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

INSPECTION REPORT

Handwritten initials

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Michael O. Leavitt
Governor
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Division Director

Partial: Complete: XXX Exploration:
Inspection Date & Time: 8/5/99 / 7:00a.m.-11:30a.m.
Date of Last Inspection: 7/26/99

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, Gary Taylor
State Officials(s): Stephen J. Demczak Federal Official(s): None
Weather Conditions: Cloudy, 60's
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.

Table with 5 columns: EVALUATED, N/A, COMMENTS, NOV/ENF. Rows 1-21 listing various permit and performance standards.

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PERMIT NUMBER: ACT/007/005

DATE OF INSPECTION: 8/5/99

(Comments are Numbered to Correspond with Topics Listed Above)

1. PERMIT-

The permittee has an amendment being reviewed by the Division in Salt Lake regarding the installation of two sediment traps and one spring box.

The Mining and Reclamation Permit was last issued by the Division on April 30, 1997. The expiration date is on April 30, 2002. The midterm 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.

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.

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. Several of the diversions; however, need maintenance work. Sediment from the recent rain storms have started to build up within the ditches.

4B. SEDIMENT PONDS -

No sediment ponds were discharging during the inspection at Skyline. There were no signs of any hazardous conditions occurring to the sediment ponds during the inspection.

The sediment ponds were inspected by the permittee for the first quarter on June 17, 1999. There was no report of hazardous conditions. This report was P.E. certified.

4C. OTHER SEDIMENT CONTROL MEASURES -

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.

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4D. WATER MONITORING -

Water monitoring reports for the second quarter are being compiled. Information from the laboratory is being sent to the mine on a daily basis.

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. The permittee is in the process of renewal.

The permittee had an emulsion spill on the longwall this week. No oil from the spill has entered into Eccles Creek. The permittee received permission to pump the contaminated water into the old mine works.

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 on June 30, 1999. The report did not indicate any hazardous conditions. New material has been added to the refuse pile since the last inspection.

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.

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-1067-97) is being complied with.

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21. BONDING AND INSURANCE -

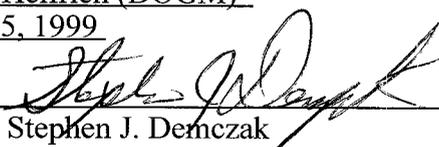
The bonding is set at \$5,076,000. The policy is a surety bond from Liberty Mutual Insurance. The insurance acord form was inspected and meets the requirements of the R645 Coal Rules. Explosives are included in the acord form. The insurance policy will expire on July 31, 2001.

The Reclamation Agreement is being updated by the permittee.

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: August 5, 1999

Inspector's Signature:  #39
Stephen J. Demczak