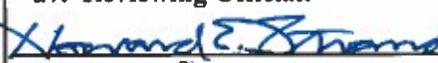




**U.S. DEPT. OF THE INTERIOR
OFFICE OF SURFACE MINING
Mine Site Evaluation
State Program**



1. Permittee/Person ALTON COAL DEVELOPMENT LLC		9. Permit Number ACT025005	10. Permit Type PP
2. Address 463 N. 100 W., SUITE 1		11. Field Visit Date 3/15/2017 <small>mm - dd - yyyy</small>	12. Purpose O
3. City CEDAR CITY		14. Permit Status A	15. Site Status AP
4. State UT		16. Facility Type AB	13. SRA Present Y
5. Zip Code 84720	6. Phone Number (435) 867-5331	17. OSM Office # 140	18. CCID #
7. Operator Name, if Different than Permittee 		19. Land Code S	20. M.S.H.A. ID # 42-02519
8. Mine Name COAL HOLLOW MINE		21. State Abbrev. UT	22. County/Burrough KANE
		23. AVS Permittee Entity ID Number 247248	24. State Office

25. Hours <table border="1"> <tr><td>25.0</td></tr> <tr><td>18.0</td></tr> <tr><td>16.0</td></tr> <tr><td>12.0</td></tr> </table>	25.0	18.0	16.0	12.0	26. Signature Block  Signature: Daniel MacKinnon, ID#554 Printed Name: Date: 4/6/2017	27. Reviewing Official:  Signature: Review Date: 04-07-2017 <small>mm - dd - yyyy</small> Is Supplemental MSE Page Used Y/N <input checked="" type="checkbox"/> Y
25.0						
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Permit Type - Item 10 IP = Interim Program PP = Permanent Program NP = No Permit
 Purpose Type Codes - Item 12 Oxx...Oversight Rfx...Reclamation Fees CCR...Citizen Complaint Referral (non-site visit)
 Axx...Assistance Fxx...Federal Actions CC...Citizen Complaint (initial site visit)
 CCF...Assistance

Joint Inspection - Item 13 A joint inspection is when a state inspector accompanies an OSM inspector at any time during the review of the mine site

Permit Status - Item 14

A Active: Coal mining activities occurring or permitted but not yet disturbed.	AB Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g).
IN Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit): Coal mining completed and reclamation activities initiated.	AB1 Bond Forfeiture: Bond forfeiture officially in process or completed and reclamation in progress or not yet commenced.
BR Bond Release: Reclamation completed and State Regulatory Authority(RA) has released all of the bond (Phase III Release).	AB2 Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.
	AB3 Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.
	NA Not Applicable: When site is unpermitted

Site Status - Item 15

ND No Disturbance: No coal mining and reclamation operations have been started.	MC Mining Complete: No mining activity on site, site regraded and awaiting bond release.	NS Non-Site Visit: Status of site not determined. Forfeiture Pending: The RA is pursuing actions to
EX Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.	TC Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.13(b).	FP revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
AP Active Coal Producing: Coal surface mining activities are occurring.	P1 Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.	FR Forfeited and Reclaimed: Forfeiture reclamation completed.
AN Active Non-Producing: Active non-producing facility such as tipple or preparation plant.	P2 Phase II Release: At least Phase II bond release for the entire permitted area.	FO Abandoned Site: Abandoned site that is permitted but there is no bond.
NM No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.	P3 Phase III Release: Reclamation completed and the RA has released all bond.	WC Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes - Item 16

A... Surface	D... Ancillary (Haulroad, Conveyor, and/or Rails)	H... Exploration Permits	K... Government Financed Construction Exemption
B... Underground	E... Refuse and/or Impoundment	L... Notice of Intent to Explore	L... Remining site permitted under 30 CFR 785.25
C... Preparation Plant	F... Loading Facility and/or Tipple	J... Exempt 16 and 2/3	
	G... Stockpiles		

**Small Business Regulatory Enforcement Fairness Act (SBREFA)
Your Comments are Important**

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

MINE SITE INSPECTION NARRATIVE

COMPANY: ALTON COAL DEVELOPMENT LLC

MINE: Coal Hollow

PERMIT NO: C0250005

DATES OF INSPECTION: March 14 and 15, 2017

WEATHER: Mostly sunny and warm. No precipitation.

COMPANY OFFICIAL: Kirk Nicholes

Utah Division of Oil, Gas and Mining (DOGGM) PERSONNEL: Priscilla Burton, Keenan Storrar, Wayne Western, Beverly Wiser

OSMRE OFFICIAL: Dan MacKinnon

Overview

OSMRE conducted a complete oversight inspection with DOGM personnel and an operator's representative on March 14 and 15, 2017. Overall the permitted area showed the need for improved practices, including: sediment control maintenance; chemical safety practices; and topsoil/subsoil/spoil management. As a result of this inspection, DOGM issued 2 Notices of Violation (NOVs), one for failure to store oil and grease in a controlled manner in a designated area of the permit area, per the Spill Prevention Control and Countermeasure (SPCC) Plan, and another for failure to maintain siltation structures and diversions at the underground mine. OSMRE supports these NOVs.

Signs and Markers

All Mine entrance signs contained the required information. All topsoil piles that were inspected had the appropriate markers.

Topsoil / Subsoil

Within the North Lease permitted area, specifically the new construction of Pond T-1-A, ditch inlet T1-01, parts of the permitted area around the pond were disturbed, but the topsoil had not been removed. In addition, topsoil had been used to create the incised T1-01 ditch. The group discussed this issue and agreed that a system of sediment control (e.g. straw wattles, excelsior logs) and vegetation (e.g. a sterile annual such as triticale or an approved interim seed mix) to prevent the loss of this topsoil until it is able to be removed from the site would be an appropriate course of action. This area's location currently

prevents heavy equipment access and therefore will not be disturbed until the deconstruction of Pond T1-01 is initiated. Another item was discussed at this time, although it is not directly associated with topsoil, was the presence of downed trees in an area not permitted for disturbance. The operator stated that these trees were cut down by the landowner at the operator's request.

Pits 6 and 7 and the associated topsoil/subsoil/spoil piles all appeared to be actively worked during this inspection. Of note, the North lease topsoil pile was currently not prepped (i.e. graded and seeded) nor bermed to protect the topsoil resources. This area should be stabilized when work has ended on this area.

Phase I bond release area on the east side of Robinson Creek (see the Hydrologic Balance Section below for a further discussion of Robinson Creek) at the Robinson Creek shotcrete turn and downslope of this turn is in need of some maintenance work. There are portions of the former topsoil pile that still need to be spread, and due to previous heavy equipment working in this area, the site should be reworked (e.g. regarded and potentially reseeded). In addition, even with straw wattles installed on this site, significant rills and gullies have formed on this side of the bank and upslope of Robinson Creek (Figures 1-6). Pocking this area (i.e. extreme surface roughening) was discussed as a possible solution to these problems.

Excess spoil pile bounded on the North by DD4 and on the South by the haul road. Much of the spoil from this pile has been removed and used for reclamation but still has some material present; this material is in need of maintenance, as the berms protecting this resource were not present and the remnants of the pile were ponding water. The operator agreed that this should be regraded, and the grade should lead the drainage into Pond 3, not toward Robinson Creek as some of the grade appears to lead at the time of this inspection. The current pile remnant collects salts from the water that had previously ponded and evaporated; this degrades this resource, which is planned to be placed as a topsoil substitute.

B-1 Topsoil Pile was bermed and appeared stable, however there were more measures needed to stabilize this pile at the time of this inspection. The operator agreed that the pile should be resloped and seeded in the near future.

Sediment Control

Pond 5 (Figure 7). Keenan Storrar (DOGM hydrologist) spoke to the operator about the high precipitation in the past month which resulted in the emergency spillway discharging water high in TDS. Keenan will follow up with the operator on this issue. This pond also had sediment controls that were overtaken by the high precipitation and subsequent spillway use; of particular note the straw wattles designed to control sediment were clogged with sediment and needed maintenance (Figures 8 and 9). Keenan recommended silt fences, properly installed, to replace these wattles. The operator agreed to fortify this area.

Pond 3. The emergency spillway is failing and damaged due to the high precipitation over the past month or so (Figures 10 and 11). There was significant sidecutting to the spillway. The operator has plans to repair this spillway with rip-rap at the end of March when the area has dried and is stable enough for vehicle traffic. The operator was decanting this pond at about 50 gallons/per minute (estimate produced by the operator, no actual volume measurements were made at the time of this inspection). An unofficial pond has been created (naturally, not through activities by the operator) by the precipitation events of the past few weeks, and it occurs above grade of Pond 3. There are plans for a temporary ditch to be dug so this pond can drain into Pond 3.

Ditch 4, which runs mostly parallel to Robinson Creek (see the discussion of Robinson Creek below in the Hydrologic Balance Section) appeared to have flow in it recently, but did not at the time of the inspection. During this inspection, no problems were noted with this ditch until it reaches the hill that will be used to fill in Pit 10. The stretch that follows this hill requires some maintenance, as some filling in and other types of erosion have occurred that could effectively block some water flow (Figures 12-14). This stretch of the ditch did not have water flow during the time of this inspection.

Ditch B-T1-L has some ponded water, which should not occur, so some maintenance here to reestablish grade and flow into Pond 3 is required (Figures 15 and 16). The land above grade also appears to be saturated, therefore better drainage should be established in this area. The operator agreed to this repair.

Facilities Area. Culvert C-13 is a bit damaged at the inlet, however it is clear and the outlet is also clear and both were recently cleaned. Culvert 8 had a clear inlet, and the outlet was starting to fill with sediment, and was not undercut. Culvert 9 was also not undercut and was clear at both the inlet and outlet. Ditch 2 and its associated road culverts need maintenance, as they are blocked; the road (which is also in need of repair) is blocking the culverts. Roads were being regraded at the time of this inspection. The inlet of Culvert 11 was clear, however the outlet was clogged and should be cleared (OSMRE pictures of this were not well focused or of sufficient quality and are not available in this report; please see the Utah DOGM inspection report for a picture). No deficiencies were observed with the ditch that runs from Culvert 11 to Pond 1. Pond 1's riser is clear; there was sediment build up at the ditch and culvert inlets which should be monitored (Figure 17).

Underground Pit. At the time of this inspection, all portals have been temporarily sealed, and according to the operator the fans and electricity into the workings have been shut off. Overall this site has not been adequately maintained, with most culverts partially or fully clogged / blocked, sediment ponds nearly filled with sediment, a gravel dike designed to separate sediment from the water has been breached, and P10-R04 drainage is in need of more rip rap to stabilize its banks structure (OSMRE pictures of this site were not well focused or of sufficient quality and are not available in this report; please see the Utah DOGM inspection report for these pictures). The operator agreed that the site needs maintenance, and stated that they have ordered more rip-rap for the channel. Those culverts that fed from the upper bench to the lower bench appeared to be clear, however at least one was disconnected at one section, creating a potential sediment hazard above the portals if water flowed

through this culvert and onto the face, instead of through the rest of the culvert to the sedimentation pond below.

Support Areas

The permitted chemical storage facilities appeared to be functioning as designed. No spills were observed at the time of this inspection at this location. A pipe at the coal wetting water station was broken; this should be repaired in time to fulfill the needs of coal processing when drier times are present (Figure 18). The operator stated that the repairs are planned.

Underground Pit. What appeared to be an open-air livestock watering tank was used as a secondary containment for some petroleum product; this product had spilled into the secondary containment and the tank was nearly full, potentially leaking hazardous liquid onto the pit floor (Figure 19). According to the DOGM inspector, this is not a permitted storage/containment structure or location, and the safe removal of this tank and its contents are of primary importance to the safety of this area and the groundwater to which it contributes. In addition, the water collection tank from the underground pit area showers is in need of emptying (Figure 20).

Hydrologic Balance

Robinson Creek. Water was flowing through the permitted area in the reconstructed portion of this creek, where the creek enters the permit for the second time. Some work still needs to be done at this site to complete the reconstruction; for example, rip-rap still needs to be installed in a section. The operator agreed that the site is dry enough for work at this location. As the creek proceeds through the permitted site, a small amount of water was flowing through it at the time of this inspection. No flow measurements were made during this inspection. Up until the section where the creek bends dramatically, and where the operator used shotcrete to stabilize the creek bank was stable, and appeared to be functioning as designed with no significant bank erosion (Figures 21-24). The section that has been shotcreted also appears to be functioning as designed.

Maintenance Items

Maintenance items noted and agreed upon as a result of this oversight inspection are contained in their respective categories above and listed below:

- Place sediment control structures and plant vegetation to protect topsoil resources around the area of the new construction of Pond T-1-A, ditch inlet T1-01, where surface lands have been disturbed without removing the topsoil.

- The bank and slope instability at the Phase I bond release area on the east side of Robinson Creek.
- The regrading of the Excess spoil pile bounded on the North by DD4 and on the South by the haul road.
- Sloping and seeding of B-1 Topsoil Pile.
- Pond 5 emergency spillway sediment control fortification.
- Repairing the emergency spillway damage to Pond 3.
- Regrading ditch B-T1-L to prevent water ponding within its channel.
- Perform maintenance to the underground facilities, including ordering more rip-rap for ditch P10-R04.
- Repair the pipe at the coal wetting water station.
- The safe removal of the unauthorized structure containing petroleum products and water.
- Finishing the reclamation of Robinson Creek, where it enters the permit for the second time.

Enforcement Actions

As a result of this inspection, DOGM issued 2 Notices of Violation (NOVs), one for failure to store oil and grease in a controlled manner in a designated area of the permit area, per the Spill Prevention Control and Countermeasure (SPCC) Plan, and another for failure to maintain siltation structures and diversions at the underground mine. OSMRE supports these NOVs.



Figure 1 - Rills / Gullies on the banks of Robinson Creek, Picture 1.



Figure 2 - Rills / Gullies on the banks of Robinson Creek, Picture 2.



Figure 3 - Rills / Gullies on the banks of Robinson Creek, Picture 3.



Figure 4 - Rills / Gullies on the banks of Robinson Creek, Picture 4.



Figure 5 - Rills / Gullies on the banks of Robinson Creek, Picture 5.



Figure 6 - Rills within the reclaimed land upslope of Robinson Creek, Picture 6.



Figure 7 - Pond 5 Overview.



Figure 8 - Pond 5 Emergency Spillway. Straw Wattles overcome with sediment, Picture 1.



Figure 9 -Pond 5 Emergency Spillway. Straw Wattles overcome with sediment, Picture 2.



Figure 10 - Pond 3 Emergency Spillway Damage, Picture 1.



Figure 11 - Pond 3 Emergency Spillway Damage, Picture 2.



Figure 12 - Ditch 4 Condition, Picture 1.



Figure 13 - Ditch 4 Condition, Picture 2.



Figure 14 - Ditch 4 Condition, Picture 3.



Figure 15 - Pondered water at B1-1T Ditch, Picture 1.



Figure 16 - Pondered water at B1-1T Ditch, Picture 2.



Figure 17 - Sediment Buildup at Pond 1.



Figure 18 - Broken pipe at the coal wetting station.



Figure 19 - Stock tank filled with water an unknown petroleum product.

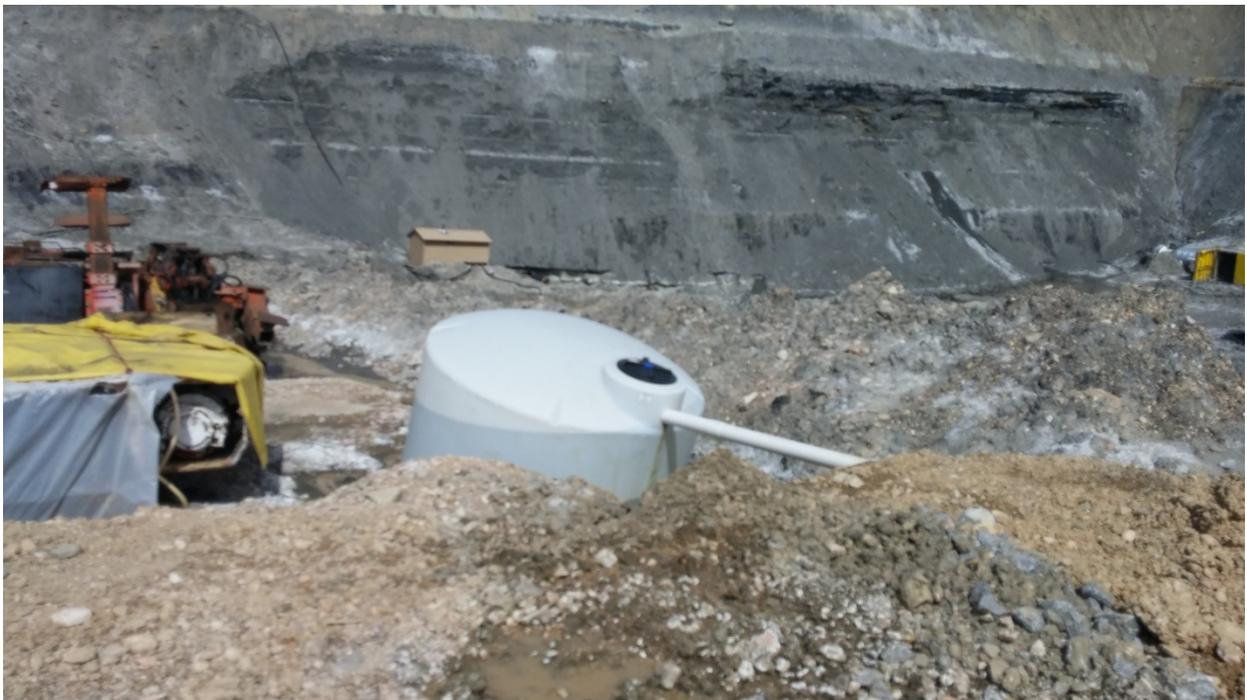


Figure 20 - Shower wastewater containment tank full.



Figure 21 - Functioning section of the redesigned Robinson Creek, Picture 1.



Figure 22 - Functioning section of the redesigned Robinson Creek, picture 2.



Figure 23 - Functioning section of the redesigned Robinson Creek, picture 3.



Figure 24 - Functioning section of the redesigned Robinson Creek, picture 4.