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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: | COMPLETE |
| Inspection Date: | Tuesday, January 12, 2016 |
| Start Date/Time: | 1/12/2016 8:15:00 AM |
| End Date/Time: | 1/12/2016 3:30:00 PM |
| Last Inspection: | Tuesday, December 29, 2015 |

Inspector: Priscilla Burton,

Weather:

InspectionID Report Number: 5385

Accepted by: JHELFRIC
1/21/2016

| Representatives Present During the Inspection: | |
|---|---|
| OGM | Priscilla Burton |
| Company | Kirk Nicholes |

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** |
| 113.50 | **Phase I** |
| | **Phase II** |
| | **Phase III** |

**Mineral Ownership**

- ☐ **Federal**
- ☐ **State**
- ☐ **County**
- ☑ **Fee**
- ☐ **Other**

**Types of Operations**

- ☑ **Underground**
- ☑ **Surface**
- ☐ **Loadout**
- ☐ **Processing**
- ☐ **Reprocessing**

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

A snow storm on Monday December 14, 2015 precluded the ability to travel to the Coal Hollow mine. The undersigned rescheduled the complete inspection to January 12, 2016. The complete inspection began at the mine office in Cedar City and continued at the surface facilities. The mine site has about a foot of snow cover.

Underground Mine: The underground mine is running two 10 hour shifts (mining and maintenance), four days/week. The UG mine entries are about 240 feet inby (2 cross-cuts). The ROM conveyor has been installed. During the inspection the mining shift was shut down due to a maintenance issue with a water pump. Coal haul trucks were being loaded from a small stockpile in the facilities yard. A dozer was clearing coal mine sludge from in front of the underground portal.

Surface Mine: The PC 2000 Excavator and a loader and a dozer were loading spoil into 150 ton trucks. Four of these trucks were hauling spoil to backfill HWT 2. Snow had recently been removed from a 10 acre area between HWT2 and Pit 10. Two dozers were spreading subsoil over this 10 acre area.

Three Notice of Violations were issued as a result of this inspection: NOV #21162, #21163 and #21164.

**Inspector's Signature:** Priscilla Burton
Digitally signed by Priscilla Burton
DN: cn=Priscilla Burton, o, ou, email=priscillaburton@utah.gov, c=US
Date: 2016.01.21 17:46:45 -07'00'

**Date** Wednesday, January 13, 2016

Priscilla Burton,
Inspector ID Number: 37

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

***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

The permit was renewed November 9, 2015 for five years.
Conditional Approval was issued 12/16/2015 for Appendix 5-10 Robinson Creek reconstruction engineer's statement (Task 5018). The conditional approval requests submittal of a final copy of information provided in Tasks 4871 and 5018 by January 13, 2016.
Area 1/North Lease is under review as Task 4942.
Annual Sage Grouse Report is under review as Task 5055.
NOV 21161 was issued 12/21/2015 for failure to complete mitigation. The issue was assigned task #5059.

## 3. Topsoil

In November 2015, topsoil was applied to Phase 1 bond release areas south and west of HWT 2. Soil sampling of the topsoil was completed 9/22/2015 and was received at the Division on 12/2/2016 (Incoming 12/2/2015a.pdf). Samples were collected from reclamation areas shown on Figure 1 which was provided with the analytical results. Samples were analyzed for pH, EC, SAR texture, N:P:K. No issues were noted with the results. These results should be included in the 2015 annual report.

Remaining topsoil is stockpiled in piles #1, #2, and #4 shown on Dwg 2-2 and in stockpiles on the excess spoil pile surface. There are four stockpiles on the excess spoil pile.

**4.b Hydrologic Balance: Sediment Ponds and Impoundments**

Dan Guy, P.E. completed quarterly pond inspections on December 9, 2015. At that time, there were two inlets to pond 1. The certified inspection states that work to change the Pond 1 inlet to a single inlet in the NW corner was nearly finished. No construction details were reported. Pond 1 water elevation was reported six feet below the spillway.

The certified, quarterly pond 3 inspection conducted on August 20, 2015 and the certified, quarterly pond 3 inspection conducted on December 9, 2015 do not mention the construction or installation of the decant structure which was installed in 2015. Division records indicate the decant may have been installed in late July or August 2015. The Division first photographed the decant September 22, 2015. A GEM geotech compaction test was completed during installation. Mr Nichols wil provide the report to the Division. If certified, this report may be sufficient to comply with R645-301-514.311. Certified reports for construction conducted at both pond 1 and pond 3 must be received by February 1, 2016 or said violation will be issued.

To remain in compliance with R645-301-743.130 and R645-301-514.230, future Quarterly inspection reports must include an elevation for the decant structure at pond 3. The quarterly pond inspection report could also indicate the duration of decanting for the reporting period, although that information is available on the DMR forms provided to the DEQ. (For instance, Mr. Nichols stated that pond 3 was decanted for a three week period in November.)

During the quarterly certified inspections December 8, 2015, Pond 1B water elevation was 3 feet below the spillway. Pond 2 water elevation was 7 feet below the spillway. Pond 3 water elevation was 2.5 feet below the spillway. Pond 4 water elevation was 3 feet below the spillway.

During this January inspection, ponds 1, 1B, 2 and 4 were observed to be frozen and snow covered and well below discharge level. Pond 3 was inaccessible at the time of the inspection, due to access road conditions. Mr. Nichols stated that pond 3 had been decanted to allow capacity to retain an event. No ponds were discharging at the time of the inspection.

During the month of October 2015, Pond 4 discharged for the first time. A one-time complete suite of analyses was run in accordance with the DEQ permit. In addition the report dated 10/26/2016 for Pond 4 reported pH = 8.2; TDS = 292 mg/L; TSS = 6 mg/L; Fe= 0.65 ppm; and Se = 0.02 ppm.

**4.c Hydrologic Balance: Other Sediment Control Measures**

Two dozers were spreading subsoil over a 10 acre area where snow had recently been removed (between HWT2 and Pit 10). The snow was pushed into a berm along the Pit 10 highwall. This snow will eventually report to the sump in Pit 10. This is a potential violation of R645-301-742.122.
The drainage from the slopes surrounding pit 10 is accumulating in the facilities yard of the underground mine portal. This drainage either reports to a catch basin or drains to the portal yard. Water collected in the catch basin flows down a ditch to the sump where it is piped to pond 3. The timing of this pipe installation corresponds to the November pond 3 discharge which exceeded Utah water quality limits. This is a violation of R645-301-731.611 which is related to drainage control.
Water is accumulating in front of the Burton #1 mine portal entrance. This is a potential violation of R645-301-731.511. Future plans to direct the drainage towards the sump were discussed with Adrian Childs, Underground mine foreman. The Permittee was reminded that drainage control must be shown on a map.
A sludge of coal fines and mud was being removed from the Burton #1 mine portal entrance during the inspection. It is being placed on the bathhouse pad above the portal in Pit 10, where it will drain back down to the underground mine facilities yard. This coal mine waste location storage location is not shown on the facilities Dwg 5-3B. Neither is the catch basin, the roadside ditch, or the culverts in front of the portal or the second pipe to pond 3. This is a violation of R645-301-731.720 which must be corrected with an as-built drawing by February 1, or said violation will be issued.
Appendix 5-13 containing plans for the pipeline to Pit 10 was approved November 13, 2015. Two pipelines were observed partially installed during the 11/24/2015 inspection. A kink in the pipe had stalled the installation temporarily and discharge from the Pit 10 sump was directed to DD4 through a second pipe. This source of sediment to pond 3 contributed to the exceedence of water quality discharge limits in November. During this January inspection, it was discovered that the second pipe was still positioned in DD4; and although a functioning pipeline is buried within the pipeline trench, the installation is not according to design. Figure 1 in Appendix 5-13 notes that an apron of riprap will be placed at the point the pipeline enters pond 3. Mr. Nichols stated that this apron was not installed and the pipeline was extended into the pond with a hose. Mr. Childs stated that the second pipeline (discharging to DD4) was not being used, due to a broken pump, and that it will be buried in the trench when the snow melts and will be serviceable at some point in the future.
NOV 21162 has been issued for failure to comply with R645-301-752.100, R645-301-732.300 and R645-301-744.100.

**4.d Hydrologic Balance: Water Monitoring**

Last entries in the Coal water monitoring database are from 6/28/2015. The database was only available for a limited time during the last quarter of 2015. The database was brought back on line December 9, 2015. The Division Associate Director has extended the deadline to enter third quarter 2015 data until the end of January.

**4.e Hydrologic Balance: Effluent Limitations**

DMR sheets filed for October and November 2015 were reviewed. Dishcarges from pond 3 and pond 1 were in excess of established limits. Pond 1 exceedences may have been resolved with the recent changes to the pond 1 inlet location. Higher than expected values of TSS and iron at pond 3 may be due to the discharge into DD4 from the Pit 10 pipeline which came online during the month of November. An NOV was issued for

**5. Explosives**

No blasting has been conducted during the last quarter of 2015 or in 2016.

**6. Disposal of Excess Spoil, Fills, Benches**

Excess spoil pile is continuing to be removed and spoil is being placed in HWT 2. The Quarterly inspection report dated December 9, 2015 provides the maximum capacity of the pile and the remaining capacity. By difference, the volume in the spoil pile was 1.4 million CY on Dec. 9, 2015.

**9. Protection of Fish, Wildlife and Related Environmental Issues**

Eighteen sage grouse were recently photographed on the reclaimed Phase 1 bond release area north of the excess spoil pile.

**12. Backfilling And Grading**

Five haul trucks were running spoil from the Excess spoil pile to backfill HWT 2. Mining ceased in HWT 2 with Panel 4E in July 2015, see Inspection report # 5246. The final panels in HWT 2 are submerged below an estimated seventeen feet of water, but are not backfilled. Drawing 5-38 shows rough backfilling and grading of HWT 2 in the next twelve months, but does not provide a specific timetable for completion. NOV 21163 has been issued for failure to have rough backfilling and grading follow coal removal by not more than 60 days in accordance with R645-301-553.

According to the certified quarterly inspection of the refuse pile, there was 1,430,000 CY remaining in the excess spoil pile on December 9, 2015. This is far less than the 2,545,000 LCY of backfill required to fill the final Pit 10 to the final post mining topography shown on Dwg 5-37 (Table 5-76 and Section 553 of the MRP). Therefore NOV 21164 has been issued for failure to follow the approved plan, R645-300-142; and failure to provide adequate backfilling and grading information for the underground mining operation R645-301-541.400 and R645-301-542, R645-301-542.100, R645-301-542.200, and R645-301-542.300. There must be a plan in place for reclamation of the final Pit 10.

**16.b Roads: Drainage Controls**

Site construction of the primary access road includes a catch basin, culvert and drainage ditch to a sump. As noted during the inspection and discussed with Mr. Nichols, none of this sediment control along the primary road is reflected in Dwg 5-3B or described in the MRP Section 521.170 or shown on primary road maps Dwgs 5-22, 5-22A, 5-22B, and Dwg 5-23. In addition, the underground facilities are not accurately reflected in Drawing 5-3B, Underground facilities structures and layout. This is a violation of R645-301-521.170, R645-301-527.200et seq, R645-301-534.130, R645-301-534.200, and R645-301-534.300 et seq. The Permittee must file an amendment with as-built maps for the primary haul road to the underground facilities and for the underground surface facilities by February 1, 2016 or said violation will be written.

**18. Support Facilities, Utility Installations**

An hydraulic fluid container and an oil drum were outside of the containment structure. This is the second time that containers have been found outside the structure. They were placed inside the containment wall during the inspection, in accordance with the Spill Prevention Control and Countermeasure plan and R645-301-542.740.

The Permittee needs more storage space as the containers are stacked double high. The Permittee will evaluate the feasibility of building a deck inside the SPCC containment structure to allow for more storage. Such a modification may require a change to the SPCC plan.

**21. Bonding and Insurance**

Liability Insurace dated 12/15/2015 includes blasting coverage and coverage in exceedence of that required by R645-301-890.100 for personal injury and property damage. The liability insurance expires 12/10/2016.


pit 10 Underground Mine


HWT 2


Pipe Trench


Second Pipe is out of the trench and
will discharge into DD4


Remnant of the Excess spoil pile. Trucks are lowering the pile elevation in the foreground.
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Approximately 10 acre area between HWT2
and Pit 10 that had snow removed. Subsoil is is
being graded on the left.