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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

INSPECTION REPORT

Michael O. Leavitt
Governor

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Division Director

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Partial:__ Complete: XXX Exploration:__
Inspection Date & Time: 9/17/98 / 8:00a.m.-4:00p.m.
Date of Last Inspection: 8/27/98

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): Henry Austin
Weather Conditions: Sunny, Warm, 70's
Existing Acreage: Permitted- 7067.11 Disturbed- 72.32 Regraded-_ Seeded-_ Bonded- 72.32
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	[XX]	[ ]	[XX]	[ ]
2.	SIGNS AND MARKERS	[XX]	[ ]	[XX]	[ ]
3.	TOPSOIL	[XX]	[ ]	[XX]	[ ]
4.	HYDROLOGIC BALANCE:				
a.	DIVERSIONS	[XX]	[ ]	[XX]	[ ]
b.	SEDIMENT PONDS AND IMPOUNDMENTS	[XX]	[ ]	[XX]	[ ]
c.	OTHER SEDIMENT CONTROL MEASURES	[XX]	[ ]	[XX]	[ ]
d.	WATER MONITORING	[XX]	[ ]	[XX]	[ ]
e.	EFFLUENT LIMITATIONS	[XX]	[ ]	[XX]	[ ]
5.	EXPLOSIVES	[XX]	[ ]	[XX]	[ ]
6.	DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	[XX]	[ ]	[ ]	[ ]
7.	COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	[XX]	[ ]	[XX]	[ ]
8.	NONCOAL WASTE	[XX]	[ ]	[XX]	[ ]
9.	PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL VALUES	[XX]	[ ]	[ ]	[ ]
10.	SLIDES AND OTHER DAMAGE	[XX]	[ ]	[ ]	[ ]
11.	CONTEMPORANEOUS RECLAMATION	[XX]	[ ]	[ ]	[ ]
12.	BACKFILLING AND GRADING	[XX]	[ ]	[ ]	[ ]
13.	REVEGETATION	[XX]	[ ]	[XX]	[ ]
14.	SUBSIDENCE CONTROL	[XX]	[ ]	[ ]	[ ]
15.	CESSATION OF OPERATIONS	[XX]	[ ]	[ ]	[ ]
16.	ROADS:				
a.	CONSTRUCTION/MAINTENANCE/SURFACING	[XX]	[ ]	[ ]	[ ]
b.	DRAINAGE CONTROLS	[XX]	[ ]	[ ]	[ ]
17.	OTHER TRANSPORTATION FACILITIES	[XX]	[ ]	[ ]	[ ]
18.	SUPPORT FACILITIES/UTILITY INSTALLATIONS	[XX]	[ ]	[XX]	[ ]
19.	AVS CHECK (4th Quarter-April, May, June)_____(date)	[XX]	[ ]	[ ]	[ ]
20.	AIR QUALITY PERMIT	[XX]	[ ]	[XX]	[ ]
21.	BONDING & INSURANCE	[XX]	[ ]	[XX]	[ ]

PERMIT NUMBER: **ACT/007/005** DATE OF INSPECTION: 9/17/98

(Comments are Numbered to Correspond with Topics Listed Above)

1. PERMIT-

There are two minor amendments being reviewed by the Division as per the tracking form dated on August 21, 1998. They are the waste rock expansion amendment -98F and 9" Parshall Flumes -98E. There has been no review date given at this time due to the Dugout Phase II review. These amendments have changes to the Hydrology section. There are minor changes to the engineering section of the MRP as related to the waste rock expansion.

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 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.

The permittee will be submitting a change in the Mining and Reclamation Plan as related to High Wall Reduction on Oct. 30, 1998. This was a topic for inspections between OSM and the Division.

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.

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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 second quarter on June 24, 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 it's 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 found to be complete. All parameters were taken as required in the Mining and Reclamation Plan.

4E. EFFLUENT LIMITATIONS -

NPDES samples were taken for second 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 second quarter.

7. REFUSE PILE -

The refuse pile was P.E. certified for second quarter of 1998. The report did not indicate any hazardous conditions.

INSPECTION REPORT
(Continuation sheet)

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8. NON-COAL WASTE -

The area was clear of non-coal waste material , except for a diversion ditch located at the upper mine site. Permittee was in the process of removing the material.

There was a small oil spill between the sub-station and oil storage area. The permittee has committed in cleaning up the area.

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 is being complied with.

21. BONDING AND INSURANCE -

The bonding is set at $5,076,000. The policy is a surety bond from 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: September 22, 1998

Inspector's Signature: Stephen J. Demczak #39
Stephen J. Demczak