



**GARY R. HERBERT**  
Governor

**GREG BELL**  
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

# Inspection Report

Permit Number:	<b>C0250005</b>
Inspection Type:	BOND RELEASE
Inspection Date:	Wednesday, March 30, 2016
Start Date/Time:	3/30/2016 10:00:00 AM
End Date/Time:	3/30/2016 12:30:00 PM
Last Inspection:	Tuesday, March 29, 2016

Inspector: Priscilla Burton

Weather: windy 40 F

InspectionID Report Number: 5479

Accepted by: DHADDOCK  
4/7/2016

Representatives Present During the Inspection:	
Company	Larry Johnson
Company	Riley Anderson
OGM	Priscilla Burton
OGM	Keenan Storrar
OGM	Joe Helfrich
OGM	Cheryl Parker
OGM	Daron Haddock
Company	Kirk Nicholes
Company	Drew Christensen

Permittee: **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	<b>Total Permitted</b>
394.00	<b>Total Disturbed</b>
113.50	<b>Phase I</b>
	<b>Phase II</b>
	<b>Phase III</b>

#### 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:

Eleven people participated in the bond release inspection (Task 5097) for the Phase bond release of 31.017 acres in BRP1-6, (2.898 acres), BRP1-7 (25.822 acres) and BRP1-8 (2.297 acres). Of the eleven, five were DOGM staff, 4 were ACD employees. The two others were Byard Kershaw representing Kane County Commission and Louis Pratt representing Kane County Road Department.

Inspector's Signature:

*for*   
Priscilla Burton,

Date

Monday, April 04, 2016

Inspector ID Number: 37

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801  
 Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.  
 telephone (801) 538-5340 • facsimile (801) 359-3940 • TDD (801) 538-7458 • www.ogm.utah.gov



Permit Number: C0250005  
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**Inspection Continuation Sheet**

**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 performance 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### **1. Permits, Change, Transfer, Renewal, Sale**

This inspection was to evaluate a Phase I bond release of 31.017 acres of land that has been backfilled and graded to approximate original contour. The 31.017 acres will remain under permit awaiting phase II and phase III bond release. An amendment to Chapter 8, bonding, along with Drawings 5-17, 5-18 and 5-19 were included with this bond release application.

### **3. Topsoil**

This Phase 1 bond release does not include topsoil application or seeding. BRP1-6 is a 2.898 acre portion of Pit 1 (identified on Figure 1 as Pit 1B) within N1/2 N1/2 Sec 30, T39 S, R5W. It was formerly beneath the Excess Spoil Pile. BRP1-6 was backfilled in February 2016 and has subsoil placed in all but the haul road. BRP1-6 has a haul road running through it with subsoil berms on either side ready for placement. No topsoil has been placed in BRP1-6. To cover BRP1-6 with 8 inches of topsoil (0.666 ft) will require 3,118 CY of topsoil.

BRP1-7 is a 25.822 acre portion of Pit 9 and HWT 1 and HWT 2 (identified on Figure 1 as Pit 9b and HWT 1-B and HWT 2-A) within the NE1/4 Sec 30 and the S1/2 of the SE1/4 Sec 19, T39S, R5W. BRP1-7 was backfilled in February 2016 and has subsoil placed in all but the haul road to HWT-2 and the County Road. BRP1-7 has a haul road running through it with subsoil berms on either side ready for placement. Topsoil, nutrimulch and seed was placed on 11.8 acres of Pit 9-B in the first quarter of 2016 (personal communication with Kirk Nicholes, 3/30/2016). Topsoil has not been placed in the remainder of BRP1-7. To cover the remaining 14.1 acre BRP1-7 with 8 inches of topsoil (0.666 ft) will require 15,164 CY of topsoil.

BRP1-8 is a 2.297 acre portion of HWT 3 (identified on Figure 1 as HWT 3A) within the E1/2 E1/2 of Sec 30 T 39 S, R 5W. BRP1-8 has both topsoil and subsoil applied and the area was recently treated with nutrimulch, but has not been seeded (personal communication with Kirk Nicholes 3/30/2016). Some equipment ruts were noted in BRP1-8 during the bond release inspection on 3/30/2016 and these were repaired the next day.

Prior to Phase 2 bond release, Areas BRP1-6 and BRP1-7 will require surface roughening of existing haul roads, application of bermed subsoil over the haul roads and application of 18,282 CY of topsoil, followed by nutrimulch and seed. (PB)

#### **4.a Hydrologic Balance: Diversions**

The areas referenced here can be found on the map 'Overview Proposed Bond Release 16\_1'. We walked along the southern boundary of HWT-2A (Panorama 2). The backfilled area along the eastern edge of HWT 2-A seamlessly joins the edge of the undisturbed ground to the east. The hydrologic divides in this bond release area have been properly graded to match the pre-existing topography. It appears runoff within the HWT 2-A area will flow to the south into the Sink Wash watershed, while the majority of area within HWT 1-B will break along a divide and flow into the Lower Robinson Creek watershed (KS).

I walked the perimeter of the 2.9 acre release area Pit 1B. The area has been restored to a very gently graded area. The southern boundary of the release area seamlessly joins with its undisturbed boundary to the south (Photo 1) (KS).

We walked the HWT 3-A bond release area (Photos 2 – 4). This area falls within the MSHA berm surround the excavated pit of HWT2. The area has been brought back to the correct backfilled elevation and is properly graded, however final drainage to the Sink Valley Wash will be reestablished only after HWT2 is completely backfilled (KS).

We drove the western boundaries of HWT 1-B and Pit 9-B. It appears drainage from these two bond release areas has been properly reestablished (KS).

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

A remnant of the Excess Spoil pile remains West of BRP1-6. It will be consumed in the backfilling and grading of HWT 2B and HWT 3B shown on Figure 1 of the Bond Release application (Task 5097). (PB)

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

The Division's biologist attended the bond release inspection as an observer to the current status of reclamation at the mine since only backfilling and grading are the only requirements for phase one bond release. Seeding is typically done in the late fall with a cover crop of sterile triticale followed by the approved seed mix. The most current seeding efforts extend from the southern end of the permit area to the southern boundary of highwall trench 3-A. As well some of the areas in the southern portion of the reclaimed area are in their second growing season and the sage grouse are utilizing their old lek (now reclaimed) to strut on. (JH)

#### **10. Slides and Other Damage**

No slides or subsidence were witnessed during the inspection at any of the three sites. All bond release areas had been graded to within AOC and showed no signs of instability (CP). BRP1-7 had some equipment ruts that were repaired the next day (personal communication with Kirk Nicholes, 4/6/2016) (PB).

## **12. Backfilling And Grading**

The boundary of the bond release areas BRP 1-6 through BRP 1-8 were staked and flagged by pink tape. The site appears to have been backfilled and graded back to AOC to the extent possible, see Photos. The Division staff tracked the inspection route with GPS, see Figure 1. GPS points of various stakes for each of the bond release areas were taken to verify bond release extents shown on Drawing 5-19. Figures 1-D through 1-F show the backfill cross sections averaged around 7.6 feet for BRP 1-6, 8.1 feet for BRP 1-7, and 1.9 feet for BRP 1-8 below the original contour. Overall the graded areas in the bond release blended with the surrounding area well and no sign of water pooling or rills. The bond release area requested was for 31.1 acres. The Division received a copy of the Kane County's approval of the county road reclamation via email on 3/31/2016 from Louis Pratt. The Application for bond release is recommended for approval. Please see the Technical Findings and Analysis of Task 5097 for further details regarding grading details.(CP). Mr. Pratt was present during this bond release inspection and was satisfied with the backfilling and grading of the County Road to date. Further road construction to County specifications for compaction, road base, borrow ditch construction etc., will be under County supervision. (PB).

## **16.a Roads: Construction, Maintenance, Surfacing**

The primary haul roads throughout the facilities and access towards the underground mine appeared to be stable and controlling drainage to the appropriate areas. In addition to the primary haul roads associated with the underground mining operations, there are two temporary haul roads through the bond release areas, shown on Figure 1. The operator maintains the two roads as spoil haul roads from the excess spoil pile and HWT-2. All roads throughout the mine are regularly maintained by a grader. The site had received snow the previous day and the warm weather had started to thaw the surface. The site's clay used as backfill maintains moisture and is extremely slippery when wet, causing traction and rutting problems for heavy equipment at the site. The wheeled equipment was witnessed having difficulty staying on the road. Track equipment onsite was assisting the wheeled equipment through wetted and rutted areas. The grader and dozers were in the process of grading out extensive ruts within the roadways to maintain an even and level driving surface. The subsoil to reclaim the temporary roads to AOC is stored along the length of the roads as the road berms. Photos were taken to document the location and approximate volume is adequate for reclamation of the roads at the completion of the backfilling of HWT-2 in July 2016 (CP).

## **21. Bonding and Insurance**

Current Bond amount is \$12,750,000 which is adequate to cover the remaining required reclamation. The bond release application seeks the release of 31.02 acres of Phase I bond release for a bond reduction of \$4,031,000 for 31.1 acres of backfill and subsoil work. The remaining total bond liability required for the reclamation of the southern lease HWT-3, HWT-2, Pit 10, Main surface facilities, North Private Lease surfaces, and Pit N1 is \$11,665,000. The Application for bond release is recommend for approval (CP).

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Inspection Type: BOND RELEASE  
Inspection Date: Wednesday, March 30, 2016

**Inspection Continuation Sheet**

**ATTACHMENT A – Photos Coal Hollow Bond Release March 30, 2016 site visit**

	
<p><b>PHOTO 1</b> Looking east at southern boundary of Pit 1B bond release area. March 30, 2016</p>	<p><b>PHOTO 2</b> Looking north at HWT 3-A backfilled and graded area. March 30, 2016</p>
	
<p><b>PHOTO 3</b> Looking south at HWT 3-A in BRP1-8 backfilled and graded area. March 30, 2016</p>	<p><b>PHOTO 4</b> Looking west at HWT 3-A backfilled and graded area. March 30, 2016</p>

**ATTACHMENT A – Photos Coal Hollow Bond Release March 30, 2016 site visit**



**PHOTO 5**  
At South end of County Road in BRP1-7, looking North.  
March 30, 2016



**PHOTO 6**  
Looking East at bond release group on rim of HWT 2B in BRP1-7.  
March 30, 2016



**PHOTO 7**  
Looking North from South end of BRP1-7 at haul road on left, subsoil  
berm center, BRP1-7 on right.  
March 30, 2016



**PHOTO 8**  
Looking North from HWT 2A at BRP1-7.  
March 30, 2016



**ATTACHMENT A – Photos Coal Hollow Bond Release March 30, 2016 site visit**



**PHOTO 9**

Looking North across BRP1-7. Subsoil berms in the distance are on the South rim of Pit 10.  
March 30, 2016



**PHOTO 10**

Looking South at BRP1-8 equipment ruts.  
March 30, 2016



**PHOTO 11**

Nutrimulch and straw in BRP1-8.  
March 30, 2016



**PHOTO 12**

Looking South at stakes marking East edge of BRP1-8. Berm on left is edge of HWT 3-B slope.  
March 30, 2016



**ATTACHMENT A – Photos Coal Hollow Bond Release March 30, 2016 site visit**



**PHOTO 13**  
Looking S at BRP1-6 (Pit 1B)  
March 30, 2016



**PHOTO 14**  
Looking North at haul road bisecting BRP1-6 and subsoil piles.  
March 30, 2016



**PHOTO 15**  
BRP1-6 on East side of haul road and subsoil piles.  
March 30, 2016



**PHOTO 16**  
Looking W across BRP1-6 at subsoil pile along haul road to Spoil Pile.  
March 30, 2016

**ATTACHMENT A – Photos Coal Hollow Bond Release March 30, 2016 site visit**



**PANORAMA 1**

Looking south at remaining void of HWT 2 that still needs to be backfilled.  
March 30, 2016

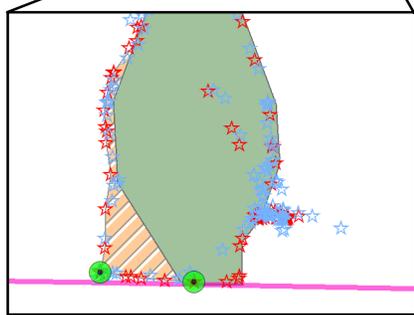
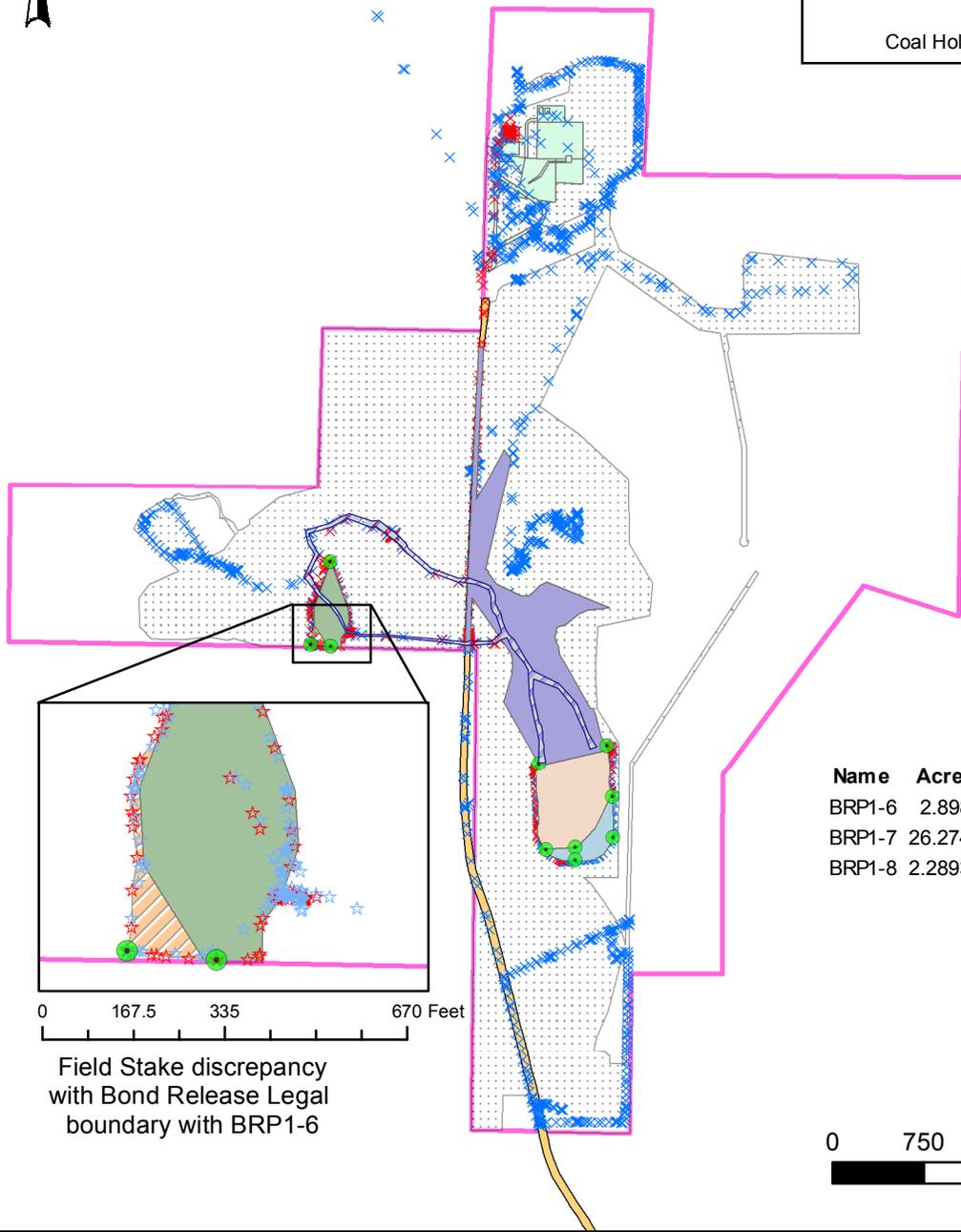
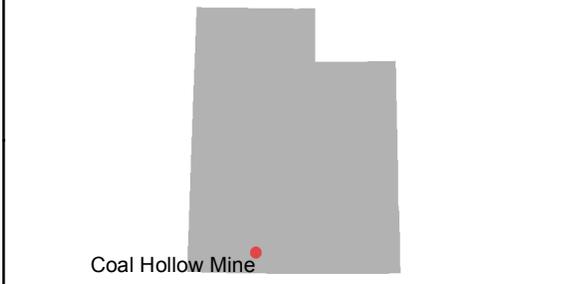


**PANORAMA 2**

Looking north at the 5.2 Acres of backfilled bond release HWT 2-A area.  
March 30, 2016

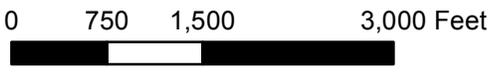


KEY MAP



Field Stake discrepancy with Bond Release Legal boundary with BRP1-6

Name	Acres	Name	Area
BRP1-6	2.8981	Field BRP1-6	3.1581
BRP1-7	26.2742		
BRP1-8	2.28936		



**LEGEND**

Temporary Excess Spoil Haul Roads	Bond Release Inspection Tracks 3/31
Bond Release Stakes	Burton Inspection 3/30 GPS Tracks
Current HWT-2 Pit Extents	County Road 136
<b>Bond Release Areas</b>	Main Facilities
BRP1-6	Bonded Area As of 3/31/2016
BRP1-7	Permit Area
BRP1-8	
Field Stake of BRP1-6	

**NOTES**

1. PERMIT BOUNDARY AND BOND RELEASE SHAPEFILES ARE DIGITIZED OFF PLSS AND INTENDED FOR GENERAL REFERENCE IN THE FIELD.

**REFERENCE**

2016 COAL HOLLOW MRP  
 MARCH 31, 2016 TASK 5097 BOND RELEASE INSPECTION

CLIENT  
 ALTON COAL DEVELOPMENT

PROJECT  
 COAL HOLLOW  
 C/025/005

TITLE  
**PHASE I BOND RELEASE INSPECTION  
 TASK #5097**



UTAH COAL PROGRAM

YYYY-MM-DD	206-04-04
PREPARED	CHERYL PARKER
DESIGN	CHERYL PARKER
REVIEW	PRISCILLA BURTON
APPROVED	###

PROJECT	MINE	Ref.	FIGURE
Coal Hollow	Alton Coal Development	C/025/005	1

Path: P:\GROUPS\ALLOM\GIS\Coal\025005 Coal Hollow\_MXD\inspections\0316 March.mxd

1 in IF THIS MEASUREMENT DOES NOT MATCH WHAT IS SHOWN, THE SHEET SIZE HAS BEEN MODIFIED FROM: