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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

November 9, 2015

CERTIFIED RETURN RECEIPT
7012 3460 0002 9559 6656

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

Subject: Proposed Assessment for State Violation No. #21157, Coal Hollow Mine, C/025/0005,
Task ID #4984

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, Priscilla Burton, on September 22, 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:

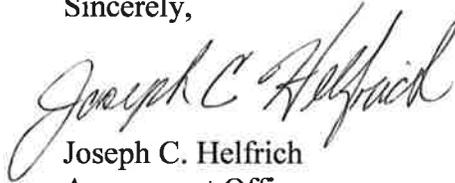
1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director. This Informal Conference is distinct from the Assessment Conference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

Enclosure

cc: Sheri Sasaki, DOGM
Suzanne Steab, DOGM

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**WORKSHEET FOR ASSESSMENT OF PENALTIES
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE Coal Hollow Mine

PERMIT C/025/0005 NOV / CO # N 21157 VIOLATION 1 of 1

ASSESSMENT DATE November 9, 2015

ASSESSMENT OFFICER Joseph C. Helfrich

I. HISTORY (Max. 25 pts.)

A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today=s date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS
<u>NOV #16150</u>	<u>April 8, 2015</u>	<u>1</u>
<u>NOV #18150</u>	<u>April 28, 2015</u>	<u>1</u>
<u>NOV #20153</u>	<u>July 7, 2015</u>	<u>1</u>

1 point for each past violation, up to one (1) year
5 points for each past violation in a CO, up to one (1) year
No pending notices shall be counted

TOTAL HISTORY POINTS 3

II. SERIOUSNESS (Either A or B)

NOTE: For assignment of points in Parts II and III, the following apply:

1. Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
2. Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector's and operator's statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation? **Event**

A. EVENT VIOLATION (Max 45 pts.)

1. What is the event which the violated standard was designed to prevent?

Loss of Reclamation/Revegetation Potential

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 20

PROVIDE AN EXPLANATION OF POINTS:

*****According to the information in the inspector statement, "Topsoil was not protected and lost due to erosion. Topsoil stripped from the West face of the excess spoil pile was stockpiled on the slope and mid-slope of the excess spoil pile in a windrow about 400-500 ft. long and five to seven feet high. The pile was not protected around its base (i.e. no berm, no silt fence, no excelsior logs, etc.). Run off from the slope above washed out the pile in two locations, carrying away topsoil. In addition, subsoil was mixed with topsoil at one location".**

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 5

PROVIDE AN EXPLANATION OF POINTS:

***** According to the information in the inspector statement, "There was a loss of topsoil perhaps 4 cy".**

B. HINDRANCE VIOLATION (Max 25 pts.)

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

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

ASSIGN HINDRANCE POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

TOTAL SERIOUSNESS POINTS (A or B) 25

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 23

PROVIDE AN EXPLANATION OF POINTS:

*** *According to the information in the inspector statement, "The operator was indifferent to DOGM regulations and did not take reasonable care. It should have been evident but nothing was done prior to the citation being written. The operator was in violation of topsoil placement and protection rules. Previous enforcement includes NOV 10079, issued 3/9/2011". Each sentence in this explanation describes increasing degrees of negligence. Therefore the midrange of a greater degree of fault is assessed.*

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?

IF SO--EASY ABATEMENT

Easy Abatement Situation

X	Immediate Compliance	-11 to -20*
	(Immediately following the issuance of the NOV)	
X	Rapid Compliance	-1 to -10
	(Permittee used diligence to abate the violation)	

X Normal Compliance 0
 (Operator complied within the abatement period required)
 (Operator complied with condition and/or terms of
 approved Mining and Reclamation Plan)

*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 -11 to -20*
 (Permittee used diligence to abate the violation)
 X Normal Compliance -1 to -10*
 (Operator complied within the abatement period required)
 X Extended Compliance 0
 (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)

EASY OR DIFFICULT ABATEMENT? ___Easy, The permittee had the necessary
 resources on site to abate the violation and no plans were required for the abatement.

ASSIGN GOOD FAITH POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

*****Good faith points will be given consideration upon termination of the violation.**

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # N 21157

I.	TOTAL HISTORY POINTS	<u> 3 </u>
II.	TOTAL SERIOUSNESS POINTS	<u> 25 </u>
III.	TOTAL NEGLIGENCE POINTS	<u> 23 </u>
IV.	TOTAL GOOD FAITH POINTS	<u> 0 </u>
	TOTAL ASSESSED POINTS	<u> 51 </u>
	TOTAL ASSESSED FINE	<u> \$3410 </u>

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Kirk Nicholes
Alton Coal Development LLC
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Cedar City, Utah 84720

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