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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:	PARTIAL
Inspection Date:	Tuesday, June 09, 2015
Start Date/Time:	6/9/2015 12:00:00 PM
End Date/Time:	6/9/2015 2:30:00 PM
Last Inspection:	Tuesday, June 02, 2015

Inspector: Joe Helfrich,

Weather:

InspectionID Report Number: 4212

Accepted by: JHELFRIC
6/18/2015

Representatives Present During the Inspection:	
Company	Kirk Nicholes
OGM	Joe Helfrich

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

721.00	**Total Permitted**
342.00	**Total Disturbed**
	Phase I
	Phase II
	Phase III

Mineral Ownership

- [x] Federal
- [ ] State
- [ ] County
- [x] Fee
- [ ] Other

Types of Operations

- [ ] Underground
- [x] Surface
- [ ] Loadout
- [ ] Processing
- [ ] Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of this site visit was to conduct a partial inspection of the Coal Hollow mine. The Division is conducting weekly inspections due to the increased leves of activity associated with underground mining activities, surface mining activities, outstanding permitting activities and reclamation activities associated with ACD's request for phase one bond release. Division management approved the increased inspection frequency at the request of the assigned inspector and division staff members effective June 1, 2015. Eight locations throughout the mine site were inspected, they included:
1. The undisturbed diversion along the southern toe of the excess spoil pile;
2. The East view of ongoing reclamation from the top of the excess spoil pile;
3.The inlet to pond #4, adjacent reclaimed area and the undisturbed diversion ditch that runs north/south along the east side of the reclaimed area;
4. The southeast corner looking north/westward of pits 24-21;
5. The water tank above pit 10;
6. The underground mining activity in pit 10;
7.The north end of the subsoil pile and;
8. The inlet to pond #1.

Inspector's Signature:

Joe Helfrich,
Inspector ID Number: 1

Date Thursday, June 11, 2015

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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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 performace 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	☑	☐	☑	☐
2.	Signs and Markers	☐	☐	☐	☐
3.	Topsoil	☑	☐	☑	☐
4.a	Hydrologic Balance: Diversions	☑	☐	☑	☐
4.b	Hydrologic Balance: Sediment Ponds and Impoundments	☑	☐	☑	☐
4.c	Hydrologic Balance: Other Sediment Control Measures	☐	☐	☐	☐
4.d	Hydrologic Balance: Water Monitoring	☐	☐	☐	☐
4.e	Hydrologic Balance: Effluent Limitations	☐	☐	☐	☐
5.	Explosives	☐	☐	☐	☐
6.	Disposal of Excess Spoil, Fills, Benches	☐	☐	☐	☐
7.	Coal Mine Waste, Refuse Piles, Impoundments	☐	☐	☐	☐
8.	Noncoal Waste	☐	☐	☐	☐
9.	Protection of Fish, Wildlife and Related Environmental Issues	☑	☐	☑	☐
10.	Slides and Other Damage	☐	☐	☐	☐
11.	Contemporaneous Reclamation	☐	☐	☐	☐
12.	Backfilling And Grading	☑	☐	☑	☐
13.	Revegetation	☐	☐	☐	☐
14.	Subsidence Control	☐	☐	☐	☐
15.	Cessation of Operations	☐	☐	☐	☐
16.a	Roads: Construction, Maintenance, Surfacing	☐	☐	☐	☐
16.b	Roads: Drainage Controls	☐	☐	☐	☐
17.	Other Transportation Facilities	☐	☐	☐	☐
18.	Support Facilities, Utility Installations	☐	☐	☐	☐
19.	AVS Check	☐	☐	☐	☐
20.	Air Quality Permit	☐	☐	☐	☐
21.	Bonding and Insurance	☐	☐	☐	☐
22.	Other	☑	☐	☑	☐

1. Permits, Change, Transfer, Renewal, Sale

Alton Coal Development has commenced underground mining activities (as deifined in the R645 coal rules) prior to completing the 5 requirements outlined in the conditional approval dated March 30, 2015. The underground mining activities included but were not limited to pouring cement pads installing generators, constructing bulidings, installing and running ventilation fans, providing power underground to equipment at the face and ventilation fan, facing-up three portals, constructing access and haul roads and dozer work on the highwall above pit #10. NOV 20151 was issued on June 17, 2015. It was modified on 6/17/2015 in accordance with this "E" mail excerpt from The associate director of mining (Dana Dean). "In response to the phone call we just had, I would like to document the following:

1. Alton may proceed with facing up of the underground portals and all associated activities today through Friday, June 19, 2015.

2. If the information we receive today in response to my email of yesterday regarding bonding, etc. is complete the Division will notify Alton by Friday, June 19, 2015 with a formal letter of final approval of underground mining.

3. If the information we receive today is inadequate, the CO may be reinstated and/or a CO for the entire property may be written.

4. We understand that Alton Coal is not 100% in control of when the GEM report is submitted, and that GEM has stated that they would have it done next week. We will require the GEM report to be submitted by Friday, June 26, 2015.

5. If you would like to pursue a vacation of the NOV, you will need to request a violation conference."

3. Topsoil

The north end of the subsoil pile was inspected as requested. Tackifier had been applied to the north end as well, it makes a crust approximately 1/16 of an inch thick. We also looked at the tan colored tackifier material that was stored in bags near the office buildings.

4.a Hydrologic Balance: Diversions

The waddles in D1 near pond 4 were inspected. Proper inletting and an additional layer on each waddle needs to be completed by no later than Tuesday June 30th.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Although it hasn't yet the inlet to pond 1 needs to be relocated if this incorrect the report will be changed to reflect the correct status.
Pond 4 The inlet has been completed, the area that drains to it appears to be lower. If it does pond water it will compromise the soils ability to establish vegetation by leaching the salts.

9. Protection of Fish, Wildlife and Related Environmental Issues

NOV 18150 was extended two weeks to Tuesday, 6/23 to address the abatement requirements of the NOV. The commitment to provide sage grouse collars in the 2014 annual report was discussed, the report is currently under review by the Division. Mitigation for the Private North Lease was discussed. The parcel consists of approximately 225 acres and another 25 for the Kanab creek buffer area. At a 4 to 1 mitigation ratio that would be 1000 acres. Mr. Nicholes was informed that the mitigation would need to be completed prior to the commencement of mining activities in the North Lease area.

12. Backfilling And Grading

This activity is ongoing in the two areas highlighted in dark blue on the proposed phase one May bond release map. They include the area directly east of the excess spoil pile. And pits 21-24.

22. Other

Plans for the burrying of the water pipe that runs from pit 10 to pond 3 need to be submitted to the Division by no later than Tuesday June 30th.