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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INSPECTION REPORT

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
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Division Director

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Partial: Complete: XXX Exploration:

Inspection Date & Time: 11/18/98 / 7:30a.m.-1:30p.m.

Date of Last Inspection: 10/28/98

Mine Name: Skyline Mine County: Carbon Permit Number: ACT/007/005

Permittee and/or Operator's Name: Canyon Fuel Company

Business Address: P.O. Box 719, Helper, Utah 84526

Type of Mining Activity: Underground XXX Surface Prep. Plant Other

Company Official(s): Chris Hansen

State Officials(s): Stephen J. Demczak Federal Official(s): None

Weather Conditions: Clear, 30's, 4" Snow

Existing Acreage: Permitted- 7067.11 Disturbed- 62.08 Regraded- Seeded- Bonded- 65.38

Increased/Decreased: Permitted- Disturbed- Regraded- Seeded- Bonded-

Status: Exploration/ XXX Active/ Inactive/ Temporary Cessation/ Bond Forfeiture

Reclamation (Phase I/ Phase II/ Final Bond Release/ 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.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL VALUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4th Quarter-April, May, June) _____ (date)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



INSPECTION REPORT
(Continuation sheet)

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PERMIT NUMBER: ACT/007/005

DATE OF INSPECTION: 11/18/98

(Comments are Numbered to Correspond with Topics Listed Above)

1. PERMIT-

There is one minor amendment being reviewed by the Division as per the tracking form dated on November 23, 1998. It is the waste rock expansion amendment -98F. This will be the second review by the Division for this amendment.

The Mining and Reclamation Permit was last issued by the Division on April 30, 1997. The expiration date is on April 30, 2002. The mid-term review has a tentative date set for October 30, 1999. The Skyline Mine bond is issued by Liberty Mutual Inc. #14-000-068-0004 Ut. This is a surety policy.

The permittee will be submitting several additional amendments within the next 90 days. These being chapter 1 updates for permit transfer to Arch Minerals, the removal of two outside belts lines BC-1 and BC-3, and a \$44,000 bond reduction for the removal of the belt lines. This amount will go to the increase of the expansion of the refuse pile.

2. SIGNS AND MARKERS -

Identification signs meet the requirements of the R645 Coal Rules. The perimeter markers were spot-checked and are located around the perimeter of the disturbed areas.

3. TOPSOIL -

The topsoil piles were inspected with no signs of wind or water erosion. These piles are protected by vegetation, straw bales, or silt fences. The permittee has committed to remove thistle from the topsoil site at the mine.

4A. DIVERSIONS -

The diversions were spot-checked and were found to comply with the requirements of the Mining and Reclamation Plan and the R645 Coal Rules performance standards. Sediment has recently been cleaned out of several diversions. No water was running within these diversions during the inspection.

4B. SEDIMENT PONDS -

The sediment pond at the mine site was discharging during the inspection. This was the only sediment pond which was discharging. The other ponds did contain water, but will not likely discharge in the near future. There were no signs of any hazardous conditions occurring to the sediment ponds during the inspection. The sediment ponds were inspected for the third quarter on September 15, 1998 by the permittee. There was no report of hazardous conditions. This report was P.E. certified.

The waste rock site will have one sediment pond when amendment -98F receives approval, currently there are two sediment ponds. The main sediment pond at the site will be a total containment pond and will be enlarged for the additional water runoff.

4C. OTHER SEDIMENT CONTROL MEASURES -

The Skyline Mine uses straw bales, silt fences, gravel, and berms as its alternate sediment control measures. These areas were spot-inspected and complied with the R645 Coal Rules. Spot checks of these areas were made and no performance standards were violated.

4D. WATER MONITORING -

Water monitoring reports for the first and second quarter were reviewed and were found to be complete. All parameters were taken as required in the Mining and Reclamation Plan.

INSPECTION REPORT
(Continuation sheet)

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PERMIT NUMBER: ACT/007/005

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4E. EFFLUENT LIMITATIONS -

NPDES samples were taken for third quarter. These samples were in compliance with the NPDES permit. The permit will expire on October 1, 1999.

5. EXPLOSIVES -

No explosives were used on the surface for third quarter.

7. REFUSE PILE -

The refuse pile was P.E. certified for third quarter of 1998 on September 30, 1998. The report did not indicate any hazardous conditions.

8. NON-COAL WASTE -

The area was clear of non-coal waste material.

14. SUBSIDENCE -

The subsidence map for 1997 was reviewed and is in the annual report. The mine is in the process of compiling new information for 1998 subsidence report.

18. SUPPORT FACILITIES -

There were no additional support facilities constructed.

20. AIR QUALITY -

The air quality permit DAQE - 1217-97 is being complied with.

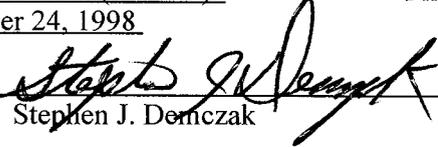
21. BONDING AND INSURANCE -

The bonding is set at \$5,076,000. The policy is a surety bond issued by Liberty Mutual Insurance. The insurance acord form was inspected and meets the requirements of the R645 Coal Rules. Explosives are included in the acord form. The insurance policy will expire on July 31, 1999.

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas, and Mining.

Copy of this Report:

Mailed to: Chris Hansen (Canyon Fuel) Henry Austin (OSM)
Given to: Joe Helfrich (DOGM) Filed to: Price Field Office
Date: November 24, 1998

Inspector's Signature:  #39
Stephen J. Demczak