

INSPECTION REPORT

Partial XXX Complete Exploration
 Inspection Date: 07/18/2003 Time: 10:00am-2:30pm
 Date of Last Inspection: 06/18/2003

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: Sunny, 80's
 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 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. EFFLUENT LIMITATIONS | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. EXPLOSIVES | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES | <input 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. SLIDES AND OTHER DAMAGE | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. CONTEMPORANEOUS RECLAMATION | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. BACKFILLING AND GRADING | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. REVEGETATION | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. SUBSIDENCE CONTROL | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. CESSATION OF OPERATIONS | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. ROADS: | | | | |
| a. CONSTRUCTION/MAINTENANCE/SURFACING | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. DRAINAGE CONTROLS | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. OTHER TRANSPORTATION FACILITIES | <input 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 type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. AIR QUALITY PERMIT | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. BONDING & INSURANCE | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

INSPECTION REPORT
(Continuation Sheet)

PERMIT NUMBER: C/007/005

DATE OF INSPECTION: 07/18/2003

(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE

The CTS report shows one outstanding permitting actions under review with the Division. This is an amendment to update the PHC.

3. TOPSOIL

The topsoil piles were spot-checked and there were no signs of wind or water erosion. Permittee will remove several thistles throughout the property.

4A. HYDROLOGIC BALANCE: DIVERSIONS

The diversions were spot-checked during the inspection. The diversion leading into the sediment pond at the coal loadout was filling up with sediment. The permittee has committed to clean out the sediment within the diversion. Most of the sediment was composed of coal fines. This is coming from the coal stockpile above the diversion.

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The sediment ponds were inspected with no hazardous conditions reported.

The permittee plans to clean out a segment of the rail loadout sediment pond. Sediment has started to build-up at the mouth of the pond. The inlet to the pond needs to be re-graded.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The permittee has installed silt fences from the lower pump house to the upper entrance to the rail loadout. This was to do maintenance on the underground waterline.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

The refuse pile was inspected with no hazardous conditions were noticed.

8. NONCOAL WASTE

The disturbed area was clear of non-coal waste material.

18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

There were no changes since the last inspection.

Inspector's Signature: _____ Date: July 29, 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, via email
Chris Hansen, Canyon Fuel, via email
Price Field office

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