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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

June 11, 2019

Kirk Nicholes, Resident Agent
Alton Coal Development, LLC
463 N. 100 W. Suite 1
Cedar City, Utah 84721

Subject: 2018 Annual Report Review Completion, Alton Coal Development, LLC, Coal Hollow Mine, Task ID #5915, C/025/0005

Dear Mr Nicholes:

The Division of Oil, Gas and Mining (the Division) has completed the review of the 2018 annual Report. Upon review of the submitted annual report, the Division has determined that additional information is required.

The Permittee must provide:

1. Volumes of all the North Lease topsoil and subsoil stockpiles.
2. Revise Drawing 5-38 to show that reclamation of Pond 4 won't take place until 2019.
3. Provide the annual seismograph calibration certification.
4. Revise Drawing 2-2 to remove features HWT 01 and 02 from Area 3 and unexplained hatch patterns

During the course of the Annual Report review, it was determined that the un-salvaged, exposed prime farmland soils had not been seeded. Please seed these with either the interim seed mix or a cover crop.

Please submit the additional information to the Division by July 11, 2019. If you have any questions, please call me at (801) 538-5350 or Priscilla Burton (435) 613-3733.

Sincerely,

Steve Christensen
Coal Program Manager

SKC/PWB/sqs
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2018 ANNUAL REPORT

Submit the completed document and any additional information identified to the Division by March 31, 2019.

GENERAL INFORMATION

Company Name	Alton Coal Development, LLC	Mine Name	Coal Hollow Mine
Permit Number	C/025/0005	Permit Expiration Date	2020-11-08
Operator Name	Alton Coal Development, LLC	Phone Number	+1 (435) 867-5331
Mailing Address	463 N 100 W Suite 1	Email	knicholes@altoncoal.com
City	Cedar City		
State	Utah	Zip Code	84721

		DOGM File Location or Annual Report Location
Excess Spoil Piles	☒ Required ☐ Not Required	
Refuse Piles	☐ Required ☒ Not Required	
Impoundments	☒ Required ☐ Not Required	
Other:		

OPERATOR COMMENTS

Certified inspection of sediment ponds 1, 1B, 2, 4, 5 and 6 was completed on March 29, June 18, Sept. 24, and Nov. 14, 2018 with the Annual Recertification completed during the June 18th inspection. Certified inspection of the SPL excess spoil pile was completed on Mar. 29, Jun. 18, Sept. 24 and Nov. 14, 2018. For the NPL excess Northwest Temporary spoil pile, Nov. 14, 2018. Copies of the inspection reports can be found in ACD's Cedar City office and the Coal Hollow Mine office. Reports were also emailed to the Division each quarter and have been included with this Annual Report.

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not meet Requirements

5/7/2019, PB. Certified inspection reports are in the Division files. Construction of the NW Spoil stockpile began in November 2018. By the end of the first quarter 2019 (report dated 3/28/2019), the total volume of the NW Spoil stockpile was 62,500 CY.

COMMITMENTS AND CONDITIONS

The Permittee is responsible for ensuring annual technical commitments in the Mining and Reclamation Plan and conditions accepted with the permit are completed throughout the year. The Division has identified these commitments below and has provided space for you to report what you have done during the past year for each commitment. If additional written response is required, it should be filed as an attachment to this report.

Title: TOPSOIL AND SUBSOIL SALVAGE AND FINAL RECLAMATION PLACEMENT
Objective: Monitor topsoil and subsoil salvage by suitability criteria and depth described in Appendix 2-1, Table 4-1.
Frequency: During operations. Sampling regime will be reviewed and updated as necessary. In 2015 monitoring, add-in water soluble selenium analysis to the list of parameters run on replaced topsoil/subsoil.
Status: Long term
Reports: Provide laboratory reports and keep a tally of volumes salvaged, stockpiled and live hauled. In 2015 monitoring, add-in water soluble selenium analysis to the list of parameters run on replaced topsoil/subsoils.
Citation: Chapter 2, Section 231.300 (topsoil sampling), Section 232.500 (subsoil sampling), and Appendix 2-1, page 4-2

OPERATOR COMMENTS

Topsoil	cyds	Subsoil	cyds		
SPL Stk#1	25,289	SPL Stk#1	73,070		
SPL Stk#2	71,392	SPL Stk#2	47,690		
NPL Stk	Note 1	NPL Stk	Note 1		
DRH-A	Note 1	DRH-B	71,452	DRH-C	Note 1
GDH-A	Note 1	GDH-B	33,056	GDH-C	Not Built
OGP-A	Note 1	OGP-B	Note 1	OGP-C	Not Built

Note 1: was unable to get a good survey on these piles, will resurvey when dryer conditions exist.

REVIEWER COMMENTS ☐ Met Requirements ☒ Did Not Meet Requirements

5/7/2019, PB. The Permittee has not met the reporting requirements for the North Lease stockpiles, due to snow cover. The stockpiles were laid back to 3h:1v and seeded in December 2018. A survey of the stockpiles is requested ASAP.
There was no live haul of topsoil or subsoil in 2018. Salvage of the OGP and GDH B & C horizons was stopped in the Fall 2018 due to water entering the Pits on the East (Insp Rpt 6260), which may change the mining plan. In addition, GDH-B horizon is combined with the C horizon in the stockpile, because it was very shallow. For these reasons, the Surveys of stockpiles DRH-B and combined GDH-B & C report less salvaged soil than anticipated (refer to Dwg 2-4). Un-salvaged, exposed prime farmland soils must be seeded with either the interim seed mix or a cover crop ASAP.

South Lease stockpile volumes are the same as were reported in the 2017 Annual Report. These volumes are also reported on Dwg 2-2.

Title: PREDATOR CONTROL
Objective: To effectively manage predators and increase the population of birds at the Alton lek.
Frequency: Annually
Status: Ongoing
Reports: Annual summary of work completed to date. Include data, locations, summary and analysis of predator control efforts. Please include any reports from USDA Wildlife Services.
Citation: Appendix 3-8, page 14 & 15

OPERATOR COMMENTS

ACD, through a contract with Wildlife Services effective from April 21, 2018 through April 20, 2019, continued it's predator control program in 2018, Wildlife Services annual summary of work is included in the report titled "Greater Sage-grouse Population Monitoring and Habitat Improvement, Alton-Sink Valley, Utah, November 16, 2018." A copy of the agreement with Wildlife Services has been included with the Annual Report.

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

Predator control in 2018 was provided through an agreement with USDA Wildlife Services. Sage grouse predators potentially controlled through this agreement are common ravens, red foxes, raccoons, skunks, and coyotes.
Between Oct. 1, 2017 and Sept. 30, 2018, 1000 poisoned eggs were distributed in areas surrounding the mine site. An estimated 167 ravens were killed from these efforts. 12 coyotes and 4 red foxes were also taken by Wildlife Services in this time period.
A new agreement between ACD and Wildlife Services for 2018-2019 predator control is found in the annual report.

TM

Title: WILDLIFE AWARENESS PROGRAM

Objective: To provide protection for the resident wildlife and minimize impacts (collisions) from vehicles and heavy equipment.
Frequency: Continuous and as needed for new employees throughout the life of the mine.
Status: Ongoing
Reports: Annual, log of employee awareness meetings, road kills for deer, elk, sage grouse and domestic livestock from the mine site to highway 89.
Citation: Chapter 3, pages 3-29

OPERATOR COMMENTS

Wildlife Awareness training was held on January 23, 2018 for all employees. Instruction was given by Kirk Nicholes. Attendance sheets and slides from the training presentation have been included with this submittal. There were no employee road kills for deer, elk, sage-grouse or domestic livestock from the mine site to highway 89.

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

An attendance sheet showing 32 attendees for an Environmental & Wildlife Training Annual Refresher held on Jan. 23, 2018 is included in the annual report. A copy of the slides shown at the presentation are also included. TM

Title: COMPENSATORY MITIGATION

Objective: Improve sage-grouse habitat in a 4:1 ratio to disturbance.
Frequency: Mitigation will be implemented prior to disturbance
Status: Ongoing
Reports: Provide plans for 2018 mitigation and disturbance to ensure mitigation is implemented prior to disturbance.
Citation: Appendix 3-8, pages 11 & 12

OPERATOR COMMENTS

A copy of the 2018 Sage-grouse Mitigation Cooperative Agreement has been included with this Annual Report. 2018's project brought ACD's mitigation efforts to a total of 2,700 acres as required in the current MRP.

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

As of 2018, a total of 554.5 acres of land had been disturbed as a result of coal mining activity in the North Private Lease and Coal Hollow areas. 279 of those acres have since been reclaimed while 2,700 acres of surrounding land has been treated for habitat improvement as part of the sage grouse compensatory mitigation. At a rate of 4:1, 554.5 acres of disturbed land would require 2,218 acres of mitigation. TM

Title: RECLAMATION TIMETABLE

Objective: To ensure timely reclamation
Frequency: Map detailing reclamation actives for the year. (Drawing 5-38 and 5-76)
Status: Annually updated.
Reports: Annual summary of work completed to date.
Citation: Chapter 5, page 5-83 and Chapter 3, page 33

OPERATOR COMMENTS

No new reclamation activities were completed in 2018. The current Drawing 5-38 in the MRP is up to date. Drawings 5-76A and 5-76B

have been updated and are part of an amendment to the MRP removing Area 3 from the NPL. All three drawings are provided with this annual report.

REVIEWER COMMENTS ☐ Met Requirements ☒ Did Not Meet Requirements

Drawings 5-38, 5-76A, and 5-76B illustrate the reclamation sequence for all areas within the permit boundary. Drawings 5-76A and 5-76B show the reclamation sequence for the North Private Lease taking into consideration the removal of Area 3 from the mine plan (Task #5935). Drawing 5-38 currently indicates 3.3 acres of Pond 4 were reclaimed in 2018; this needs to be changed to indicate the reclamation of Pond 4 won't take place until this year. (JE - 6/5/2019)

Title: SAMPLING FINAL GRADED, TOPSOILED SURFACE

Objective: To ensure a fertile growth medium.
Frequency: One composite sample every 2-5 acres based on variability.
Status: Contemporaneous with reclamation.
Reports: Laboratory analysis of available phosphorus, soluble potassium and nitrate-nitrogen.
Citation: Chapter 2, Section 231.300 and 243

OPERATOR COMMENTS

There were no final graded surfaces topsoiled in 2018 that required sampling.

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

Title: EVALUATE MINE DISCHARGES FOR IMPACTS TO KANAB CREEK AVF

Objective: To evaluate discharges that may impact the designated AVF on Kanab Creek.
Frequency: Annually
Status: Ongoing
Reports: An annual finding should be placed in the Annual Report during operation and reclamation of any adverse impacts to the channel, diminution of water quality and impacts to wildlife
Citation: Coal Hollow Permit, Attachment A, Special Condition #5

OPERATOR COMMENTS

An evaluation of mine discharges for impacts to the Kanab Creek AVF have been included with this submission as report "Stipulation 5 statement for 2018"

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

The annual report meets the State of Utah R645 requirements for Hydrology.

The Coal Hollow mine has provided an analysis of the designated AVF downstream of the permit area in the annual report according to Special Condition #5 of the Permit. The analysis concludes no impacts have occurred to the AVF located on Kanab Creek downstream of the North Private Lease. All runoff from the mine site is treated by sediment ponds before being discharged to downstream receiving waters. The discharges are monitored for quantity and quality and reported as per their UPDES requirements. The discharge monitoring data is provided in Table 1. (KS, 5/29/2019)

Title: SAGE GROUSE MONITORING
Objective: To monitor sage-grouse distribution and bird numbers. Total monitoring effort (GPS transmitters and information from DWR lek counts) will be combined to provide a comprehensive analysis of sage-grouse habitat use and population movement patterns.
Frequency: Annual
Status: Ongoing
Reports: Comprehensive report compiled into annual report.
Citation: Chapter 3, Appendix 3-8, page 11

OPERATOR COMMENTS

Data from the monitoring activities is included in the report titled "Greater Sage-grouse Population Monitoring and Habitat Improvement, Alton-Sink Valley, Utah, November 16, 2018." Since last year, birds with transmitters had either died or lost their backpack, resulting in no data for much of the 2018 year. During the fall, crews led by Dr. Frey attempted to trap sage-grouse to resume high accuracy monitoring, however, no additional birds were trapped.

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

Sage grouse monitoring data from ACD employee observations, monthly ground-based surveys, and GPS collars is included in the "Greater Sage-grouse Population Monitoring and Habitat Improvement, Alton-Sink Valley, Utah, November 16, 2018" report included in the annual report. TM

Title: SUBSIDENCE MONITORING
Objective: Company will conduct surface observation walkovers of each of the panels within 60days of the completion of mining. Two additional observation walkovers will be made at approximately one year intervals following the initial walkover. The Division will be notified of the results as either no effects or repairs needed.
Frequency: Quarterly inspections
Status: Started underground 4th quarter 2015
Reports: 60 days after completion of panel and two annually
Citation: Chapter 5 page 5-42 & 5-43

OPERATOR COMMENTS

Underground mining was suspended on June 1, 2016. Mining completed, consist of a distance of approximately 1,200' in the entry, no mining was completed within the permitted panels.

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

Underground mining activities were very briefly executed in the Summer of 2016, and only consisted of one long, straight entry 1200 feet long with no crosscuts. The entry was so narrow that subsidence did not occur. The Permittee has not engaged in underground mining activities since that time. (JE - 6/5/2019)

Title: NOISE MONITORING TO SAGE GROUSE
Objective: Observe if noise changes bird behavior
Frequency: One sound station at each cardinal direction at 100, 500m, and 1000m from North Lease Mine Site.
Status: Ongoing
Reports: Provide observations and data in the annual conservation and management plan.
Citation: Appendix 3-8, page 11

OPERATOR COMMENTS

Noise Monitoring preformed at the Coal Hollow Mine is included in the report titled "Greater Sage-grouse Population Monitoring and Habitat Improvement, Alton-Sink Valley, Utah, November 16, 2018."

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

Noise detection and sound assessment data is included in the "Greater Sage-grouse Population Monitoring and Habitat Improvement, Alton-Sink Valley, Utah, November 16, 2018" report.

Title: BLASTING CERTIFICATION
Objective: Submit annual seismograph calibration certification
Frequency: Annually
Status: Ongoing
Reports: Seismograph annual calibration certificate
Citation: Chapter 5, page 5-33

OPERATOR COMMENTS

REVIEWER COMMENTS ☐ Met Requirements ☒ Did Not Meet Requirements

Annual report submission is lacking seismograph calibration certification. Please re-insert certification. (JE - 6/5/2019)

Title: CULTURAL RESOURCE DATA RECOVERY TREATMENT PLAN PLAN
Objective: To direct data recovery efforts and set reporting standards for archaeological sites located within the NPLA
Frequency: Once. Sites must monitored during surface disturbance of the topsoil in the location of the two eligible sites. Public presentation on the mitigation project must be given.
Status: Tier I testing and data recovery occurred in 2016. On-site monitor must be present when disturbing eligible sites. Public presentation on data analysis must be given.
Reports: Documentation of on-site monitor and public presentation of technical report.
Citation: Appendix 4, Archaeological Monitoring & Historic Properties Treatment Plan for the Alton Coal North Private Lease Area, Kane County, Utah

OPERATOR COMMENTS

Sites 42Ka6080 and 42Ka3077 were present within the North Private Lease mining disturbance. The monitoring & historic treatment plan has been executed for both sites. Monitoring during topsoil removal for 42Ka6080 has been completed and the final monitoring report for these efforts are included in the letter date May 2, 2017 titled "Archaeological Monitoring within the Coal Hollow Mine, North Private Lease Area, Kane County, Utah (February-March2017). Site 42Ka3077 will be disturbed with mining in Area 3 of the NPL. Once site 42Ka3077 has topsoil removed and artifacts returned from the lab, a public presentation can be arranged for theses sites.

REVIEWER COMMENTS ☒ Met Requirements ☐ Did Not Meet Requirements

Task #5935 will remove Area 3 of the NPL from the disturbed area of the North Private Lease. By not disturbing the land in Area 3, site

42Ka3077 will also be left undisturbed by mining operations. As such, a public presentation regarding sites 42Ka3097 and 42Ka6080 can now be scheduled. TM

FUTURE COMMITMENTS AND CONDITIONS

The following commitments are not required for the current annual report year, but will be required by the permittee in the future as indicated by the "status" field. These commitments are included for information only, and do not currently require action. If you feel that the commitment is no longer relevant or needs to be revised, please contact the Division.

Title: REVIEW AND EVALUATE THE FACILITIES SPILL PLAN (APPENDIX 7-5)

Objective: To ensure the accuracy of the Facilities Spill Plan and to determine if additional or more effective spill prevention and control technology that is applicable to the facility must be added.
Frequency: At least once every five years.
Status: Last review 2015, next review due 2019.
Reports: Completed Plan Review form submitted for incorporation into Appendix B of Appendix 7-5.
Citation: Chapter 7, Appendix 7-5, Section 2.2 Plan Review, page 2

Title: DAMES LEASE ANNUAL VEGETATION SURVEY

Objective: To determine if mining or mining related activities are having an impact on the wet meadow habitat
Frequency: Annual
Status: Sampled in 2015
Reports: Annual Summary including species composition, percent cover and plant density
Citation: Chapter 3, Appendix 3-8

REPORTING OF OTHER TECHNICAL DATA

Please list other technical data or information that was not included in the form above, but is required under the approved plan, which must be periodically submitted to the Division.

Please list attachments:

REVIEWER COMMENTS ☐ Met Requirements ☐ Did Not Meet Requirements

MAPS

Copies of mine maps, current and up-to-date, are to be provided to the Division as an attachment to this report in accordance with the requirements of R645-301-525.240. The map copies shall be made in accordance with 30 CFR 75.1200 as required by MSHA. Mine maps are not considered confidential.

Map Name	Map Number	Included		Confidential	
		Yes	No	Yes	No
Annual Mine/ Reclamation Area Map	5-38, 5-76A and 5-76B	☒	☐	☐	☒
Mine Map	Surface Map Underground Ma	☒	☐	☐	☒
		☐	☐	☐	☐
		☐	☐	☐	☐
		☐	☐	☐	☐

REVIEWER COMMENTS ☐ Met Requirements ☒ Did Not Meet Requirements

Drawings 5-76A and 5-76B accurately illustrate the North Private Lease taking into consideration the removal of Area 3 from the mine plan, although Drawing 5-38 needs to be updated to indicate that Pond 4 will be reclaimed in 2019. The Mine Maps also contain some details that need to be updated. Drawing 2 of 2 still illustrates HWT 01 and HWT 02 in Area 3 even though they have been removed from the mine plan. Additionally, Drawing 2 of 2 contains several hatch patterns that are unexplained with a legend. (JE - 6/5/2019)