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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*

October 26, 2015

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

Subject: 2014 Annual Report Review Completion, Coal Hollow Mine, C/025/0005, Task ID #4859

Dear Mr. Nicholes:

The Division staff has completed the review of the 2014 Annual Report. Enclosed is a copy of the review with each reviewer's comments.

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

DRH/sqs
Enclosure
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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 | |
| Operator Name | Alton Coal Development, LLC | Phone Number | |
| Mailing Address | 463 N. 100 W. Suite 1 | Email | |
| City | Cedar City | | |
| State | Utah | Zip Code | 84721 |

| | | DOGM File Location or Annual Report Location |
|---|---|---|
| Excess Spoil Piles | ☒ Required ☐ Not Required | |
| Refuse Piles | ☐ Required ☒ Not Required | |
| Impoundments | ☒ Required ☐ Not Required | |
| Other: | | |

**OPERATOR COMMENTS**

Certified inspection of sediment ponds 1, 1B, 2, 3 and 4 was completed on March 26, 2014. Certified inspection of the Excess Spoils Pile was completed on a quarterly on a quarterly basis on March 26, 2014, June 30, 2014, September 24, 2014 and December 11, 2014. Copies of the inspection reports can be found at the Cedar City Office and the Coal Hollow Mine office. They were also emailed to the Division each quarter and copies are included with this Annual Report.

**REVIEWER COMMENTS** ☐ Met Requirements ☒ Did Not meet Requirements

Impoundment inspection reports have been provided to the Division within the 2014 Annual Report. Inspections and reports for the 5 sediment ponds at the site were provided by Dan Guy a Registered Professional Engineer in the State of Utah. All the sediment ponds were inspected for structural integrity in every quarter of 2014. Sediment levels in Pond 1 were observed to be below the sediment cleanout marker with some sediment buildup near the pond's inlet. Sediment Ponds 1B, 2, 3, and 4 appeared structurally sound and had sediment levels well below the cleanout elevations. Minor repair to inlets and outlets was done over the course of the year on a couple of the ponds (KS, 6/8/2015).

Excess spoil pile inspections were completed on a quarterly basis and emailed to the Division. Inspections of the excess spoil pile were

completed by Dan Guy with a stamped, dated, and sign PE certification. The first quarter inspection of the excess spoil pile stated that the last compaction test was run on 5/13/13, due to "very little" volumes of spoil being placed in the pile. A more detail report should have been made to quantify volumes. The second quarter inspection of the excess spoil pile was completed on 6/30/14. The inspection's text is exactly the same text as appeared on the first quarter inspection. There is no qualifying information within the inspection form to describe how the mine site has changed since the first quarter. The third quarter inspection was completed on 9/24/14 and also contains the exact same text as the previous two inspection reports except for one addition new sentence. The only new text added to the third quarter inspection was that an additional approximately 19.2 acres were sloped and subsoiled. The report did not include any figures or further details describing where the addition 19.2 acres of reclaimed area were. The fourth quarter inspection was completed on 12/11/14. Again the inspection report is identical to the previous forms except for one vague qualifying statement that approximately 22 additional acres were sloped and subsoiled. The reports do not included any supporting documentation or details to quantify how the excess spoil pile. The Permittee will supply a figure showing where the excess spoil was inspected (CP-6/9/15).

# 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 AND FINAL RECLAMATION PLACEMENT**
**Objective:** Monitor topsoil and subsoil salvage by suitability criteria and depth described in Appendix 2-1, Table 4-1.
**Frequency:** During operations. Sampling regime will be reviewed and updated as necessary. In 2015 monitoring, add-in water soluble selenium analysis to the list of parameters run on replaced topsoil/subsoil.
**Status:** Long term
**Reports:** Provide laboratory reports and keep a tally of volumes salvaged, stockpiled and live hauled. In 2015 monitoring, add-in water soluble selenium analysis to the list of parameters run on replaced topsoil/subsoils.
**Citation:** MRP, Volume 1, Chapter 2, Section 231.300 (topsoil sampling), Section 232.500 (subsoil sampling), and Appendix 2-1, pg. 4-2.
Operator Comments

Topsoil Stockpiles: #1 25, 289 cyds, #2 137,021 cyds, #3 Consumed in 2013, #4 51,234 cyds, #5 8,671 cyds
Livehaul Topsoil: 58,619 cyds
Subsoil Stockpiles: #1 73,070 cyds, #2 242,761 cyds, #3 Consumed in 2014
Livehaul Subsoil: 151,107 cyds

Reviewer Comments ☐ Met Requirements ☐ Did Not Meet Requirements

**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 26

Operator Comments

ACD, through a contract with Wildlife Services effective from May 17, 2011 and continuing through May 16, 2016, continued it's predator control program in2014. Wildlife Services annual summary of work completed is included with this report as "Wildlife Services Report".

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

ACD should check with Wildlife Services to obtain additional permits to harvest ravens.

**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
**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

Wildlife Awareness training was held on January 25, 2014 for all employees. Instruction was given by Kirk Nicholes. Printed pages from the Power Point presentation that was presented and a copy of the sign in sheets for employees is included with this submittal. No new employees were hired during 2014.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

ACD should continue the presentation of the awareness program as new employees are hired.

**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 and completed in October of 2010 and is fully functional. Modifications to the MRP have

eliminated the removal of overburden from the area originally identified as pits 11-15 (KS, 6/8/2015).

Reviewer Comments ☐ Met Requirements ☐ Did Not Meet Requirements

**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

Sage grouse mitigation has continued in proximity to the Sink Valley Sage-grouse population. In 2014, ACD participated in funding two Watershed Restoration Initiative Projects (project ID 3011 and 2701). Also, ACD entered into an agreement with Utah State University to study the movements of Sage-grouse in the Sink Valley population. This agreement is attached.

Reviewer Comments ☐ Met Requirements ☒ Did Not Meet Requirements

The agreement with Utah State University to study the movements of Sage-grouse in the Sink Valley population needs to be included in this section of the annual report.

**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 13.

Operator Comments

Birds use monitoring continued in the Sage-grouse Conservation Area in 2014 with the addition of noise monitoring. As per information found in Appendix 3-5 for the conservation area, ACD will expand Sagebrush treatment in late 2015.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

The grasses forbs and younger sage brush plants have responded very well to the mechanical treatment. The remaining acreage is scheduled to be treated in 2015.

**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

Sage grouse mitigation has continued in proximity to the Sink Valley Sage grouse population. In 2014, Alton Coal Development participated in finding two Watershed Restoration Initiative projects (Project Id. #2701 and #3011).

Reviewer Comments ☒ Did Not Meet Requirements ☐ Met Requirements

ACD did not complete the 355 acre BLM parcel as required. NOV 18150 was issued. The abatement requires completion of the 355 acre BLM project and 240 additional acres by the end of February 2016. ACD needs to include a description of the abatement measures to be implemented by the end of February 2016.

**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 17

Operator Comments

The Sink Valley Sage grouse have been utilizing an area west of the historic lek for three seasons. This location is on BLM property at this time and will not be disturbed by mining.

Reviewer Comments ☐ Did Not Meet Requirements ☒ Met Requirements

ACD should implement decoying on the original lek (that has been reclaimed) during the 2016 lekking period.

**Title: RECLAMATION TIMETABLE**
**Objective:** To ensure timely reclamation
**Frequency:** Acreage to be reclaimed annually is itemized and shown on Dwg. 5-38
**Status:** in 2012, 7 acres reclaimed, 2013 23 acres to be reclaimed, 2014 66 acres to be reclaimed, 2015 75acres to be reclaimed, 2016 50 acres to be reclaimed, 2017 173 acres to be reclaimed
**Reports:** Annual summary of work completed to date.
**Citation:** MRP, Volume 2, Chapter 3, page 56, Chapter 5, page 5-59.
Operator Comments

66 acres have been planted in preparation for the 2015 growing season. Drawing 5-38 has been updated with the underground amendment (pending approval). The reclamation schedule has been modified with 71 acres to be reclaimed in 2015, 37 acres to be reclaimed in 2016 and 140 acres reclaimed in 2017.

Reviewer Comments ☒ Did Not Meet Requirements ☐ Met Requirements

Drawing 5-38 was update in the Underground mining application in early 2015 and ACD received conditional approval on April 1, 2015. The drawing details that 66 acres would be reclaimed in 2014. Site inspections conducted in May and June of 2015 verify that stated areas were graded with at least subsoil place, however, remedial work that included placing addition topsoil and seed was not completed until second quarter 2015, see Task ID 4788 still under review by the Division. The annual report does not meet the requirements of the annual report due to conflicting information in regards to work completed at the site vs statements made by the Permittee above. Documentation of the backfilling process can be reviewed in Inspection Reports 4208, 4192, 4176, 4145 and 4121. (CP-6/9/15)

**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

66 acres of topsoil was placed in late 2014 early 2015. Nutrimulch was added to all topsoil placed and planted. Sampling for fertility will be completed in early 2015 to determine if additional amendments are necessary. Results for these samples will be added to the permit when available.

Reviewer Comments ☐ Met Requirements ☐ Did Not Meet Requirements

**Title: Evaluate Mine Discharges for Impacts to Kanab Creek AVF**
**Objective:** To evaluate discharges that may impact the designated AVF on Kanab Creek.
**Frequency:** Annually
**Status:** Ongoing
**Reports:** An annual finding should be placed in the Annual Report during operation and reclamation of any adverse impacts to the channel, dimunition of water quality and impacts to wildlife
**Citation:** Coal Hollow Permit, Attachment A, Special Condition #5
Operator Comments

A copy of the findings as evaluated by Erik Petersen of Petersen Hydrologic dated March 22, 2014 has been included with the Annual Report.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

The Permittee submitted an analysis of Coal Hollow Mine water discharges during 2014 by Erik Peterson a Registered Professional Geologist in the State of Utah. The analysis discusses the chemical quality of waters sampled at the pond's outfalls as well as the water quality found at monitoring site SW-5 downstream of the mine in Lower Robinson Creek. The Permittee concluded no appreciable impacts occurred to the AVF of Kanab Creek during 2014 (KS, 6/8/2015).

**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.
Operator Comments

The Spill Plan found in Chapter 7, Appendix 7-5 was review. Updates have been made to out dated information. The plan has been certified by an Engineer. The plan included with this report along with C1/C2 for inclusion in the MRP.

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

The Permittee updated their spill plan within Chapter 7 on April 28, 2015 under task #4871. As required by 40 CFR Chapter 112, Alton Coal Development's (ACD) Spill Prevention, Control, and Countermeasures Plan (SPCC) must be updated and resubmitted every five years. ACD's original spill plan was submitted in 2009. The spill plan expired in 2014 and should have been updated in April of 2014 instead of April 2015. Although the update to Appendix 7-5 was late the submitted spill plan meets the requirements of this commitment. (CP)

**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 and other interested parties each October to discuss the sage grouse monitoring data collected that year and to provide recommendations for monitoring in the upcoming year.

**Reports:** Annual Summary of work completed.

**Citation:** MRP, Volume 2, Chapter 3, Appendix 3-5, page 14, 15, and 20.

Operator Comments

ACD was again allowed to put collars on Sage-grouse in the Sink Valley population. ACD entered into a contract with Utah State University to utilize Dr. Frey to collar and track grouse from this population. Also, ACD employees Dr. Petersen of Brigham Young University to complete flush surveys during various times throughout the year. Information concerning the results of these surveys along with UDWR lek counts for Sink Valley and Hoyts Ranch are found in the 2014 Annual Progress Report.

Reviewer Comments ☐ Met Requirements ☒ Did Not Meet Requirements

ACD did not meet the requirements for this commitment. The commitment for 2014 was originally one collar and one aerial survey. The

# 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: 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.

**OPERATOR COMMENTS (OPTIONAL)**

**REVIEWER COMMENTS**

The original lek area has been backfilled, graded and seeded. ACD should implement decoying on the original lek (that has been reclaimed) during the 2016 lekking period.

# 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:

Reviewer Comments

The report does not include vegetation monitoring data for the 85.88 acre parcel added to the permit area for auger mining.

# 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 | | ☒ | ☐ | ☐ | ☒ |
| | | ☐ | ☐ | ☐ | ☐ |
| | | ☐ | ☐ | ☐ | ☐ |
| | | ☐ | ☐ | ☐ | ☐ |
| | | ☐ | ☐ | ☐ | ☐ |

Reviewer Comments ☒ Met Requirements ☐ Did Not Meet Requirements

The Permittee included a mine map with the approximate dates associated with panels are projected to be mined. Planned mining operations are shown on the timing projection map until 2017. These mine maps meet the Division's requirements to show at least five years of projected mining annually. (CP)