

INSPECTION REPORT

Partial Complete Exploration
 Inspection Date: 03/21/2003 Time: 7:00am-12:30pm
 Date of Last Inspection: 02/21/2003

Mine Name: Skyline Mine County: Carbon Permit Number: C/007/005
 Permittee and/or Operator's Name: Canyon Fuel Company, LLC.
 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: Snow Covered
 Type of Mining Activity: Underground XXX Surface Prep Plant Other
 Existing Acreage: Permitted 10,374 Disturbed 79.12 Regraded Seeded
 Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

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 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 (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: 03/21/2003

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The permittee has one amendment (JC-3 Well) submitted with the Division. Division staff has reviewed the amendment and sent deficiencies to the permittee.

3. TOPSOIL

The topsoil piles were snowed covered.

4A. HYDROLOGIC BALANCE: DIVERSIONS

I spot-checked the diversions. The diversions were recently cleaned out and were functioning as designed.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The sediment pond was discharging during the inspection. The mine site and rail loadout sediment ponds were inspected with no signs of hazardous conditions noticed.

The permittee conducted the fourth quarter sediment pond inspection. The report was P.E. certified. The inspection was conducted on December 19, 2002.

The mine sediment pond was cleaned out during October and November of 2002.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

Silt fence and straw bales were covered with snow.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee is in the process of submitting fourth quarter water information in to the Electronic Water Data System. This is to be completed by the end of the first quarter.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

The permittee has exceeded the total dissolved solid parameter in their UPDES permit for the fourth quarter. The permittee has notified, in writing, the Division of Oil, Gas and Mining and Division of Water Quality. The UPDES permit is in the process of modification by eliminating the total daily tonnage requirement and requiring the concentration of TDS not to exceed 500 mg/l. The modification is currently going through public comments period.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The permittee conducted the refuse pile inspection for the fourth quarter of 2002. The inspection was P.E. certified on December 19, 2002. No hazardous conditions were reported.

INSPECTION REPORT
(Continuation Sheet)

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8. NONCOAL WASTE

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

14. SUBSIDENCE CONTROL

The permittee has conducted the annual subsidence survey for 2002. This will be in the annual report.

16A. ROADS: CONSTRUCTION/MAINTENANCE/SURFACING

I inspected the road going to JC-3 well. This road is under DOGM jurisdiction (disturbed area). The road inspection was conducted during the morning hours; the road was frozen. The road had several places where rutting occurred. The rutting occurs when the snow is melting and vehicles travel the road.

The permittee has taken action to reduce the road ruts by adding additional gravel. In the near future, the permittee and will be laying down road fabric and additional road gravel. This action will take place in the areas where rutting will most likely occur or has already occurred.

16B. ROADS: DRAINAGE CONTROLS

Several water bars will need maintenance in the near future. Sediment has started to build-up within these water bars. The permittee has stated that these water bars will be repaired.

18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

No construction occurred since the last inspection.

21. BONDING AND INSURANCE

The insurance was renewed and will expire on July 31, 2003. The policy meets the requirements of the R645 Coal Rules.

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

Inspector's Signature: _____ Date: March 24, 2003
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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