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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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Division Director

July 2, 2020

Kirk Nicholes, Resident Agent
Alton Coal Development, LLC
463 North 100 West, Suite 1
Cedar City, Utah 84720

Subject: 2019 Annual Report Review Completion, Alton Coal Development, LLC, Coal Hollow Mine, C/025/0005, Task #6124

Dear Mr. Nicholes:

The Division has completed the review of the 2019 Annual Report. The Permittee must provide the following by July 16, 2020:

1. Provide up to date seismograph calibration certificate. The most recent calibration on file is dated October 12, 2016.
2. Dwg 5-76 A & B must show the 33.7 acres of stockpile locations being seeded in the same year that soil is utilized. Please submit revised drawing with accompanying C1/C2 form for incorporation into the MRP.
3. Dwg 5-76 A & B must show a timeframe for reclamation of the temporary county road going around the site. Please submit revised drawing with accompanying C1/C2 form for incorporation into the MRP.
4. Dwg 5-38 must label SL bond polygons. Alternatively, the Permittee could provide another map with all South Lease bond polygons. Please submit revised drawing with accompanying C1/C2 form for incorporation into the MRP.
5. The annual report indicates that 19,430 CY of subsoil was live hauled in 2019; however no final grading was completed in 2019. Please state where the subsoil was live hauled and redistributed.

If you have any questions, please feel free to call me at (801) 538-5350.

Sincerely,

Steve Christensen
Coal Program Manager

SKC/sqs
Enclosure
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2019 ANNUAL REPORT

Submit the completed document and any additional information identified to the Division by March 31, 2020.

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

DOGGM File Location or Annual Report Location

Excess Spoil Piles	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required	
Refuse Piles	<input type="checkbox"/> Required <input checked="" type="checkbox"/> Not Required	
Impoundments	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required	
Other:		

OPERATOR COMMENTS

Inspection of sediment ponds 1, 1B, 2, 4, 5 and 6 was completed on March 28, June 18, Sept. 17, and Nov. 12, 2019 with the Annual Recertification completed during the June 18th inspection. Certified inspection of the SPL & NPL Northwest Temporary excess spoil pile was completed on Mar. 28, Jun. 18, Sept. 17 and Nov. 12, 2019. 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

4/22/2020, PB. Quarterly inspection reports included with the Annual Reports indicate that the NL spoil pile held 62,500 CY from the 1st through the 4th Quarters in 2019.

4/28/2019, SJD. I have review quarterly sediment pond and spoil pile inspections by the permittee on a quarterly complete inspection. The reports meet the minimum requirements of the R645 Coal Rules.

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	98,522	SPL Stk#2	47,690		
		Livehauled	19,430		
NPL Stk	85,850	NPL Stk	110,121		
DRH-A	19,315	DRH-B	71,452	DRH-C	5,885
GDH-A	16,401	GDH-B	33,056	GDH-C	Not Built
OGP-A	7,000	OGP-B	22,801	OGP-C	Not Built

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

4/20/2020, PB. Comparing the above to the 2018 volumes, indicates that salvage in the South Lease added 27,130 CY topsoil (from Pits 10b, F1-F3 area) to SPL Topsoil Stk#2 and 19,430 CY of subsoil was live hauled in 2019. Dwg 5-38 states there was no final reclamation in 2019. Where was the subsoil live hauled?

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, 2019 through April 20, 2020, continued it's predator control program in 2019, 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 28, 2019." 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 2019 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 January and June of 2019, 1200 poisoned eggs were distributed in areas surrounding the mine site. An estimated 200 ravens were killed from these efforts. 15 coyotes and 1 red fox were also taken by Wildlife Services in this time period. A new agreement between ACD and Wildlife Services for 2019-2020 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 26, 2019 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. 26, 2019 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

2018's project brought ACD's mitigation efforts to a total of 2,700 acres as required in the current MRP. No additional sage-grouse mitigation was done in 2019.

REVIEWER COMMENTS



Met Requirements



Did Not Meet Requirements

No additional compensatory mitigation was required in 2019 beyond the already-completed 2,700 acres. 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 2019. Drawings 5-38, 5-76A and 5-76B have been updated and are provided with this annual report with C1C2 for inclusion to the MRP.

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

4/22/2020, PB.

North Lease:

Drawings 5-76 A Reclamation Earthworks Sequence and Drawing 5-76B Reclamation Facilities Sequence show the areas of previous bond release and that no final grading was completed in 2018 or 2019. These maps show 98.7 acres will be backfilled and have final grading in 2020-2021. Comparing Dwgs 5-76 with Annual Report MSHA NL mine map one can see that the 98.7 acres includes Pits 13 - 21; and that overburden is being removed from the E/2 of in Pits 16- 19 and from above pits 20- 21. Both Dwg 5-76 maps show 105.7 acres seeded in 2020 - 2021. The difference between seeded acres and final graded acres is due to small acreage in the NW and SE of the pits that is already at grade. Both 5-76 drawings show 33.7 acres of stockpile locations and the mine access road being seeded the following year in 2021-2022; ponds 5 & 6 seeded in 2022; pond 7 area seeded in 2023. Neither map shows the reclamation of the temporary county road going around the site. Despite having looked at these maps dozens of times, I have not noticed this deficiency before now. With regard to seeding of the stockpile locations: the stockpile locations should be mulched, ripped and seeded following soil redistribution. If there is to be a year's delay, then the MRP must be updated with an interim soil stabilization plan.

South Lease:

Drawing 5-38 shows 64.2 acres to be reclaimed in 2020; 6.4 acres reclaimed in 2021 and remaining 72 acres reclaimed after completion of underground mining. Comparing Dwg 5-38 with the Annual Report MSHA Coal Hollow mining drawing, one can see that the 2020 area includes pits 10, F1, F2 and F3; 2021 reclamation of Pits F4, F5, F6; and underground mining access from pits F7 and F8. Drawing 5-38 is deficient because it does not label bond release areas. Alternatively, the Permittee could provide another map with all bond release areas shown for the South Lease. Bond release areas are different than the Pit Sequence shown on Dwg 5-10. I have not been able to find a map labeling all bond release areas for the SL.

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 2019 that required sampling.

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

PB, 4/20/2020. No reclamation was completed in 2018 or 2019.

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 #4**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 2019"

REVIEWER COMMENTS Met Requirements

Did Not Meet Requirements

A report was included in the Coal Hollow Annual Report prepared by Petersen Hydrologic that evaluated the mine water discharges during the 2019 year. This report included an analysis of climatic conditions throughout the year as well as a summary of the various discharges from Pond 1, Pond 1B, Pond 2, Pond 3, Pond 4, Pond 5 and Pond 7. In addition to these evaluations, the status of the 2017/2018 enhancements to Kanab Creek were also summarized.

Potential impacts to Lower Robinson Creek and Kanab Creek stream channels as well as potential water quality diminution were assessed in relation to the 2019 mine discharges. The report concludes that there were no appreciable impacts the the designated AVF on Kanam Creek from mine discharge during 2019. (AD 6/29/2020)

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 28, 2019." Since last year, birds with transmitters had either died or lost their backpack, resulting in no data for the 2019 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, GPS collars, and historic and current lek use is included in the "Greater Sage-grouse Population Monitoring and Habitat Improvement, Alton-Sink Valley, Utah, November 28, 2019" 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 5-45

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 - 6/16/2020)

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**

No further Noise Monitoring was completed in 2019.

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

The language in the MRP indicates that this monitoring was only a one-time commitment. While the Permittee completed these studies in other years, it was only required for one year. DOGM is in consultation with DWR to determine if a similar commitment should be made for additional years, or whether the information already gathered is sufficient. TM

Title: BLASTING CERTIFICATION**Objective:** Submit annual seismograph calibration certification**Frequency:** Annually**Status:** Ongoing**Reports:** Seismograph annual calibration certificate**Citation:** Chapter 5, page 5-44**OPERATOR COMMENTS**

Calibration Certificate 3763 has been included with the annual report.

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

Calibration certificate 3763 has been included in the report. However, it has been over 3.5 years since the date of the last calibration. Some components within the seismograph may change, drift over time, or fail altogether and so the unit ought to be calibrated regularly. The date of the most recent calibration was October 12, 2016. Please provide an up to date seismograph calibration certificate. (JE - 6/16/2020)

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 was to be disturbed with mining in Area 3 of the NPL. Area 3 disturbance was removed from the MRP in 2019 and there is no further plans of disturbance of Site 42Ka3077.

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

Task #5935 removed 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 must now be scheduled. TM

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

OPERATOR COMMENTS

The Facility Spill Plan has been reviewed and is included with some minor modifications to the responsible person. It has been included with the annual report.

REVIEWER COMMENTS Met Requirements Did Not Meet Requirements

The Facilities Spill Plan, Appendix 7-5 of the MRP, has been included in this Annual Report and meets the requirements of the 5 year review commitment. All necessary modifications to the plan have been made including the update of the responsible person. (KNH 6/30/2020)

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: 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

