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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

July 28, 2015

CERTIFIED RETURN RECEIPT
7012 3460 0002 9559 6564

Kirk Nicholes, Resident Agent
Alton Coal Development, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84721

Subject: Proposed Assessment for State Violation No. N 20153, Coal Hollow Mine,
C/025/0005, Task ID #4949

Dear Mr. Nicholes:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Cheryl Parker, on July 7, 2015. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

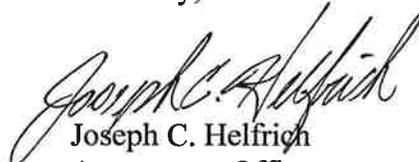
Under R645-401-700, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty.

2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment. Please remit payment to the Division, mail c/o Suzanne Steab.

Sincerely,



Joseph C. Helfrich
Assessment Officer

JCH/ss

Enclosure

cc: Suzanne Steab, DOGM
Sheri Sasaki, DOGM

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2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

ASSIGN PROBABILITY OF OCCURRENCE POINTS 12

PROVIDE AN EXPLANATION OF POINTS:

*****According to the information in the inspector statement** *“The Permittee failed to maintain the ASCAs and culvert at the mine entrance. The ASCAs prevent runoff from the disturbed area draining off site untreated. The culvert under the entrance was half full of sediment blocking drainage. If the drainage structures are not maintained runoff from the disturbed area could flow offsite without treatment. The ASCAs on the south and north side of the entrance were full of sediment and had been documented as dry for the past several inspections, see Inspection report 4234 Photos 15 and 16. Had the ASCAs remained in disrepair the fall monsoons runoff would likely flow over the bales resulting in possible offsite impacts”.*

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

ASSIGN DAMAGE POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

***** According to the information in the inspector statement,** *“No damage occurred as a result of the violation”.*

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Actual RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS _____

PROVIDE AN EXPLANATION OF POINTS:

*** According to the information in the inspector statement,

TOTAL SERIOUSNESS POINTS (A or B) 12

III. NEGLIGENCE (Max 30 pts.)

A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Greater Degree of Fault

ASSIGN NEGLIGENCE POINTS 16

PROVIDE AN EXPLANATION OF POINTS:

*** According to the information in the inspector statement _“The poor maintenance of the drainage structures at the entrance of the permit area was evident and discussed with the Permittee in prior inspections as far back as November 2014, i.e. see inspection report #4027, and more recently again in inspection report #4219”.

IV. GOOD FAITH (Max 20 pts.)

(Either A or B)

(Does not apply to violations requiring no abatement measures)

A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area? Yes
IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance (Immediately following the issuance of the NOV)	-11 to -20*
X	Rapid Compliance (Permittee used diligence to abate the violation)	-1 to -10
X	Normal Compliance (Operator complied within the abatement period required) (Operator complied with condition and/or terms of approved Mining and Reclamation Plan)	0

*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

X	Rapid Compliance (Permittee used diligence to abate the violation)	-11 to -20*
X	Normal Compliance (Operator complied within the abatement period required)	-1 to -10*
X	Extended Compliance (Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete) (Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)	0

EASY OR DIFFICULT ABATEMENT? *Easy, no plans were required to abate the NOV and the permittee had the necessary resources to complete the abatement measures.*

ASSIGN GOOD FAITH POINTS 10

PROVIDE AN EXPLANATION OF POINTS:

**** According to the information in the inspector statement "The Permittee repaired the ASCAs and cleaned the culvert at the entrance by 7/10/15 as documented in inspection report #5245. The ditches on the North and South side were cleaned out and new straw bales had been installed. The entrance culvert was also cleaned out. Figures 4 and 5 of Inspection report 5245 show the repairs".*

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # <u>N 20153</u>	
I.	TOTAL HISTORY POINTS <u>0</u>
II.	TOTAL SERIOUSNESS POINTS <u>12</u>
III.	TOTAL NEGLIGENCE POINTS <u>16</u>
IV.	TOTAL GOOD FAITH POINTS <u>- 10</u>
	TOTAL ASSESSED POINTS <u>18</u>

TOTAL ASSESSED FINE \$396