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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INSPECTION REPORT

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Partial: Complete: X Exploration:
Inspection Date & Time: February 8, 1995, 9:00 A.M. to 2:30 P.M.
Date of Last Inspection: January 23, 1995

Mine Name: Castle Gate County: Carbon Permit Number: ACT/007/004
Permittee and/or Operator's Name: AMAX Coal Co.
Business Address: P. O. Box 449, Helper, Utah
Type of Mining Activity: Underground X Surface Prep. Plant X Other
State Official(s): Paul Baker
Company Official(s): Lonnie Mills
Federal Official(s): None
Weather Conditions: Cloudy with light snow later, about 4-18" of snow, 30-40's
Existing Acreage: Permitted- 7619 Disturbed- 177.6 Regraded- 33.2 Seeded- 33.2 Bonded- 145.6
Increased/Decreased: Permitted- 0 Disturbed- 0 Regraded- 0 Seeded- 0 Bonded- 0
Status: Exploration/ Active/ Inactive/ Temporary Cessation/ Bond Forfeiture
Reclamation (X Phase I/ Phase II/ Final Bond Release/ 10 for Goose Island Liability Year)

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

Instructions

- 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 N/A.
b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing 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, Division Orders, and amendments.

Table with 5 columns: EVALUATED, N/A, COMMENTS, NOV/ENF. Rows include categories like PERMITS, CHANGE, TRANSFER, RENEWAL, SALE; SIGNS AND MARKERS; TOPSOIL; HYDROLOGIC BALANCE; EXPLOSIVES; DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES; COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS; NONCOAL WASTE; PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL VALUES; SLIDES AND OTHER DAMAGE; CONTEMPORANEOUS RECLAMATION; BACKFILLING AND GRADING; REVEGETATION; SUBSIDENCE CONTROL; CESSATION OF OPERATIONS; ROADS; OTHER TRANSPORTATION FACILITIES; SUPPORT FACILITIES/UTILITY INSTALLATIONS; AVS CHECK; AIR QUALITY PERMIT; BONDING & INSURANCE.



INSPECTION REPORT

(Continuation sheet)

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PERMIT NUMBER: ACT/007/004

DATE OF INSPECTION: February 8, 1995

(Comments are Numbered to Correspond with Topics Listed Above)

General Comment: Sowbelly Gulch, Crandall Canyon, and the upper part of Hardscrabble Canyon were inaccessible, but we skied into Crandall Canyon. Because of the snow, it was impossible to see drainage control structures or nearly anything else.

1. Permits, Change, Transfer, Renewal, Sale

On February 22, 1995, the Division received as-built drawings for the Sowbelly Gulch reclamation and the Phase I bond release application. These have yet to be reviewed.

On February 16, 1995, the Division received updated ownership and control information with new corporate officers at Cyprus. This information has not yet been reviewed.

As discussed in the January inspection report, Mr. Mills confirmed in January 26, 1995, correspondence that the soil sampling program for Crandall Canyon will not be implemented until spring.

4. Hydrologic Balance

There is a leak in a pipe along the north part of the road next to the Price River at the preparation plant. This pipe is outside the berm next to the road, and it is probably the responsibility of the Price River Water Improvement District. There have been leaks at this location in the past, and they sometimes cause the berm to slump. The operator should check this area to be sure the berm does not fail.

a. Diversions

Diversion CGD-19 has a lot of coal refuse sediment in it. The sediment is mostly just covering the riprap, but there is some buildup above that. If it accumulates much more sediment, it will not meet design criteria.

16. Roads

a. Construction/Maintenance/Surfacing

The upper part of the road on the Schoolhouse Canyon refuse pile will need to be regraded when it dries.

21. Bonding and Insurance

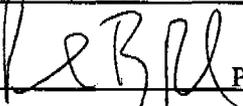
On October 3, 1994, a rider was issued increasing the bond to \$4,415,505 and changing the principal's name to Amax Coal Company.

The insurance certificate expires April 1, 1995.

Copy of this Report:

Mailed to: Donna Griffin (OSM), Lonnie Mills (AMAX)

Given to: Joe Helfrich, Daron Haddock (DOGM)

Inspector's Signature:  Paul B. Baker #41 Date: March 9, 1995