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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:	BOND RELEASE
Inspection Date:	Tuesday, November 29, 2016
Start Date/Time:	11/29/2016 9:00:00 AM
End Date/Time:	11/29/2016 12:30:00 PM
Last Inspection:	Wednesday, November 16, 2016

Inspector: Priscilla Burton,

Weather: strong North wind, blowing snow, 26F

InspectionID Report Number: 5711

Accepted by: DHADDOCK
11/30/2016

Representatives Present During the Inspection:	
OGM	Daron Haddock
Company	Larry Johnson
Company	Kirk Nicholes
Company	Drew Christensen
Company	Riley Anderson

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**
394.00	**Total Disturbed**
144.50	**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:

The ground was frozen. Snow covered the bond release areas. Bond release polygons HWT 2B and HWT 3B in the South lease (9.075 acres = BRP1-9) and Area 1 polygons Pits 1-3 (12.213 acres = BRP1-10) were walked. South lease locations were topsoiled several months ago and mulched and seeded two weeks ago. North lease locations were topsoiled, mulched and seeded last week.

Lou Pratt, Kane County Road Department and Mark Boshell, PLPCO, were present during the bond release inspection. Burton Pugh,South lease landowner, contacted the Permittee to state that he would not be present for the inspection. Richard Dame, South lease landowner was contacted, but was not present. Heaton Brothers LLC, North lease landowner, was not present, but has been involved in reclamation treatments.

Refer to bond release application Figures 1 and 2 for locations.

Inspector's Signature: Priscilla Burton
Digitally signed by Priscilla Burton
DN: cn=Priscilla Burton, o, ou, email=priscillaburton@utah.gov, c=US
Date: 2016.12.01 14:58:58 -07'00'

Date Wednesday, November 30, 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 application is for phase I bond release on areas identified as BRP1-9 (HWT 2-B, HWT 3-B) and BRP1-10 (Pits 1-3). A release in the amount of $2,985,984 is requested. This amount will not be released, but will be applied to other disturbance associated with the mine. No concerns were voiced by the Kane County or PLPCO representatives.

2. Signs and Markers

Identification signs are in place at the points of access to the mine.

3. Topsoil

Topsoiil was placed on HWT 2B and HWT 3B last July, but piles could not be redistributed over the area, because the soils were saturated. During the inspection, it was noted that there remains a small area in HWT 3B in which topsoil is not evenly redistributed due to super saturated soils. HWT 2B and HWT 3B were mulched with nutrimulch and straw. The mulch was incorpated with disc seeding. BRP1-9 was seeded two weeks ago (Nov. 16) along with HWT1A, HWT 1B, HWT 2A and Pit 9B. BRP1-10 was seeded last Saturday (November 24). Seed mixes are discussed below.

During the inspection, Pit B1 extended area was being grubbed of vegetation, in preparation of topsoil and subsoil salvage.

4.a Hydrologic Balance: Diversions

Ditch 5, D6, and D7 in Area 1 require maintenance after topsoil redistribution.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Pond 5 contained water.

4.c Hydrologic Balance: Other Sediment Control Measures

Drainage seemed to be adequately addressed, with no indication of runoff leaving the mine site.

9. Protection of Fish, Wildlife and Related Environmental Issues

The bond release area was treated for weed control prior to seeding (see Incoming file 11182016.pdf.)

11. Contemporaneous Reclamation

For the most part, the BRP1-9 area was seeded with sagebrush/grass seed mix. The area belonging to Mr. Dame was seeded with pasture mix. The seed treatments are shown on Dwg 3-7. BRP1-10 in the North Lease was seeded with a modified pasutre mix at the request of the landowner. The modifications were to add forage Kochia and another forb. Mr. Nicholes will provide the seed mix. The seed mixes were received on 12/01/2016 via email and sent to file.

12. Backfilling And Grading

The East perimeter of BRP1-10 is about 15 feet above grade for a distance of 300 feet due to a haul truck breaking down in the area. Once the haul truck is repaired and moved, the fill will be moved. Mr. Christensen stated that this fill will be brought to grade in the next week. The Phase 1 bond release area is being used to run haul trucks. Mr. Nicholes stated that the access road will be ripped prior to topsoil placement. The survey of the perimeter of the BRP1-10 area should also be completed, since disturbed area (subsoil pile and a roadway) are adjacent. The bond release areas appeared to be stable and (except for the necessary grading noted previously) within the tolerance of approximate original contour.

21. Bonding and Insurance

The bond in the amount of $12,750,000 still remains in place.

ATTACHMENT A – Photos

PHOTO 1 Looking South across HWT 3B in BRP1_9 as Daron walks into the wind.

PHOTO 2 Looking N from the East boundary of HWT3B.

PHOTO 3 Soft spot in HWT 3B where topsoil was not distributed.

PHOTO 4 Looking West across boundary between HWT 2B and 3B in BRP1_9.

ATTACHMENT A – Photos continued

PHOTO 5 Straw mulch, nutrimulch and seed beneath the snow.

PHOTO 6 Looking SW at HWT 2B in BRP1_9

PHOTO 7
Looking North across BRP1_10. Haul trucks are traveling along the eastern edge of reclaimed Pit 3 to unload spoil into Pit 4.

PHOTO 8
Survey flags on fill piles denote eastern edge of BRP1_10.