excess Spoils Pile was completed on Mar. 27, 2012. Certified Inspection of the Excess Spoils Pile and Quarterly inspections of the constructed ponds were completed on 6/20/2012 for 2nd quarter, 9/25/2012 for 3rd quarter, and 12/7/2012. Copies of the Excess Spoils pile and Impoundment inspections are included in this submittal.

REVIEWER COMMENTS



Met Requirements



Did Not meet Requirements

Certified inspection of all the ponds and the Excess Spoils Pile was done on Mar. 27, 2012.

Excess Spoils Pile and Quarterly inspections of the constructed ponds were completed on 6/20/2012 for 2nd quarter, 9/25/2012 for 3rd quarter, and 12/7/2012. (KRH)

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: TOPSOIL AND SUBSOIL SALVAGE

Objective: Monitor topsoil and subsoil salvage by suitability criteria and depth described in Appendix 2-1, Table 4-1.

Frequency: During operations

Status: Long term

Reports: Keep tally of volumes salvaged, stockpiled, live hauled.

Citation: MRP, Volume 1, Chapter 2, Section 231.100, and Appendix 2-1, pg. 4-2.

Operator Comments

31,480 c.y. of topsoil were removed, all of which was placed in Topsoil Pile #4. Approximately 40,000 c.y. of subsoil was live hauled to the area reclaimed on the Excess Spoils pile 2012.

Reviewer Comments Met Requirements Did Not Meet Requirements

PWB, 4/2/2013.

Topsoil pile #4 has almost reached design capacity shown on Dwg 2-2 (56,000 c.y.). Topsoil pile#4 now contains 51,580 c.y. of topsoil (20,100 c.y. hauled in 2011 and an additional 31,480 cu yds in 2012). This pile is scheduled to be a long term pile and must be surface roughened, mulched and seeded according to plan as described in Section 231.100.

In addition to the 40,000 c.y. of subsoil live hauled in 2012, the Division calculates that there was approximately 7,453 c.y. hauled to the Excess Spoil Pile from Topsoil stockpile #3 in 2012. [(7 acres X 43,560 sq ft/ac X 0.66 ft. topsoil/ac) divided by 27 c.f./c.y.] Approximately one third of Topsoil Pile #3 remains (refer to Insp Rpt 3408, March 4, 2013), which suggests that approximately 13,000 c.y. of topsoil was hauled from topsoil pile #3 in 2013.

Subsoil pile #2 has a design capacity of 207,000 c.y., but contains only 81,370 c.y. hauled in 2011 from Pit 8 (refer to the 2011 Annual Report). this stockpile has received overburden from Pit 9 in 2013. Plans are for this subsoil stockpile to be long term and treated as described in Section 231.100.

Title: PREDATOR CONTROL

Objective: To effectively manage predators and increase the population of birds at the Alton lek.

Frequency: Annually

Status: Ongoing

Reports: Annual summary of work completed to date. Please include any reports from USDA Wildlife Services.

Citation: MRP, Volume 2, Chapter 3, Appendix 3-5 page 13

Operator Comments

ACD through a contract with Wildlife Services continued it's predator control requirements in 2012. Wildlife Services report and a drawing showing the location of predator control are included in Greater Sage-grouse Population Monitoring and Habitat Improvement

Progress Report 2012, a copy of which has been attached with this submittal.

Reviewer Comments Met Requirements Did Not Meet Requirements

The 2012 progress report includes an update on the efforts made during 2012 to control ravens and coyotes. Figure 16 of that document needs to also include the locations of coyote control efforts. [JCH, 6/3/2013]

Title: WILDLIFE AWARENESS PROGRAM

Objective: To provide protection for the resident wildlife and minimize impacts (collisions) from vehicles and heavy equipment.

Frequency: Continuous and as needed for new employees throughout the life of the mine.

Status: Ongoing from the onset of mining activities.

Reports: Annual, log of employee awareness meetings, road kills for deer, elk, sage grouse and domestic livestock from the mine site to highway 89.

Citation: MRP, Volume 2, Chapter 3, pages 3-54, 55.

Operator Comments

A wildlife awareness discussion was held on Sept. 15 2012 in conjunction with other training. A copy of the sign in sheet is attached with this submittal.

Reviewer Comments Met Requirements Did Not Meet Requirements

The Permittee needs to provide written verification noting that specific training on sage-grouse identification, seasonal patterns in sage-grouse development and movement, and deer and elk observations and migratory patterns in the Alton area has been provided by sage-grouse specialists (ACD, UDWR, UDOGM). This is a requirement noted in the wildlife awareness program, vol. 2, chapter 3, page 3-56; and for the sage-grouse, this commitment is referred to on page 4 and table 1 of the 2013 Greater Sagegrouse Population Monitoring and Habitat Improvement Progress Report to Appendix 3-6 [JCH, 6/3/2013]

Title: WATER REPLACEMENT WELL

Objective: Alton Coal Development, LLC commits to having the water-replacement well (or other appropriate water replacement source as approved by the Division) drilled and developed before beginning overburden removal for Pits 13, 14 and 15.

Frequency: One time, when needed

Status: Well was drilled October of 2010, but its function as a water replacement well will not occur until overburden removal on pits 13, 14 and 15 occurs.

Reports: Report status of well and target date for overburden removal in annual report.

Citation: MRP, Volume 7, Chapter 7, Section 731.530, page 7-59

Operator Comments

The water replacement well was drilled in October of 2010 and is fully functional. Overburden removal for pit 13 will not occur until late 2014 and pit 14, 15 in 2015.

Reviewer Comments Met Requirements Did Not Meet Requirements

Well is complete and Pit 13 is not yet being mined. [KMH, 6/17/13]

Title: DEVELOPING THE HOYT'S RANCH CONNECTIVITY CORRIDOR

Objective: To reestablish connectivity between the Alton and near by Hoyt's Ranch sage grouse populations.

Frequency: Annual summary of work completed.

Status: Ongoing, radio collared birds have been using the corridor in 2008, 2009 and 2010.

Reports: Annual summary in Annual report

Citation: MRP, Volume 2, Chapter 3, Appendix 3-5 page 4

Operator Comments

Information concerning Sage grouse and Sage grouse mitigation have been summarized in the Greater Sage-grouse Population Monitoring and Habitat Improvement Progress Report for 2012.

Reviewer Comments Met Requirements Did Not Meet Requirements

The permittee has participated in the development of the corridor in the past. However there are currently no plans for the mine to further develop the corridor. ACD has committed to and has monitored the vegetation in the Hoyt's Ranch corridor. [JCH, 6/3/2013]

The Greater Sage-grouse Population Monitoring and Habitat Improvement Progress Report for 2012 was received on April 11, 2013, and approved for incorporation into App. 3-6 of the MRP. [PWB, 6/4/2013]

Title: SAGE GROUSE CONSERVATION AREA

Objective: To protect and develop a 72 acre parcel of sage grouse habitat.

Frequency: Annual summary until complete

Status: Ongoing. The permittee has disked 40 acres as noted in the MRP and correspondence. The completed area needs to be surveyed for percent cover of sagebrush and species composition.

Reports: Annual summary of work in annual report.

Citation: MRP, Volume 2, Chapter 3, Appendix 3-5, page 5.

Operator Comments

Monitoring of the conservation area was completed in 2012. All information is included in the Greater Sage-grouse Population Monitoring and Habitat Improvement Progress Report for 2012. Work was began to remove additional Pinyon/Juniper in the 72 acre Conservation Area.

Reviewer Comments Met Requirements Did Not Meet Requirements

Development of the conservation area is ongoing in 5 year increments. The first mosaic was developed in 2010 and was sampled in 2011 and 2012. Ocular estimates indicate abundance of grasses, forbs and new sagebrush plants. [JCH, 6/3/2013]

Title: REDUCTION OF JUNIPER TREES WITHIN KEY HABITATS OF THE ALTON AREA.

Objective: To reduce raptor perches and increase sage grouse habitat.

Frequency: Annual summary of utilization for nesting and brood rearing.

Status: Ongoing, work completed in 2006.

Reports: Annual summary of utilization for nesting and brood rearing.

Citation: MRP, Volume 2, Chapter 3, Appendix 3-5, pages 7-10

Operator Comments

ACD completed tree removal and Rabbitbrush treatment on approximately 146 acres of private property adjacent to the Coal Hollow Mine. Additional information is included in the Greater Sage-grouse Population Monitoring and Habitat Improvement Progress Report for 2012.

Reviewer Comments Did Not Meet Requirements Met Requirements

This activity is an ongoing part of the permittees sage-grouse mitigation plan. The permittee is required to improve habitat by treating 240 acres per year as noted in Chapter 3, Volume 2, Appendix 3-5, Page 14 of the approved MRP. [JCH], 6/3/2013]

Title: LEK MANAGEMENT

Objective: To attract birds to an alternate lek during active mining operations.

Frequency: Annually during spring

Status: Ongoing each spring during active mating periods.

Reports: Annual summary of work completed to date.

Citation: MRP, Volume 2, Chapter 3, Appendix 3-5, page 11

Operator Comments

Decoying was employed in 2012 at an alternate lek. Additional information is provided in the Greater Sage-grouse Population Monitoring and Habitat Improvement Progress Report for 2012

Reviewer Comments Did Not Meet Requirements Met Requirements

Each year since the initiation of mining activities and during the active lekking period decoys and a calling device have been used to attract birds to an alternate lek site or an existing one. During the 2013 active lekking period decoys and an electronic call were used to attract birds to the historic Alton Lek and the Fords pasture area.

Title: RECLAMATION TIMETABLE

Objective: To ensure timely reclamation

Frequency: No more than 40 acres to be disturbed at any given time.

Status: Ongoing, once reclamation begins (no more than 40 acres disturbed at a time).

Reports: Annual summary of work completed to date.

Citation: MRP, Volume 2, Chapter 3, page 56, Chapter 5, page 5-59.

Operator Comments

Reclamation began in the fall of 2012 with the planting of 7 acres of the Excess Spoils Pile. It is anticipated that 50 - 60 acres of reclamation will be completed every year with approximately 170 acres being completed the final year of mining.

Reviewer Comments Did Not Meet Requirements Met Requirements

PHH, 4/2/2013. PWB, 4/2/2013. JCH, 06/03/2013.

R645-301-542.100 of the State of Utah Coal Mining Rules requires "a detailed timetable for the completion of each major step in the reclamation plan". The reclamation steps are described in the MRP under the heading R645-301-542.100 through 600, beginning on page 5-59. Chap. 5, p. 5-59 states, "Generally, mined areas will be backfilled and graded within approximately 60 days following coal removal, or 1,500 feet of the active coal removal face." This commitment echoes the requirements for Surface Mining Backfilling and Grading outlined in R645-301-553.

The first coal mined at the Coal Hollow Mine occurred in February, 2011. Dwg. 5-38 shows the reclamation sequence by year. The Permittee anticipates that 50-60 acres will be seeded every year for 2013, 2014, 2015, and 2016, with 170 acres to be seeded in 2017, which is anticipated to be the final year of mining. The approved time frames for each of the major steps in the reclamation process are as follows;

1) after coal recovery is completed from each pit, backfilling and grading will be completed within approximately 60 days (See Chpt. 5, page 5-59) or 1,500 feet of the active coal face.

2) Cover soils (topsoil 8 inches / subsoil 40 inches) will be placed depending upon soil conditions and weather, but generally within 90 days of completion of grading to AOC requirements on backfilled pits and excess spoil areas.

3) Revegetation (surface roughening, mulching, seeding) activities will be seasonal, generally occurring in the spring and fall.

Seven acres of the Excess Spoil Pile were reclaimed and seeded in the fall of 2012 (Insp Rpt # 3272, October 26, 2012). The operation is

in compliance with R645-301-553.

The frequency cited above of having "no more than 40 acres to be disturbed at any one given time" (Chap 3, p. 56, 57) is a commitment in the Biology section of the MRP that was inadvertently removed from the MRP apparently as a result of pagination from task # 4100 along with 2 pages of additional information in section 340 of the reclamation plan. The permittee needs to provide documentation, (surveyed acreages), that demonstrates that this commitment has been met. This deficiency, which has been noted in the Midterm review, will require the permittee to insert the 2 pages of missing information. [JCH 06/03/2013]

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: REVIEW AND EVALUATE THE FACILITIES SPILL PLAN (APPENDIX 7-5)

Objective: To ensure the accuracy of the Facilities Spill Plan and to determine if additional or more effective spill prevention and control technology that is applicable to the facility must be added.

Frequency: At least once every five years.

Status: Pending, next review due 2014.

Reports: Completed Plan Review form submitted for incorporation into Appendix B of Appendix 7-5.

Citation: MRP, Volume 7, Chapter 7, Appendix 7-5, Section 2.2 PLAN REVIEW, page 2.

Title: RESTORATION OF LEK

Objective: To restore the original lek at the end of mining activities.

Frequency: Once

Status: Restoration of the lek will begin at final reclamation.

Reports: Annual summary of work completed after reclamation begins.

Citation: MRP, Volume 2, Chapter 3, Appendix 3-5, page 12.

Title: SAGE GROUSE MONITORING

Objective: To monitor the population densities at the Hoyt's ranch and Alton leks and migration patterns in between as long as the birds are living.

Frequency: Annual summary

Status: Ongoing, meet with the Division six months prior to mining through the lek to discuss minimizing impacts to sage grouse.

Reports: Annual Summary of work completed.

Citation: MRP, Volume 2, Chapter 3, Appendix 3-5, page 13.

Title: SAMPLING FINAL GRADED, TOPSOILED SURFACE

Objective: To ensure a fertile growth medium.

Frequency: One composite sample every 2-5 acres based on variability.

Status: Contemporaneous with reclamation.

Reports: Laboratory analysis of available phosphorus, soluble potassium and nitrate-nitrogen.

Citation: MRP, Volume 1, Chapter 2, Section 231.300 and 243.

OPERATOR COMMENTS (OPTIONAL)

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REVIEWER COMMENTS

PWB, 4/2/2013.

In 2012, the Permittee met the requirements of this permit commitment. Seven acres that were topsoiled on the Excess Spoil Pile were sampled and analyzed for nutrient content. The analysis was performed by Inter-Mountain Labs (Sheridan). The analysis was included with Insp Rpt #3272, October 26, 2012 which was saved as Internal file 10262012.pdf. This inspection report also details the 1 T/ac straw, fertilizer application of 1 Ton/ac Nutri-mulch (minimum 1:1:1 formulation), which translates to approximately 20 lbs N/ac; and a mycorrhizae supplement application.

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:

Wildlife Awareness Training Log
Excess Spoil Pile and Impoundment Reports for 2012 (1st, 2nd, 3rd, and 4th Quarter)
EOY Mine Map
Greater Sage-grouse Population Monitoring and Habitat Improvement Progress Report

Reviewer Comments

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 Mine/ Reclamation Area Map		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<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

Mine Map, Figure 7, shows the coal extraction areas recovered in 2011 and 2012, as well as the seven acres where reclamation was achieved in 2012.