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Canyon Fuel
Company, LLC.
Skyline Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

Gregg Galecki, Environ. Coordinator
HCR 35, Box 380
Helper, UT 84526
(435) 448-2636 - Office
(435) 448-2632 - Fax

*OK Incoming
C/007/0005*

April 22, 2008

Mr. James D. Smith
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

RE: Conditional Approval Information Request, North Lease Incidental Boundary Change
(IBC), Canyon Fuel Company, LLC, Skyline Mine, C/007/005,

Dear Mr. Smith:

Please find enclosed with this letter the most current Air Quality Approval Order (AQAO) for the Skyline Mine. It is intended to update and replace the Air Quality Approval Order identified as Exhibit 4.22-1 currently located at the end Section 4.22 in the currently approved Mine and Reclamation Plan (M&RP). Attached to this cover letter are completed C1 and C2 forms, four (4) paper copies of the AQAO, and four (4) Compact Discs (CDs) containing the information requested under the Conditional Approval.

Complete clean copies (sets) of the entire IBC information package were previously submitted in the January 2008 amendment submittal with an accompanying CD.

If you have any questions, please call me at (435) 448-2636.

Sincerely,

A handwritten signature in cursive script that reads "Gregg A. Galecki".

Gregg A. Galecki
Environmental Coordinator, Skyline Mine
Canyon Fuel Company, LLC
enclosures

RECEIVED

APR 25 2008

DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: Canyon Fuel Company, LLC

Mine: Skyline Mine

Permit Number: C/007/005

Title: Incidental Boundary Change (IBC) in North Lease

Description, Include reason for application and timing required to implement:

North Lease IBC - Conditional Approval Response

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: 680 Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

Wesley K Sorensen
Print Name

Doreen K Sorensen 4/22/08
Sign Name, Position, Date
(General Manager)

Subscribed and sworn to before me this 22nd day of April, 2008

Kathleen Atwood
Notary Public

My commission Expires: _____
Attest: State of Utah 11/12, 2011 } ss:
County of Cedar



For Office Use Only:

Assigned Tracking Number:

Received by Oil, Gas & Mining

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APR 25 2008

DIV. OF OIL, GAS & MINING



Utah!

Where ideas connect

Department of Environmental Quality
Division of Air Quality

Michael O. Leavitt
Governor

150 North 1950 West
P.O. Box 144820

Dianne R. Nielson, Ph.D.
Executive Director

Salt Lake City, Utah 84114-4820
(801) 536-4099 Fax

Richard W. Spratt
Director

(801) 536-4414 T.D.D.
www.deq.utah.gov

DAQE-AN0092007-03

June 24, 2003

Gary Taylor
Canyon Fuel Company LLC
PO Box 719
Helper, Utah 84526

Dear Mr. Taylor:

Re: Approval Order: Modification of Approval Order DAQE-AN0092006-02 to Add a Crusher and Revise the Language in Condition #9, Carbon County, CDS-SM, NSPS, TITLE V. Project Code: N0092-007

The attached document is the Approval Order (AO) for the above-referenced project.

Future correspondence on this Approval Order should include the engineer's name as well as the DAQE number as shown on the upper right-hand corner of this letter. Please direct any technical questions you may have on this project to Mr. Maung Maung. He may be reached at (801) 536-4153.

Sincerely,

Richard W. Spratt, Executive Secretary
Utah Air Quality Board

RWS:MM:jc

cc: Southeastern Utah District Health Department

STATE OF UTAH

Department of Environmental Quality

Division of Air Quality

**APPROVAL ORDER: MODIFICATION OF APPROVAL
ORDER DAQE-AN0092006-02 TO ADD A CRUSHER AND
REVISE THE LANGUAGE IN CONDITION #9**

**Prepared By: Maung Maung, Engineer
(801) 536-4153
Email: mmaung@utah.gov**

APPROVAL ORDER NUMBER

DAQE-AN0092007-03

Date: June 24, 2003

Canyon Fuel Company LLC

**Source Contact
Gary Taylor
(801) 363-2990 ext 282**

**Richard W. Sprott
Executive Secretary
Utah Air Quality Board**

Abstract

Canyon Fuel Company has proposed to modify its existing Approval Order, DAQE-AN0092006-02, for the Skyline Mine to effect the following changes:

- 1) *add one additional crusher as a backup*
- 2) *add a rock dust bin associated with the compressor to the approved equipment list*
- 3) *rewrite the sentence in condition #9, to read, "Coal shall be transferred only by enclosed conveyors. Truck haulage may be used only during conveyor emergency periods".*
- 4) *rewrite the sentence also in condition #9, to read, "Total tonnage of direct shipments by truck of tippie coal, stoker coal, and waste material shall not exceed 1,010,000 per rolling 12-month period."*

Carbon County is an attainment area of the National Ambient Air Quality Standards (NAAQS) for all pollutants.

New Source Performance Standards (NSPS) regulations apply to this source. (See condition #22). National Emission Standards for Hazardous Air Pollutants (NESHAP) and Maximum Available Control Technology (MACT) regulations do not apply to this source. Title V of the 1990 Clean Air Act applies to this source.

There will be no change in emissions due to this modification. The potential to emit, in tons per year, will remain the same as follows: $PM_{10} = 3.91$, $NO_x = 17.64$, $SO_2 = 2.22$, $CO = 7.26$, $VOC = 1.05$, and HAP (aldehydes) = 0.39.

The project has been evaluated and found to be consistent with the requirements of the Utah Administrative Code Rule 307 (UAC R307). A public comment period was held in accordance with UAC R307-401-4 and no comments were received. This air quality Approval Order (AO) authorizes the project with the following conditions, and failure to comply with any of the conditions may constitute a violation of this order.

General Conditions:

1. This Approval Order (AO) applies to the following company:

<u>Site Office</u>	<u>Corporate Office Location</u>
Skyline Mines	Canyon Fuel Company
Eccles Canyon	A Subsidiary of Arch Coal
6 miles south of Scofield, Utah on SR 96	HC 35, P. O. Box 380, Helper, UT 84526
Phone: (435)-636-2893	(435) 636-2893
FAX: (435)-637-0109	(435) 637-0109

The equipment listed in this AO shall be operated at the following location:

Eccles Canyon
6 miles south of Scofield, Utah on SR 96
Universal Transverse Mercator (UTM) Coordinate System: UTM Datum NAD27
4,392.5 kilometers Northing, 482.7 kilometers Easting, Zone 12

2. All definitions, terms, abbreviations, and references used in this AO conform to those used in the Utah Administrative Code (UAC) Rule 307 (R307) and Title 40 of the Code of Federal Regulations (40 CFR). Unless noted otherwise, references cited in these AO conditions refer to those rules.
3. The limits set forth in this AO shall not be exceeded without prior approval in accordance with R307-401.
4. Modifications to the equipment or processes approved by this AO that could affect the emissions covered by this AO must be reviewed and approved in accordance with R307-401-1.
5. All records referenced in this AO or in applicable NSPS and/or NESHAP and/or MACT standards, which are required to be kept by the owner/operator, shall be made available to the Executive Secretary or Executive Secretary's representative upon request, and the records shall include the two-year period prior to the date of the request. Records shall be kept for the following minimum periods:
 - A. Emission inventories Five years from the due date of each emission statement or until the next inventory is due, whichever is longer.
 - B. All other records Two years
6. Canyon Fuel Company shall conduct its operations of the Skyline Mine in accordance with the terms and conditions of this AO, which was written pursuant to Notice of Intent submitted to the Division of Air Quality (DAQ) on April 25, 2003.
7. This AO shall replace the AO (DAQE-AN0092006-02) dated August 5, 2002.
8. The approved installations shall consist of the following equipment or equivalent*:
 - A. Mine #3 main conveyor - 8 million tons per year throughput
 - Drive - Long Airdox, 84 in. wide, 2000 HP
 - Rollers - Continental Conveyor, 84 in. wide
 - Belt - George Duck Belt
 - B. Crushers
 - (a) Make: Jeffrey Flex Tooth*
 Model: 611 FT Flextooth
 Capacity: 1,500 tons per hour
 - (b) Make: Gundlach*
 Model: Roll
 Serial Number: 4060-S-2159
 Capacity: 1,500 tons per hour
 - C. Two 70 TPH screens
 - (a) Make: Thunderbird*

Model: 5162.4-14 Inclined screen

(b) Make: Allis Minerals*
Model: Low-Head Horizontal screen

- D. Tube stacker chute
- E. Under-pile reclaim system
- F. Storage silos
- G. All conveyors
- H. Bag-houses
- I. Load-out facilities
- J. Rock dust bin associated with the compressor

* Equivalency shall be determined by the Executive Secretary.

Limitations and Tests Procedures

- 9. Coal shall be transferred only by enclosed conveyor. Truck haulage may be used only during conveyor emergency periods. The direct shipments by truck of tippie coal, stoker coal, and waste material combined total shall not exceed 1,010,000 tons per rolling 12-month period.
- 10. Conveyor transfer points shall contain flaps on entry and discharge ends.
- 11. The upper elevation silo (8,000 ton capacity) shall be controlled by two baghouses, Day Model 72RF10 or equivalent. The baghouses shall be operated when the coal being transported is dry (less than 4% moisture) or whenever opacity readings exceed 20%.
- 12. All crushing and screening operations shall be enclosed, vented and controlled by one baghouse, Day Model 72RF10 or equivalent. Baghouses shall be operated when the coal being worked is dry (less than 4% moisture) or whenever opacity reading exceed 7%.
- 13. The two lower elevation silos (15,000 ton capacity) shall be controlled by two baghouses, Dynaclone Model 6A or equivalent. The baghouses shall be operated when the coal being transported is dry (less than 4% moisture) or whenever opacity readings exceed 20%.
- 14. The Headhouse (rail load out) shall be controlled by one baghouse, Dynaclone Model 7A or equivalent. Storage at train loadout facilities shall be enclosed with venting to fabric filter baghouses. The baghouse shall be operated when the coal being transported is dry (less than 4% moisture) or whenever opacity readings exceed 20%.
- 15. Visible emissions from the following emission points shall not exceed the following values:

- A. All conveyor transfer points - 20% opacity
- B. All diesel engines - 20% opacity
- C. Conveyor drop points - 20% opacity
- D. All other points - 20% opacity

Opacity observations of emissions from stationary sources shall be conducted in accordance with 40 CFR 60, Appendix A, Method 9.

16. Visible emissions from haul road traffic and mobile equipment shall not exceed 20% opacity. Visible emissions determinations for traffic sources shall use procedures similar to Method 9, but the requirement for observations to be made at 15-second intervals over a six-minute period shall not apply. Six points, distributed along the length of the haul road, shall be chosen by the executive secretary or her representative. An opacity reading shall be made at each point when a vehicle passes the selected points. Opacity readings shall be made one half vehicle length or greater behind the vehicle and at approximately one half the height of the vehicle or greater. The accumulated six readings shall be averaged for the compliance value.

For sources that are subject to New Source Performance Standards (NSPS), opacity shall be determined by conducting observations in accordance with 40 CFR 60.11(b) and 40 CFR 60, Appendix A, Method 9.

17. Both crushers shall not be in operation simultaneously at any time. One crusher shall be in operation when the other crusher is off-line.
18. The following production limits shall not be exceeded:
- A. 500,000 tons maximum capacity in the upper elevation stockpile
 - B. 4,000,000 tons maximum throughput from the upper elevation stockpile
 - C. 300 tons maximum capacity in the emergency storage pile
 - D. 500,000 tons maximum capacity in the lower elevation stockpile
 - E. 4,000,000 tons maximum throughput from the lower elevation stockpile
 - F. 8,000,000 tons of coal produced

Compliance with the limitations shall be determined on a rolling 12-month total. Based on the first day of each month, a new 12-month total shall be calculated using the previous 12 months. Records of production shall be kept for all periods when the plant is in operation. Production shall be determined by examination of company coal sales records and examination of company throughput records for the points in question. The records shall be kept on a monthly basis.

Roads and Fugitive Dust

19. All unpaved roads and other unpaved operational areas that are used by mobile equipment shall be water sprayed and/or chemically treated to control fugitive dust. The application of water or chemical treatment shall be used. Treatment shall be of sufficient

frequency and quantity to maintain the surface material in a damp/moist condition. The opacity shall not exceed 20% during all times the areas are in use or unless it is below freezing. Records of water treatment shall be kept for all periods when the plant is in operation. The records shall include the following items:

- A. Date
- B. Number of treatments made, dilution ratio, and quantity
- C. Rainfall received, if any, and approximate amount
- D. Time of day treatments were made

The speed of vehicles on the haul road shall not exceed 25 miles per hour.

- 20. The Eccles Canyon road (State Highway U-96) is paved, and spills shall be cleaned immediately as necessary. There shall be no "haul out" of fugitive dust from unpaved roads onto the paved haul roads.
- 21. Water sprays or chemical dust suppression sprays shall be installed at the following points (unless a bag-house controlling enclosed equipment is installed) to control fugitive emissions:
 - A. All crushers
 - B. All screens
 - C. All conveyor transfer points

The sprays shall operate whenever dry conditions warrant or as determined necessary by the Executive Secretary. Water sprays are not required during freezing weather conditions.

Federal Limitations and Requirements

- 22. In addition to the requirements of this AO, all applicable provisions of 40 CFR 60, New Source Performance Standards (NSPS) Subpart A, 40 CFR 60.1 to 60.18 and Subpart Y, 40 CFR 60.250 to 60.254 (Standards of Performance for Coal Preparation Plants) apply to this installation.

For sources which are subject to NSPS (provided there is an opacity standard in the applicable NSPS), visible emission observations which are performed during the initial compliance inspection shall be in accordance with 40 CFR 60.11(b) and 40 CFR 60, Appendix A, Method 9. It is the responsibility of the owner/operator of the source to supply these observations to the executive secretary. A certified observer must be used for these observations. Emission points which are subject to NSPS shall include the following:

- A. Any thermal dryers
- B. Any pneumatic coal cleaning equipment
- C. Coal processing and conveying equipment
- D. Coal storage systems
- E. Coal transfer and loading systems

23. The moisture content of the material shall be maintained at a value of no less than 4.0% water by weight. The moisture content shall be tested, if directed by the Executive Secretary, using the appropriate ASTM method.
24. The storage piles shall be watered to minimize generation of fugitive dusts as dry conditions warrant during recovery operations only or as determined necessary by the Executive Secretary.
25. The coal fines content of the stored coal shall not exceed 5.1% by weight and that of the haul roads and pile area shall not exceed 10% by weight. The coal fines content shall be determined, if directed by the Executive Secretary, using the appropriate ASTM method. The coal fines content is defined as all material passing a #200 U. S. Standard Sieve.
26. The sulfur content of any fuel oil burned shall not exceed 0.85 lb/MMBTU heat input as determined by ASTM Method D-4294-89 or approved equivalent. The sulfur content shall be tested, if directed by the Executive Secretary.

Records & Miscellaneous

27. At all times, including periods of startup, shutdown, and malfunction, owners and operators shall, to the extent practicable, maintain and operate any equipment approved under this Approval Order including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on information available to the Executive Secretary which may include, but is not limited to, monitoring results, opacity observations, review of operating and maintenance procedures, and inspection of the source. All maintenance performed on equipment authorized by this AO shall be recorded.
28. The owner/operator shall comply with R307-150 Series. Inventories, Testing and Monitoring.
29. The owner/operator shall comply with R307-107. General Requirements: Unavoidable Breakdowns.

The Executive Secretary shall be notified in writing if the company is sold or changes its name.

This AO in no way releases the owner or operator from any liability for compliance with all other applicable federal, state, and local regulations including R307.

A copy of the rules, regulations and/or attachments addressed in this AO may be obtained by contacting the Division of Air Quality. The Utah Administrative Code R307 rules used by DAQ, the Notice of Intent (NOI) guide, and other air quality documents and forms may also be obtained on the Internet at the following web site:

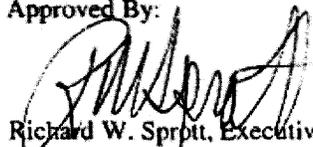
http://www.deq.state.ut.us/eqair/aq_home.htm

The annual emissions estimations below include point source, fugitive emissions, fugitive dust, and road dust and do not include tail pipe emissions and grandfathered emissions. These emissions are for the purpose of determining the applicability of Prevention of Significant Deterioration, non-attainment area, maintenance area, and Title V source requirements of the R307. They are not to be used for determining compliance.

The Potential To Emit (PTE) emissions for this source (Skyline Mine) are currently calculated a following values:

	<u>Pollutant</u>	<u>Tons/yr</u>
A.	PM ₁₀	3.91
B.	SO ₂	2.22
C.	NO _x	17.64
D.	CO	7.26
E.	VOC.....	1.05
F.	HAP (aldehydes)	0.39

Approved By:



Richard W. Spritt, Executive Secretary
Utah Air Quality Board