0003

Inspection Report

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

Representatives Present During the Inspection:		
Company	Gregg Galecki	Environmental Coordinator
OGM	Karl Houskeeper	Environmental Scientist III

Permit Number:	C0070005
Inspection Type:	COMPLETE
Inspection Date:	Thursday, February 12, 2009
Start Date/Time:	2/12/2009 9:00:00 AM
End Date/Time:	2/12/2009 3:15:00 PM
Last Inspection:	Thursday, January 08, 2009

Inspector: Karl Houskeeper, Environmental Scientist III

Weather: Overcast/Snowing, Temp. 30 Deg. F.

InspectionID Report Number: 1915

Accepted by: jhelfric
2/23/2009

Permitee: **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

11,064.00	Total Permitted
84.25	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- [x] Federal
- [x] State
- [ ] County
- [x] Fee
- [ ] Other

Types of Operations

- [x] Underground
- [ ] Surface
- [ ] Loadout
- [ ] Processing
- [ ] Reprocessing

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

The following permit conditions have been met or are being met:

1) Water Monitoring data is being submitted in an electronic format to the Division.

2) Canyon Fuel Co. must submit cumulative monthly flow data for discharges into Electric Lake and Eccles Creek. This condition is being met.

Inspector's Signature: Karl R. Houskeeper **Date** Thursday, February 12, 2009

Karl Houskeeper, Environmental Scientist III
Inspector ID Number: 49

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

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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 performace 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	☑	☐	☑	☐
2. Signs and Markers	☑	☐	☑	☐
3. Topsoil	☑	☐	☐	☐
4.a Hydrologic Balance: Diversions	☑	☐	☑	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☑	☐	☑	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☑	☐	☐	☐
4.d Hydrologic Balance: Water Monitoring	☑	☐	☑	☐
4.e Hydrologic Balance: Effluent Limitations	☑	☐	☑	☐
5. Explosives	☑	☐	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☑	☐	☐	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☑	☐	☑	☐
8. Noncoal Waste	☑	☐	☐	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☑	☐	☐	☐
10. Slides and Other Damage	☑	☐	☐	☐
11. Contemporaneous Reclamation	☑	☐	☐	☐
12. Backfilling And Grading	☑	☐	☐	☐
13. Revegetation	☑	☐	☐	☐
14. Subsidence Control	☑	☐	☐	☐
15. Cessation of Operations	☑	☐	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	☑	☐	☐	☐
16.b Roads: Drainage Controls	☑	☐	☐	☐
17. Other Transportation Facilities	☑	☐	☐	☐
18. Support Facilities, Utility Installations	☑	☐	☐	☐
19. AVS Check	☑	☐	☐	☐
20. Air Quality Permit	☑	☐	☑	☐
21. Bonding and Insurance	☑	☐	☑	☐
22. Other	☑	☐	☐	☐

1. Permits, Change, Transfer, Renewal, Sale

The current DOGM permit C/007/005 was issued effective 04/30/2007 and expires 04/30/2012.

-Certificate of Insurance policy number HDO G2 3732920, issued 07/31/2008 and terminates 07/31/2009.
-UPDES permit # UT0023540 effective 12/01/2004 and expires @ midnight 11/30/2009.
-Air Quality permit DAQE-AN0092007-03, issued June 24, 2003.
-SPCC Plan dated 07/07/05. The Plan is P.E. certified, stamped, signed and dated by a Utah P.E.

2. Signs and Markers

The Mine ID signs are at the point of public access to the permit area and contain the required information. All other signs and markers are in accordance with the coal rules.

4.a Hydrologic Balance: Diversions

The diversions are snow covered.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The fourth quarter 2008 pond Inspections were done December 31, 2008, no problems were noted. The reports for ponds 001, 002 and 003 did not contain the estimated sediment level. The reports need to be revised to show this information.

4.d Hydrologic Balance: Water Monitoring

Third and fourth quarter 2008 water monitoring is in the EDI website, but has not been uploaded. Water monitoring is current.

4.e Hydrologic Balance: Effluent Limitations

The discharge monitoring reports for November and December were reviewed during the inspection.

7. Coal Mine Waste, Refuse Piles, Impoundments

The refuse pile located near the town of Scofield was inspected and P.E. certified on December 31, 2008. No problems were noted.

20. Air Quality Permit

The Air Quality Permit Approval Order DAQE-AN0092007-03 was issued on June 24, 2003. The permit remains effective.

21. Bonding and Insurance

The current bond is $5,137,000.00 as of September 19, 2006. The previous bond amount was $5,076,000.00. The bond from St. Paul Fire and Marine Insurance Company was released on February 4, 2009 and Bond #SUR0000311 issued by Rockwood Casualty Insurance Company was accepted as a replacement in the same amount.