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JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Outgoing
C0070005
#3353
B

September 17, 2009

Wess Sorenson, Mine Manager
Canyon Fuel Company, LLC
HC 35 Box 380
Helper, Utah 84526

Subject: Midterm Review, Canyon Fuel Co. LLC, Skyline Mine, C/007/0005, Task #3353, Outgoing File

Dear Mr. Sorenson:

The Division has completed the Midterm Review of the Skyline Mine in accordance with R645-303-211. The items reviewed, were identified in our July 21, 2009 letter to you.

The results are listed below.

- 1) An AVS check to was conducted on August 20, 2009. No violations were retrieved by the system.
- 2) The MRP is current with the Utah Coal Regulatory Program.
- 3) All pending issues related to amendments are being addressed.
- 4) Annual reporting commitments have been met.
- 5) A mid-term site visit of operating areas was conducted on August 25, 2009. The recommendations of Division staff are provided to Canyon Fuels Co., LLC to support your use of the best technology available to prevent additional contributions of suspended solids to stream flows outside of the permit area. See attached inspection report #2109.
- 6) The bond is in order. The cost estimate is accurate and is escalated to the appropriate year.



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Wess Sorenson
September 17, 2009

This concludes the midterm review of the Skyline. Thank you for your cooperation during the review.

If you have any questions regarding these requirements or the Midterm Review, please don't hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read 'J.D. Smith', written in a cursive style.

James D. Smith
Permit Supervisor

JDS/PWB/sqs
Enclosure

cc: Price Field Office

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Inspection Report

Permit Number:	C0070005
Inspection Type:	COURTESY
Inspection Date:	Tuesday, August 25, 2009
Start Date/Time:	8/25/2009 9:30:00 AM
End Date/Time:	8/25/2009 4:30:00 AM
Last Inspection:	Tuesday, August 18, 2009

Inspector: Priscilla Burton, Environmental Scientist III

Weather: sun 65

InspectionID Report Number: 2109

Accepted by: jhelfric

9/14/2009

Representatives Present During the Inspection:		
Company	Name	Title
OGM	Gregg Galecki	Environmental Coordinator
OGM	Priscilla Burton	Environmental Scientist III
OGM	Pete Hess	Environmental Scientist III
OGM	Ingrid Wieser	Environmental Scientist II
OGM	Jim Smith	Environmental Scientist III
OGM	Dave Darby	Environmental Scientist III

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

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

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

Mid term inspection of Skyline mine facilities, Task 3283. In addition to those listed above, Austin Belcher with Skyline Mine was in attendance for part of the inspection.

Inspector's Signature:

Priscilla Burton, Environmental Scientist III

Inspector ID Number: 37

Date: Wednesday, August 26, 2009

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 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 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: 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	<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 and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

G.Galecki gave us an overview of activity at the site using Maps 2.3.6-1, Map 3.2.1-1, and 3.2.1-2.

Discussed recent paperwork for Tasks 3356 (reduced water monitoring) and 3360 (rail asphalt).

G.Galecki showed us the site of the proposed breakout in Winter Quarters Canyon. The proposed site may include a vent shaft, substation, mine slope, field office, access road, topsoil stockpile and sediment pond. The location is on the mostly level ground either side of the existing perennial stream channel. Development of the site would require culverting the stream.

3. Topsoil

Minesite topsoil pile well vegetated with basin wildrye, aster, rabbitbrush, and coneflower, but a few thistle and hounds tongue should be removed before creating a problem. (Deer near pile, within 200 ft. of BC3 Fan). Railroad loadout topsoil stockpile vegetated and free of coal fines. Rail topsoil vegetation quite dry compared to minesite. Waste rock site topsoil and subsoil piles were recently established. Both topsoil and subsoil piles have been left at the angle of repose. Waste rock topsoil pile slopes need to be graded for long-term storage, roughened, and seeded this fall. Subsoil pile should also be treated, if it is to be redistributed as subsoil at the site (R645-301-232.500). A small stockpile of soil salvaged from recent conveyor maintenance should also be seeded and protected, if it will be stored for use as subsoil or topsoil.

4.d Hydrologic Balance: Water Monitoring

Drove to the JC well pad sites. The JC-1 well was approved in 2003. Details are shown on Plate #3.2.11-A.

7. Coal Mine Waste, Refuse Piles, Impoundments

143,000 Tons of coal mine waste was remined from the site since June 2008. There has been no expansion upslope as described in the MRP. The upper terrace at the site has expanded into the NE draw to accommodate a waste rock pile (3% of the 143,000 Tons or approximately 4,000 Tons of waste rock) and topsoil and subsoil piles.

8. Noncoal Waste

Green mesh used to secure straw on a re-seeded location was rolled up and placed along the crest of a berm adjacent to the topsoil and subsoil piles at the waste rock site. An old yellow sign was also partially visible. The Permittee's representative was asked to remove these noncoal waste items and dispose of them properly.

Permit Number: C0070005
Inspection Type: COURTESY
Inspection Date: Tuesday, August 25, 2009

Inspection Continuation Sheet

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9. Protection of Fish, Wildlife and Related Environmental Issues

At the RR loadout there were no coal fines off the disturbed area and Eccles Creek adjacent to the loadout was running clear, see photo.

18. Support Facilities, Utility Installations

Observed installation of rock dust transport "well," and the recently constructed SPCC full containment structure and the less recent BC3 intake ventilation fan all at the main mine site. Observed location of recently conditionally approved asphalt pavement at the loadout.

Inspection Report #2109 Attachment
(Mid-Term Task 3353)



Interim vegetation on slope below mine site coal pile.



Mine site topsoil stockpile.



Mine site conveyor and sediment pond.



Eccles Creek flowing past railroad loadout and beneath conveyor.



Waste rock site.



Waste rock site outslope and sediment pond.