



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Table with 2 columns: Company, Name/Title. Rows include Gregg Galecki (Environmental Coordinator) and Steve Demczak (Environmental Scientist III).

Inspection Report

Table with 2 columns: Field, Value. Fields include Permit Number (C0070005), Inspection Type (COMPLETE), Inspection Date (Friday, March 17, 2006), Start Date/Time (3/17/2006 10:00:00 AM), End Date/Time (3/17/2006 2:00:00 PM), Last Inspection (Monday, February 27, 2006).

Inspector: Steve Demczak, Environmental Scientist III

Weather: Snow covered, 30's

InspectionID Report Number: 912

Accepted by: pgrubaug
3/30/2006

Permittee: CANYON FUEL COMPANY LLC
Operator: CANYON FUEL COMPANY LLC
Site: SKYLINE MINE
Address: HC 35 BOX 380, HELPER UT 84526
County: CARBON
Permit Type: PERMANENT COAL PROGRAM
Permit Status: ACTIVE

Current Acreages

Table with 2 columns: Value, Description. Rows include 10,374.00 Total Permitted, 79.12 Total Disturbed, and Phase I, II, III.

Mineral Ownership

- Checked: Federal, State, Fee
Unchecked: County, Other

Types of Operations

- Checked: Underground
Unchecked: Surface, Loadout, Processing, Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

- Permit Conditions:
1) Submit Water Monitoring data in electronic format to the Division.
2) Canyon Fuel Co. must submit all existing studies and data for the update of the PHC as a result of the mine inflows.
3) Canyon Fuel Co. must submit cumulative monthly flow data for discharges into Electric Lake and Eccles Creek.
4) Canyon Fuel Co. must have a qualified person compile and analyze past macroinvertebrate studies on Eccles Creek into one report.
5) Canyon Fuel Co. must initiate an update to and further evaluation of the Hydrologic and Channel-Stability Evaluation of Eccles and Mud Creek.

The permittee is meeting these permit conditions.

Permit Renewal was April 30, 2002, and expires on April 30, 2007. The state permit for full extraction in North Lease was approved by the state on December 2, 2005 and is awaiting mining plan approval by the Secretary of the Interior.

The permittee has the following permitting action with the Division: Midterm Permit Review.

Inspector's Signature: _____ Date: Wednesday, March 29, 2006

Steve Demczak, Environmental Scientist III
Inspector ID Number: 39

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

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 Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference 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, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
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.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: 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 type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: 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 checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<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 and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The permittee has submitted several amendments to the Division. These are a) Modification to Table Of Contents, b) Silt Fence Removal, c) South Fork Portal Reclamation Contours, and d) Eccles Creek/Mud Creek Evaluations.

3. Topsoil

The topsoil piles were snow covered.

4.a Hydrologic Balance: Diversions

The diversions were opened and functioning as designed.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The sediment ponds were inspected for the fourth quarter by the permittee. The inspection had no report of hazardous conditions.

4.c Hydrologic Balance: Other Sediment Control Measures

Other sediment control measures were snow covered.

4.d Hydrologic Balance: Water Monitoring

The permittee is in the process of submitting 4th quarter water information into the EDS.

7. Coal Mine Waste, Refuse Piles, Impoundments

The permittee conducted a fourth quarter inspection on November 7, 2005. No hazardous conditions were reported.

8. Noncoal Waste

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

18. Support Facilities, Utility Installations

No new support facilities have been constructed since the last inspection.

21. Bonding and Insurance

The bonding amount is \$5,135,000. The insurance policy will expire on July 31, 2006.

22. Other

The Mining and Reclamation permit will expire on June 30, 2007. The UPDES permit will expire on November 30, 2009.