GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

December 21, 2015

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

Subject: Fine Payment Required for NOV #16150, Alton Coal Development, LLC, Coal Hollow Mine, Task ID #4864

Dear Mr. Nicholes:

A review of records of the Division of Oil, Gas and Mining shows that the fine in the amount of $3,190 for the referenced violation NOV#16150 has not yet been paid. The final assessment was sent May 19, 2015 (copy enclosed). The timeframe to appeal either the fact of this violation or the amount of the assessed fine has lapsed, and the amount assessed is considered final.

Please remit the total payment by January 15, 2016. If you believe the Division records are in error and that you have paid this fine, please provide evidence of the payment, such as a copy of the cancelled check, before the due date.

Failure to pay the assessed fine may result in interest being charged at the rate established quarterly by the U.S. Department of the Treasury or referring the amount due to the Utah Attorney General for appropriate collection action.

If you have any questions, please feel free to call me at (801) 538-5325.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Coal Program Manager

DRH/sqs
Enclosure
O:\025005.COL\WG4864 NOV16150\Final Payment Required.doc

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DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining
JOHN R. BAZA
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May 19, 2015

CERTIFIED RETURN RECEIPT
7012 3460 0002 9559 6410

Kirk Nicholes, Resident Agent
Alton Coal Development, LLC
463 North 100 West, Suite1
Cedar City, Utah 84721

Subject: Proposed Assessment for State Violation No. N 16150, Coal Hollow Mine, C/025/0005, Task ID #4864

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, Keenan Storrar, on April 8, 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.

1594 West North Temple, Suite 1210, Salt Lake City, UT 84116
PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

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
O:\025005.COL\WG4864 NOV16150\PROPOSED ASSESSMENT NOV16150.DOC

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

COMPANY / MINE Coal Hollow Mine

PERMIT C/025/0005 NOV / CO # N 16150 VIOLATION 1 of 1

ASSESSMENT DATE May 19, 2015

ASSESSMENT OFFICER Joe 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
10135	06/03/2014	1

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 1

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?

Water Pollution and Environmental harm

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

PROBABILITY	RANGE
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** "Alton Coal Development, LLC (ACD) failed to properly construct and maintain Ditch 1 and Ditch 4. Surface runoff from snow melt breached both ditches in early March, allowing suspended solids to leave the Permit area untreated. Additionally, the Permittee failed to properly maintain best technology currently available at the outlet of Ditch 1 and at the end of Lower Robinson Creek reconstruction. During the runoff event, these sediment controls did not properly treat surface runoff and prevent additional contributions of suspended solids to streamflow outside the permit area".*

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 12

PROVIDE AN EXPLANATION OF POINTS:
****** According to the information in the inspector statement,** "It is not possible to quantify the full extent of the off-site impacts as the runoff event was not observed at the time and water samples were not collected by the Permittee. However; based on field observations of sedimentation deposited outside the permit area, it's reasonable to conclude that additional suspended solids were contributed to stream flow outside the permit area. Deposited sediment plumes were visible outside the permit area in several areas".*

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)_32__

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, "During the February 10th, 2015 inspection the Permittee was notified Ditch 4 was not built to the design specifications in the MRP. The Permittee did not make an attempt to reconstruct the ditch and correct the problem prior to the off-site impact occurring in early March".*

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)	0

(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? Difficult, plans were required

ASSIGN GOOD FAITH POINTS 0

PROVIDE AN EXPLANATION OF POINTS:
******Good faith will be evaluated upon termination of the violation***

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # **N 16150**

I.	TOTAL HISTORY POINTS	1
II.	TOTAL SERIOUSNESS POINTS	32
III.	TOTAL NEGLIGENCE POINTS	16
IV.	TOTAL GOOD FAITH POINTS	0
	TOTAL ASSESSED POINTS	49

TOTAL ASSESSED FINE **$ 3,190**