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State of Utah

DEPARTMENT OF NATURAL RESOURCES*
DIVISION OF OIL, GAS AND MINING

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INSPECTION REPORT

Partial ___ Complete XXX Exploration ___
Inspection Date: 06/11/2002 Time: 10:00am-3:30pm
Date of Last Inspection: 05/16/2002

Mine Name: Skyline Mine County: Carbon Permit Number: C/007/005
Permittee and/or Operator's Name: Canyon Fuel Company
Business Address: HC 35 Box 380, Helper, Utah 84526
Company Official(s): Chris Hansen
State Official(s): Stephen J. Demczak Federal Official(s): None
Weather Conditions: 50's, Sunny
Type of Mining Activity: Underground XXX Surface ___ Prep Plant ___ Other ___
Existing Acreage: Permitted 7037 Disturbed 74.31 Regraded ___ Seeded ___
Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

- Substantiate the elements on this inspection by checking the appropriate performance standard.
 - 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.
 - For partial inspections check only the elements evaluated.
- Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
- Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
- 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 type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 ISSUES	<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 type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<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 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)

PERMIT NUMBER: C/007/005

DATE OF INSPECTION: 06/11/2002

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The permittee has a couple permitting actions pending at the Division. These are: a) Removal of silt fences, and b) James Canyon Road and Well amendment.

2. SIGNS AND MARKERS

Disturbed area markers were spot-checked throughout the property and complied with the R645 Coal Rules. Identification signs were located at every entrance to Skyline mine from a public road.

3. TOPSOIL

Topsoil piles at the mine site was well vegetated with no signs of wind or water erosion.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The diversions were spot-checked and the culverts at the rail loadout needed to be cleaned out. Sediment has started to build-up at the entrance of the culverts. The permittee took notes and will have them cleaned out in the next couple of days. Culverts will still function as designed.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The sediment ponds were inspected and no hazardous conditions were noticed. The permittee anticipates the cleaning of the mine site sediment pond in July. The permittee is getting quotes on the cost of cleaning out the sediment pond.

The sediment ponds were inspected on March 28, 2002 by the permittee. No hazardous conditions were reported.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

There are several areas throughout the mine property where silt fences may not be needed. The area appears to be well vegetated. The permittee has submitted an amendment to the Division for removal of these fences. These areas would become small area exemptions.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee was notified that the Division would not accept "no access" as a way of complying with the requirements of quarterly water monitoring. The permittee has indicated a review of the MRP, and a possible amendment may be needed to comply with the new requirement. The permittee mentioned that in a normal precipitation year, Skyline Mine receives a large amount of snowfall, and access to some sites can be dangerous, especially near the creeks. A possible scenario would be that the permittee may take 4th quarter water monitoring in early October and remove the sampling requirements for first quarter. These actions would require an amendment from the permittee.

The permittee has not entered water-monitoring data in to the Electronic Data System for the first quarter. This information will be entered within the next couple of weeks. Water samples will be taken next week for the second quarter.

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/005

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7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The refuse pile was inspected by the permittee for the second quarter on March 29, 2002. This inspection was P. E. certified. No hazardous conditions were reported.

The permittee is considering digging a large hole at the top end of the refuse pile to store sediment pond clean out material. This material would be wet. The inspector reviewed the proposed location of the sediment pond clean out pit. Reviewing the R645 Coal Rules and definitions this would constitute an impoundment. The definition of impoundments in the R645 Coal Rules "means all water, sediment, slurry, or other liquid or semi-liquid holding structure, either naturally formed or artificially built." This would require an amendment to the Division.

8. NONCOAL WASTE

The mine site was generally clear of non-coal waste material.

14. SUBSIDENCE CONTROL

This information can be found in the annual report.

21. BONDING AND INSURANCE

The insurance was renewed and will expire on July 31, 2002. The policy meets the requirements of the R645 Coal Rules.

The Mining and Reclamation Permit was renewed on April 30, 2002. This renewal had five permit conditions.

- 1) Permittee must use electronic format for water monitoring input.
- 2) Within 45 days of permit renewal, permittee must analyze and submit to the Division all existing studies and data to update the PHC.
- 3) Canyon Fuel must submit cumulative monthly flow data for discharge into Eccles Creek and Electric Lake.
- 4) Canyon Fuel must have a qualified person to compile and analyze past macro-invertebrate studies on Eccles Creek into one report.
- 5) Canyon Fuel must further evaluate the hydrologic and channel stabilities of Eccles and Muddy Creek.

The bonding amount in the Reclamation Agreement is for \$3,180,000.

Inspector's Signature:  Date: June 12, 2002
Stephen J. Demczak #39

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

cc: James Fulton, OSM
Dan Meadors, Canyon Fuel
Chris Hansen, Canyon Fuel
Price Field office
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